

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

Pennsylvania Public Utility Commission

v.

UGI Penn Natural Gas, Inc.

Public Meeting: February 9, 2017

2580030-TUS

Docket No. R-2016-2580030

STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE

Before us for consideration is UGI Penn Natural Gas, Inc. (UGI PNG or the Company) filed Tariff Gas – PA. P.U.C. Nos. 9 and 9-S to become effective March 20, 2017, seeking a general rate increase calculated to produce \$21.7 million (10.4%) in additional annual revenues. Because this filing has been protested, the Commission will suspend and investigate the Company's proposed tariff filing and the supporting data including the reasonableness of the Respondent's existing rates, rules, and regulations.

In furtherance of that determination, I ask the parties to address the following directed questions as part of this base rate case proceeding:

1. UGI PNG anticipates investing \$168 million in capital projects to upgrade its system over the next two years, which are included in the Fully Projected Future Test Year (FPFTY) inclusive of the Company's pipeline replacement capital and customer information system (CIS) investment, and other used and useful infrastructure to support growth and service reliability. Please provide individual categories of, per year, capital investments for each capital cost category, including, at a minimum, LTIP investments, CIS investments, safety related investments, market growth investments, including Get Gas and TED investments, and other market growth investments, as well as any other annual capital investment categories greater than \$3 million. Please provide this information for the Historical Test Year, Future Test Year, and the FPFTY.
2. If the FPFTY includes facilities needed for growth, is any consequent growth in sales included in the sales projections that are used for revenue and rate determinations? If so, please describe how the growth associated with new sales is estimated.
3. The Company proposes to notify customers of the rate filing. Will the Company also provide notice to Natural Gas Suppliers in light of the fact that there are changes to the DS rate schedule¹ which imposes capacity supply costs on business customers and changes to the NGS tariff? What steps will be taken to notify these business customers of this specific proposal so as to provide them adequate time to comment on this change?
4. Interruptible Service (IS) customers – What were the IS customer revenues over the last 3 years? Does the Company have future IS new customer revenue projection information for IS customers not included in capital projects estimated in the future test year for the FPFTY, and for new IS customers included in the capital projects estimated for the FPFTY? If so, please provide such revenue projections in the evidentiary record of this proceeding.
5. The Company's Get Gas program is relatively new, yet the company asserts it rolled related investment into rate base, less deductions for depreciation and the applicable principal

¹ Statement No. 13.

portion of the GET Gas surcharge. This appears to socialize these long term investments into the overall rate base after a very short period of operation, thus, potentially causing existing customers to pay for new customer related investments. Please provide a comprehensive description of the treatment of these costs. Does the Company currently track or propose to track revenues and costs for these historical Get Gas investments after they are rolled into rate base? Please provide the relevant accounting and ratemaking treatment of these capital investment costs.

6. UGI-PNG noted that an additional Combined Heat and Power ("CHP") program is also being proposed as a separate fuel-switching program in addition to the six programs that comprise the EE&C Plan. Is this part of the TED rider and the EE&C Plan? If the CHP program is not under the TED rider, is UGI proposing to provide information in response to the reporting requirements as required by the Commission in the proceeding at Docket No. R-2015-2518438?
7. UGI-PNG's EE&C program appears not to establish any rebate application deadlines as prescribed by Act 129 plans for the purposes of minimizing free rider impacts. Please provide information on whether the Company intends to include such rebate application deadlines in its EE&C Plan.

I encourage all parties to provide information that will assist the Commission in reviewing and analyzing this rate proceeding.

DATE: February 9, 2017



Andrew G. Place, Vice Chairman