

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**PA Public Utility Commission, et
al.**

**Public Meeting: September 19, 2019
3006814-ALJ**

v.

UGI Utilities, Inc. - Gas Division

Docket No. R - 2018-3006814, et al.

STATEMENT OF COMMISSIONER ANDREW G. PLACE

Before the Commission for consideration is the Section 1308(d) base rate proceeding for UGI Utilities, Inc. Gas Division (UGI or Company), the Joint Petition for Approval of Settlement of All Issues (Joint Petition or Settlement), and the Recommended Decision (RD) of Administrative Law Judge Christopher P. Pell. While I do support the RD to approve the Settlement, I wanted to note my strong encouragement to the parties to resolve amicably in the near future Natural Gas Supplier (NGS) access to peaking and storage assets.

As noted by the NGSs, UGI does not release to suppliers any physical storage that customers pay for in their demand charges, which results in a competitive disadvantage for suppliers versus default service providers. Most Mid-Atlantic natural gas utilities have some storage mechanism that suppliers utilize on behalf of customers.¹ When NGSs have access to storage assets, the supplier has the flexibility to optimize and deliver the storage gas on days when gas supplies are low cost. In the winter, suppliers will typically extract this gas from storage on cold, high price days; mitigating potential price impacts on customers.²

On August 31, 2017, in Docket Number L-2017-2619223, the Commission adopted an Advanced Notice of Proposed Rulemaking Order (ANOPR) to solicit comments about amending and adding to our regulations at 52 Pa. Code § 62.225. These regulations address the release, assignment and transfer of capacity among Natural Gas Distribution Companies (NGDCs) and Natural Gas Suppliers (NGSs). In that ANOPR, the Commission proposed that an NGDC holding contracts for firm storage or transportation capacity, including gas supply contracts with Commonwealth producers, or a city natural gas distribution operation, may release, assign or transfer the capacity or Commonwealth supply, in whole or in part, associated with those contracts to licensed NGSs or large commercial or industrial customers on its system. The Commission further proposed that a release, assignment or transfer of capacity or Pennsylvania supply shall be subject to applicable contractual arrangements and tariffs. Capacity or Pennsylvania supply

¹ Peoples Natural Gas Companies, National Fuel, Dominion East Ohio, Columbia Gas of Ohio, Washington Gas Light and Vectren. NGS/RESA Statement No. 1 at 5.

² NGS/RESA Statement No. 1, p. 3-5.

costs shall be charged to all customers as a non-bypassable charge based on the average contract rate for those services.³ Lastly, that same Order emphasized the need to release all capacity, where feasible, including consideration of proxy or virtual access.⁴

As part of this Settlement, UGI has committed to analyze by March 1, 2020, the capability to provide a virtual storage proposal (“VSP”) to NGSs who provide “choice” natural gas supply service on the UGI Gas distribution system, which will allow suppliers to manage injections and withdrawals of supply through nominations made to the Company. Thereafter the Company shall hold a collaborative meeting for stakeholder input, and pending the outcome of that collaborative, may make a VSP filing with the Commission, by no later than October 1, 2020.⁵

I strongly support this Settlement provision to provide more equitable access to system transportation, storage and peaking assets, which would enable NGSs to offer competitive rates and services to retail customers. I encourage the Company, which is currently lagging behind the rest of the industry in this matter, to move expeditiously to resolve this inequity.

DATED: September 19, 2019



Andrew G. Place, Commissioner

³ Docket L-2017-2619223, Order Issued August 31, 2017 at 10.

⁴ Docket L-2017-2619223, Order Issued August 31, 2017 at 14.

⁵ Settlement, para. 63.