

April 20, 2009

VIA EXPRESS MAIL

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

COPY

RECEIVED

APR 20 2009

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Rulemaking to Amend the Provisions of 52 Pa.Code, Chapter 56 to Comply With the Provisions of 66 Pa. C.S., Chapter 14; General Review of Regulations, Docket No. L-00060182

Comments of the UGI Distribution Companies in response to the March 31, 2009 Secretarial Letter seeking information about existing Electronic Billing Programs

Dear Secretary McNulty:

Enclosed for filing please find an original and fifteen copies of the comments of UGI Utilities, Inc., UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. (collectively the "UGI Distribution Companies") filed in response to the Commission's March 31, 2009 Secretarial Letter seeking information about existing electronic billing programs. A copy of these comments is also enclosed on a diskette in Microsoft Word ® 2002 or readable equivalent, and have been e-mailed to tbuda@state.pa.us; pwiedt@state.pa.us; cypage@state.pa.us and dmumford@state.pa.us pursuant to the instructions in the Commission's above-captioned Proposed Rulemaking Order entered on September 26, 2008.

Should have any questions concerning this filing, please feel free to contact me.

Very truly yours,



Mark C. Morrow

Counsel for the UGI Distribution
Companies

RECEIVED

APR 27 PM 2:43

INDEPENDENT REGULATORY
REVIEW COMMISSION

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

COPY

Re: Rulemaking to Amend the Provisions :
Of 52 Pa.Code, Chapter 56 to Comply With :
The Provisions of 66 Pa. C.S., Chapter 14; : Docket No. L-00060182
General Review of Regulations :

**Comments of the UGI Distribution Companies
in response to the March 31, 2009 Secretarial
Letter seeking information about existing Electronic
Billing Programs**

UGI Utilities, Inc. ("UGI"), UGI Penn Natural Gas, Inc. ("PNG") and UGI Central Penn Gas, Inc. ("CPG") (collectively the "UGI Distribution Companies") appreciate this opportunity to provide comments in response to the Commission's March 31, 2008 Secretarial Letter issued in the above-captioned docket soliciting comments concerning existing electronic billing programs.

I. General Comments

The UGI Distribution Companies currently have a petition pending before the Commission, docketed at P-2008-2073030, seeking a waiver for the existing electronic billing program of UGI, and the planned electronic billing programs of PNG and CPG. Such electronic billing programs, when appropriately crafted, meet the service expectations of many customers, provide the opportunity to increase efficiency and reduce costs, and have positive environmental benefits. Accordingly, the UGI Distribution Companies fully support appropriate revisions to the Commission's Chapter 56 regulations to permit such electronic billing programs to be implemented without the necessity of seeking a waiver from the Commission.

II. March 31, 2008 Secretarial Letter Questions

1. *The scope and description of current e-bill programs.*

UGI currently offers an electronic billing option to its customers, PNG is about to offer an electronic payment option and CPG plans to do so in the near future. The PNG and CPG electronic payment plans will be identical in all material respects to the UGI program. Participation in the UGI program is entirely voluntary, and once enrolled customers are free to cancel their enrollment and return to receiving physical bills. Customers seeking to enroll do so over the internet and must have a savings or checking account. After creating a profile they receive a password and switch to electronic billing on their next payment cycle. Customers are sent an e-mail informing them when their bills are available for viewing a secure website, and the time period for payment of bills commences on the date of transmittal of the e-mail. In the event of a failed delivery of the e-mail notice, a paper bill is generated and sent along with a letter informing the customer that he or she will be removed from electronic billing unless his or her e-mail information is corrected. In addition, five days is added to the period permitted for the payment of the bill. All required notices are also made available to electronic bill customers on the secure website. Enrolled customers can select from a list of payment options, including manually debiting their specified saving or checking account each month, automatic payment or placing a ceiling on the amount that is automatically debited.

2. *The current levels of participation in current e-billing programs.*

From May 9, 2008, when the electronic billing option was initiated, to date 28,853 of UGI's approximately 320,000 natural gas distribution and 62,000 electric distribution customers have enrolled to receive electronic billing, and 3,057 have unsubscribed.

Reasons for unsubscribing include customers leaving the system and customer electing to temporary discontinue electronic billing while their computer systems are being repaired.

3. *Any changes to tariffs made or which should be made to tariffs to implement e-billing.*

The UGI Distribution Companies do not believe that any changes to their tariffs are required to implement electronic billing.

4. *Describe any changes you have made to your e-billing programs since the inception of the programs.*

No significant changes have been made to the UGI electronic billing program since its inception on May 9, 2008.

5. *Information that was or will be contained in bill inserts and other communications with customers explaining e-billing along with copies of those documents.*

Information concerning UGI's electronic billing option can be found at UGI's website at <http://www.ugi.com/onlinepay.html>. Copies of other customer communications concerning electronic billing options are attached.

6. *Any other concerns regarding e-billing that the PUC should consider.*

None.

Respectfully submitted,



Mark C. Morrow

Counsel for the UGI Distribution
Companies

UGI Utilities, Inc.
Updated Script Paragraphs – 07/24/08
July/August '08
1.00 pages total

UGI gas and electric customers now have the opportunity to pay and view their bills online. Online billing is available 24 hours a day, seven days a week for increased customer convenience. Further, customers who elect to view and pay their bills online will no longer be mailed a paper billing statement. If you register for making online payments on a regular basis, the service is provided to you free of charge. *If you choose to make a one-time online payment but do not register for the service, there is a \$4.95 convenience fee for payments up to \$500. There is an additional \$4.95 convenience fee for each additional \$500 increment payment.* Please ask your representative for more information or check the UGI website (www.ugi.com) for further details about this new customer option.

Make bill payments easier and pay by credit card or personal check by phone. U-G-I accepts payment by Visa and MasterCard. Or, by giving your U-G-I customer service representative a personal check over the phone, you can pay directly during this call. Please ask for details.

Please be advised that, with the introduction of Online Bill Payment, U-G-I customer service representatives are no longer accepting credit card or personal check payments by phone. Please call 1-877-503-2956, or refer to www.ugi.com for further instructions on bill payment.



FREE Online Billing Options Now Available!

UGI has begun offering customers the opportunity to pay and view their gas bills online.

Online billing is available 24 hours a day, seven days a week for increased customer convenience. Further, customers who elect to view and pay their bills online will no longer be mailed a paper billing statement.

If you register for making online payments on a regular basis, the service is provided to you **free of charge**. If you choose to make a one-time online payment but do not register for the service, a nominal fee of \$4.95 will be charged per every \$500 that you pay online.

Please check the UGI website (www.ugi.com) for further details about this new customer option.



www.ugi.com

Theft of Service A Very Dangerous Crime

Tampering with or bypassing utility service equipment to steal natural gas – thus avoiding payment for some or all of the energy being used – is a serious offense.

In addition to being against the law, it can create a major **safety hazard** and result in severe injury or death. Escaping gas from a meter or service line could set off an explosion or fire, potentially endangering many lives.

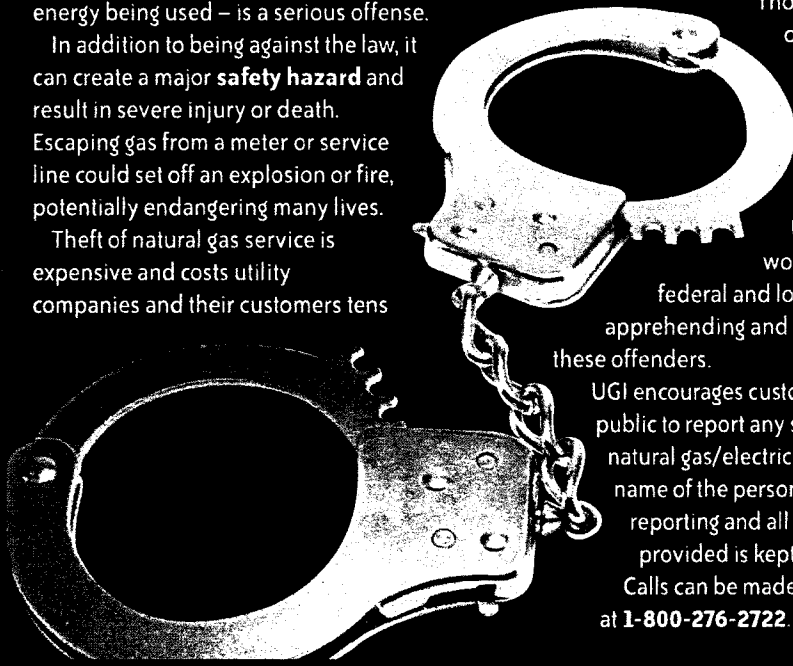
Theft of natural gas service is expensive and costs utility companies and their customers tens

of thousands of dollars each year. Losses as a result of gas theft are an operating expense passed onto customers in their bills.

UGI employees serve with the Energy Association of Pennsylvania (EAPA) on a task force dedicated to gathering information about utility energy theft.

Those convicted of stealing gas/electric service can receive a jail sentence and be fined. UGI Utilities, Inc., works closely with federal and local authorities in apprehending and prosecuting these offenders.

UGI encourages customers and the public to report any suspected natural gas/electricity theft. The name of the person or persons reporting and all information provided is kept confidential. Calls can be made to UGI at **1-800-276-2722**.



Visit www.ugi.com for information about products and services for your home or business.

A Helpful Reminder

Third Party Notification Program helps avoid overdue gas bills



Problems have a way of interfering with life's daily chores. Illness, a family crisis or even an unplanned trip can cause past-due bills to accumulate.

For these situations, UGI's Third Party Notification Program can be a big help. Through this initiative, you designate a third person or party to receive notification (either by phone or mail) from UGI of past-due bills or gas shut-off notices on your account.

This individual can remind you to promptly pay your bill (but is not responsible for paying

any of your bills). You can choose anyone (family member/relative, friend, social service agency) to act as your third party provided that both you and the person you designate agree to the notification process.

Third Party Notification can assist customers who are ill, elderly, disabled, away from home for long periods of time, or do not always remember to pay their bills on time. The program also benefits those concerned about an elderly parent who lives alone. For more information, please contact 1-800-276-2322.

Keep A Problem from Building



Don't plant or build around your gas meter.

Please avoid construction that can create a safety hazard and hamper UGI employees from being able to gain access to your gas meter.

For example, please do not build a deck over or plant shrubbery in front of your meter. **Customers are required to provide UGI access to gas meters for the purpose of reading, testing, repairing, inspecting or adjusting them.**

It is unacceptable for our meter readers to have to crawl beneath decks and other outdoor facilities to access meters, or for meters to be encased in concrete. In these cases, UGI will require adjustments be made at customer expense. Also, please do not dig around meters; this can potentially damage underground lines.

Thank you for helping us serve you better!

EnergyWise Tips

Take short showers instead of baths

Your water heater is the second biggest energy user (about 25%) in your home. You can further reduce your hot water usage with low-flow showerheads.

For gas-related emergencies, please call 1-800-609-4844 (available 24/7).

For details on UGI and the advantages of natural gas, log onto www.ugi.com or call:

- ☛ Harrisburg area717-232-1811
- ☛ Hazleton area570-455-7564
- ☛ Lancaster area717-394-0511
- ☛ Lebanon area717-270-2521
- ☛ Lehigh Valley610-867-0571
- ☛ Reading area610-378-1331

Save energy in the summer by using fans instead of air conditioners whenever possible.

Benefits Corner

Family Status Updates

It is important to provide documentation to your Personnel Administration Representative within 31 days of a change in family status.

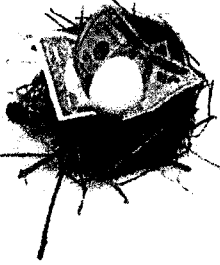
Medical, dental, and vision coverage for dependents terminates on the last day of the month a family member loses his/her status as a dependent. Life insurance coverage ends on the date of the event. For example, if your child is 19 years of age or older, completes the May semester, and is not returning to college in the fall, his/her coverage terminates May 31, 2008 (life insurance ends on graduation date or last day of a full-time student). However, your dependent would be eligible for continuation of coverage through COBRA.

Please contact your local Personnel Administration Representative with any questions regarding such a change.

Borrowing from your 401(k) plan?

With home prices falling and lenders tightening credit, an increasing number of Americans are borrowing money from their 401(k) retirement plans.

On the surface, these withdrawals may offer some advantages for those who have found it difficult to obtain money from home equity loans. But in the long term, disadvantages clearly outweigh advantages, retirement professionals say. The major difficulty with borrowing from a plan is that it is the major retirement savings asset of most Americans, taking withdrawals will impede the goal of building a solid retirement nest egg. In addition, failing to make timely payments can have serious consequences.



If you take loans or stop contributing during loan repayment, you could have less money to work with when you retire. In addition, you may pay taxes and penalties if you default on the loan. If you leave your job, the 401(k) loan comes due immediately, typically within 30-90 days. You can be charged federal and state taxes on money you withdraw

and a 10% penalty on the balance if you can't pay off the loan and are under 59-1/2 years of age.

You can also be hit by double taxation. Not only do you repay the loan with after-tax money, but you will be taxed again when you withdraw money in retirement. Plus, you lose the compounded interest you would have received if you had left the money alone. If you don't contribute while paying off your loan, you will also miss out on the company match. In other words, it's like missing out on a salary increase.

The bottom line? Borrow from your 401(k) plan only as a last resort.

Source: "Fidelity Investor"



1. Observe the speed limit: Each 5 mph over 60 mph is like paying an extra \$0.20/gallon for gas.
2. Remove excess weight: An extra 100 lbs. in your vehicle could reduce fuel efficiency by 2%.
3. Avoid excess idling: It wastes fuel, costs you money and pollutes the air.
4. Keep tires properly inflated: Keeping your tires properly inflated and aligned can increase gas mileage up to 3%.
5. Stop and start gently: You can improve in-town gas mileage by up to 5% by driving gently.

(Source: United States Environmental Protection Agency and Federal Trade Commission)

In Memoriam

Barry L. Stachowicz
Corruption Control Technician
Retired - Harrisburg
Charles Katis
Retired - Harrisburg
Stanley Kuzmender
Retired - Lehigh
James Flann
Active - Green Hills
Patrick Breier
Retired - Lehigh
Edward V. Krenowski
Senior Systems Administrator
Retired
J. Collier Rowden
District Engineer -
16 years, 8 months
Green Hills

Retirees

Barry L. Stachowicz
41 years, 10 months
Richard III
Lancaster
Craig H. Gossett
Third Class
Retired
Steven M. Lawrence II
37 years, 2 months
Electric Division
38 years, 6 months
Edward V. Krenowski
Senior Systems Administrator
Retired
J. Collier Rowden
District Engineer -
16 years, 8 months
Green Hills



225 Montgomery Road
Reading, PA 19611

EDITOR: Steven D. Sachse
PHOTOGRAPHY: John H. Reaman - Photo Visions
LAYOUT: Layne Stincher Design
Watts in the Pipeline is published bi-monthly
by the Public Affairs Department, UGI Utilities, Inc.

Watts in the Pipeline

MAY/JUNE 2008 Volume XX Number 3

A Newsletter for Employees of UGI Utilities

highlights

Page 2
Filing the Bill
Online payment option opens for Gas and Electric Division customers.

Page 3
Making the Switch
Marketing rebate program encouraging more customers, including large Harrisburg-area apartment complex, to convert to natural gas.

Page 4
Utilities Unite
Employee uncovers gas gas and electric service theft outside the same Lehigh area home.

Page 5
Power over the Pump
UGI, combating high gasoline prices, adds first hybrid vehicle to company fleet.

Page 7
Operation: Vendor Days
Fifth annual exhibit spotlights newest in field operations equipment.

Construction Begins on West Region Operations Building

A major building block of UGI's future business foundation is off the ground.

With ceremonial shovels in hand, senior management launched the next phase in creating a new facility to serve the Harrisburg and Lancaster areas.

The 33,800-square foot office warehouse, which includes field training accommodations, is expected to be completed before the end of 2008. "We anticipate the building will be ready for occupancy (by Harrisburg and Lancaster employees) by late December or early January 2009," said Barry Founds, Director - Construction Services.



Dave Trego and Andy Brough study a blueprint of the new West Region Operations facility. Construction of the building began in early June.

Dave Trego, President and CEO, presided over the June 3 groundbreaking at the site along AIP Drive at Kreider Drive, near Route 441 in Lower Swatara Township, Dauphin County.

"This is truly a bittersweet moment as we are, in a strong sense, closing a storied era in UGI history. Many of us, including myself, got our start in the Harrisburg and Lancaster buildings," Dave said, referring to Eric Swartzley, Allen Westbrook and Mike Fessler, also in attendance. "We learned from past great leaders like (the late) Doug Flantz (former Harrisburg area vice president) and George Felber (retired Harrisburg Area I&C marketing supervisor)."

Looking over the parcel of land on which the new facility will stand, he continued: "Today, we begin making room for the new leaders of the company and this building will be a major part of that future."

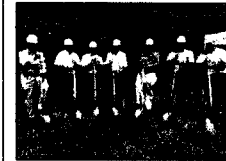
Barry said the office/warehouse -- to be constructed by Conewago Enterprises, Inc., Hanover -- will be situated on 6-1/2 acres of the 10-acre property. Andy Brough, Conewago Vice President - Construction, said he expects the steel framework to be completed by late summer.

"This strategically designed, centrally located facility will enable us to increase our commitment to customers and enhance our emphasis on safety and service reliability," Dave said.

Allen Westbrook added, "Our Harrisburg operations currently serve three counties, with the addition of Lancaster, it becomes a four-county region. The location of the new building and easier access to major highways like Route 283 and the Pennsylvania Turnpike will allow employees to provide better service to all customers."

Substantial customer growth outside Harrisburg and Lancaster over the past several years led UGI to re-evaluate the effectiveness of the two area operations buildings on Paxton and Conestoga streets. This ultimately spurred movement toward a new facility. "Our natural gas service has expanded to suburban areas experiencing tremendous development," Dave said.

As a result, management announced plans to sell the Harrisburg facility in January 2007. Journal Publications, Inc., parent company of the Central Penn Business Journal, purchased the building earlier this year and is currently sharing occupancy with UGI. Space at the Lancaster building is expected to be leased after employees relocate to the new West Region facility.



UGI management joins Andy Brough, Vice President - Construction, Conewago Enterprises, Inc., Hanover, third from left, in officially breaking ground for the new West Region Operations facility to serve the Harrisburg and Lancaster areas. The site is located along AIP Drive at Kreider Drive, near Route 441 in Lower Swatara Township, Dauphin County. The building is expected to be completed and ready for employee occupancy by late 2008 or early 2009. Pictured left to right: Allen Westbrook, Barry Founds, Dave Trego, Mike Fessler, Mike Mironowicz, Eric Swartzley.

Technical Solutions

Strategic alliance formed with two area technology colleges to identify prospective new employees.

UGI faced an age-old dilemma when analyzing the present and future of its technical field operations group.

"An Operations Plan Review revealed an aging field work force -- a potential threat to the Gas Division and Penn Natural Gas fulfilling our mission to provide safe and reliable gas service," said Fred Kazero, Vice President - Area Operations.

He continued, "We realized that in five to 10 years, 147 UGI (85 - Gas Division, 62 - PNG) trained field employees will be retiring." Twenty-one of those retirements will be occurring

within the next five years; Construction & Maintenance (C&M) has been the department hardest hit, Fred said.

"A new succession-plan approach, both immediate and long-term, was needed," Fred said, adding that Bob Krueger, Operations Manager - East Region, spearheaded development of that plan.

FIRST CLASS MAIL
U.S. POSTAGE
PAID
Reading, PA
Permit No. 424

An Easier Way to Pay Online Bill Payment Available for Gas and Electric Customers

Inconvenience and some added costs can be gone in the blink of an eye—and the “click” of a mouse—thanks to a new billing option offered by UGI.

Gas and Electric Division customers now have the option of viewing their monthly statement and paying bills online at www.ugi.com. As of early June, more than 2,000 customers have elected to use the online service, offered through KUBRA, a nationwide developer and marketer of Customer Communications Management solutions for utilities and other industries.

“We have waited so long for this service,” said Kristine Goodman of Elverson. “The first try through the process was error-free and a breeze. It is very user-friendly and easy to use. You have added all the information a customer would want and need.”



Online Bill Payment and Prepayment is available at www.ugi.com.

Gas and Electric Division online billing is the product of an effort that dates back to August 2006 and has been coordinated by a project team that includes Julie Bealer, Tony Cox, Scott Culbertson, Tony Cos, Scott Culbertson, Tony Cos, Scott Culbertson, Tony Cos, Scott Culbertson.

Randy Dunkle, Kathy Igar, Steve Kleinman, Tom Sload, Donna Snyder, Barb Stinson, Barry Wentzel and Allen Westbrook.

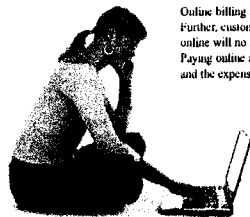
Penn Natural Gas has been accepting online customer bill payments since October 2003 through a service provided by NCO Financial Systems, Inc. Customers electing to use the service can log onto www.ugi.com/ugip and click “Pay Your Gas Bill” (located beneath the heading “Shortcuts” on the right side of the home page).

From there, for a nominal convenience fee charged by NCO and added to the total amount of a payment, customers can pay monthly bills with their debit or credit card or an electronic check. PNJ customers are given an opportunity to accept or decline the online payment after the total amount is calculated.

Upcoming issues of *Whits in the Pipeline* will update the progress of Gas and Electric Division Online Bill Payment.

Online billing is available 24 hours, seven days a week. Further, customers who elect to view and pay their bills online will no longer be mailed a billing statement. Paying online also eliminates the need for writing checks and the expense of postage stamps.

The new service is free for customers who register to make online payments on a regular basis. Customers who do not register and choose to make one-time online payments are charged a \$4.95 fee by KUBRA for every \$500 paid online. Further information about



Technical Solutions Continued from page 1

Representatives of UGI and Thaddeus Stevens College of Technology review applications of students and prospective future Construction & Maintenance (C&M) employees. UGI recently entered an agreement with the Lancaster School of Technology and Penn College of Technology, Williamsport, through which graduates can be recruited to fill vacancies created by expanding operations in the field.



Pictured left to right are Ozzie Roach, Manager - Human Resources, Southern Region; Laurie Grove, Director - Career Services; Thaddeus Stevens; and Mark Nadzam, C&M Superintendent, West Region. Mark also serves on the advisory board for the college.

In looking forward, UGI decided that a “back to school” approach would be the best course of action. However, because highly skilled employees would be needed to satisfy the nearly 160 tasks within the UGI Operator Qualification Program, graduates from post high school technical institutions would be targeted.

“Students in a two- to four-year technical program after high school tend to be more educated and qualified (than those in high school technical programs),” Fred explained. “All of our field employees need strong computer skills to operate CAD (Computer Aided Dispatch/Design) and FLAME (Field Level Asset Management Environment) applications.”

An initial breakthrough occurred after UGI entered a job fair sponsored by the Thaddeus Stevens College of Technology, Lancaster. This interaction produced 10 potential job prospects (two graduates, Joseph Clement and Brandon Rudolph have begun work in the Lancaster C&M department) and led to a collaboration with the college.

“This partnership provides a great incentive for our students,” said Laurie Grove, Director Career Services, Thaddeus Stevens. “Those who perform well and attract the attention of UGI supervisors and managers can earn, upon graduation, placement in their field of choice with a highly respected company.”

Responses like these encouraged Fred and other employees (John Bebers, Mark Nadzam, Ozzie Roach, Jeanie Snock, John Witzeman) involved in the strategic alliance initiative

to consider its expansion. Employees visited several other schools throughout Pennsylvania and chose Penn College of Technology, Williamsport, as a second business/education partner.

“Both schools draw students from across the state and from the communities we serve, have a diverse technical curriculum, and maintain a higher than 95 percent employment placement rate,” Fred noted. Recruiting at Penn College is expected to begin in the fall, at which time UGI personnel will visit the college to demonstrate various field applications.

Other future plans include developing an energy curriculum specific to UGI needs. Instrumental in this objective are UGI’s membership in the Center for Energy Workforce Development, Washington, D.C., and Mark’s recent appointment to the Thaddeus Stevens advisory board.

“Our partnership schools are very receptive to the program and eager to continue building on these alliances,” Fred said. “We expect this association to be productive for many years to come.”

New Lancaster C&M employees Joseph Clement, foreground, and Brandon Rudolph, back left, undergo pre-work physical assessment evaluations under the supervision of Bob West, C&M Technician - West Region, and Holly Ehrenlich, Occupational Therapist for the Lehigh Valley Hospital and Health Network outside the Harrisburg building. Joseph and Brandon, graduates of the Thaddeus Stevens College of Technology, are the first two students hired as a result of a recent strategic alliance between UGI and the college. Students will be recruited to replace C&M and other field operations employees who will be retiring over the next five to 10 years.



Photo by Scott Harding/Scott Harding Photographs

Tracks and Field

Vendor Days 2008 features the latest gas field operations technologies over five subject tracks.

The fifth annual UGI showcase brought together representatives of more than 20 companies from Pennsylvania and other states and introduced newest advancements in tools and services for utility facilities.

UGI grouped exhibits for the May 21-22 event at the Gas Training Center into the following categories: high pressure and large diameter pipe; new technologies and equipment; meters, regulators and accessories; corrosion control and locators; valves and accessories.

“This is an educational forum for our (Gas Division and Penn Natural Gas) C&M, Engineering, Supply Chain, Gas Supply, Marketing, Corrosion, and Customer Information Center employees, as well as contractors with whom we work on a regular basis,” said Peter Terranova, Vice President - Operations. “Everything on display here is new, high-tech, state-of-the-art equipment, information and operational procedures.”

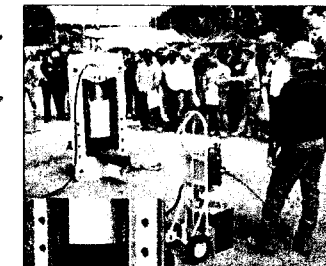
Spotlighted among the large equipment on display was a Steel Pipe Squeezer, which compresses damaged 8-to-12 inch pipe on medium- and high-pressure mains to curtail gas flow. “If our facilities get hit and shut-down valves aren’t easily accessible or do not close from the hit, we can dig a hole away from the actual struck pipe and install the squeezer-off tool,” explained Eladio Fuentes, C&M Supervisor, Lehigh.

UGI purchased two of the hydraulically powered machines, stored in Lehigh, and had one on hand at a recent incident in the Hazleton area where a mine collapse threatened a high-pressure main. “We sent the tools there as a precaution,” Eladio said. “Luckily, they were not needed.”

More than 100 individuals (utility employees, vendors and contractors) attended Vendor Days. Visitors included employees of PPL Gas Utilities, PECCO and Columbia Gas. Participating vendors represented PPI Gas Distribution, Inc.; Kerr Engineering; Actaris Metering Systems; Allentown Valve, and other companies.

“This is a very unique, worthwhile event to build contacts and interact with utility company customers,” said Jim Herron, general manager of the Royersford-based

Glenn Hedberg, C&M Mechanic II, Lehigh, demonstrates the operation of a Steel Pipe Squeezer, which hydraulically compresses or squeezes off damaged pipe on medium- and high-pressure mains to curtail gas flow. The machine was among the exhibits on display during UGI Vendor Days 2008, held May 21-22 at the Gas Training Center. Representations of more than 20 companies from Pennsylvania and other states displayed advancements in field operations technologies and equipment.



Herron Valve, a leading provider of valve and measurement systems to the natural gas industry. Mr. Herron, attending his first Vendor Days, added that he “would definitely participate again in any way we can.”

UGI dedicated Vendor Days 2008 in honor and memory of Jim Plants, Project Engineer - Standards and Compliance, who passed away May 1. Jim had been a key contributor to this and previous events.

Other employees on the Vendor Days team included Chris Brown, Bill Hamilton, Nancy Hurst, and Sherry Werner. Summer employee Ashley Weeast also assisted.

UGI Enters Employee Purchase Program with Sears®

Through the program, which began in early May, all employees can receive discount pricing on Sears Commercial Sales major home/outdoor appliances and furnishings. Products include:

- Craftsman® garage storage, lawn tractors
- Sealy® and Sears-D-Pedic® mattresses
- NordicTrack® exercise equipment
- Kenmore® outdoor grills, televisions, and more

A 5% discount off a Sears gift card is also offered.

For further information or to make purchases, contact Carol Purdy at 610-783-7551 or cpurdy@sears.com. The UGI Employee Purchase Account number, which will be requested when contacting Sears, is CU07417.

Please see your Human Resources/Personnel Administration Representative for an applicable catalog.

“Core” Safety Values

Lehigh C&M employees Alan Yowwakin, right, and Dave Lybeck, far left, demonstrate the functions of UGI’s Core Bore small-hole drilling rig at Eastern PA Safety Day at the Kimberton Fire Company near Phoenixville. Also representing UGI at the May 8 event: Eladio Fuentes, C&M Supervisor; and C&M employees John Beyman; John Dohy, Jr.; John Dohy, Sr.; Jeff Hewitt; and Ted Ulsky. The visitors to the UGI exhibit are Pat Claycomb, left, and Mark Spatz of Liberty Bell Motorsports Park, Douglassville. Core Bore is a revolutionary street excavation process used primarily in the repair of leaks in underground mains, primarily cast-iron bell-joint fittings. Core Bore also is an effective method for drilling test holes to measure gas main depths. UGI also displayed its vacuum truck technology during the event.



Injury/Accident Scorecard (April 2008/May 2008)

TOTAL NUMBER OF RECORDABLE INJURIES/ACCIDENTS: 11

• Recordable injury rate (Number of injuries multiplied by 200,000* divided by the number of employee hours worked): 2.1

*200,000 is an industry standard that represents the average number of hours worked by 100 employees over one year.

• UGI Recordable Injury Rate Goal – Fiscal Year 2008: 4.0

TOTAL NUMBER OF LOST TIME INJURIES (LTI): 9

• Total lost time injury rate: 1.7 (Number of recordable injuries that involve days off the job plus recordable injuries that involve restricted or "light" duty. That number is multiplied by 200,000 divided by the number of employee hours worked.)

• UGI Lost Time Injury Goal – Fiscal Year 2008: 2.9

COMPOSITE SAFETY SCORE (Average of recordable injury, lost time injury rates): 1.9

COMPANY GOAL: 3.0

UGI Receives Multiple Safety Awards

Excellence in Accident Prevention

The American Gas Association (A.G.A.) has presented UGI Utilities, Inc., with a 2007 Industry Leader Accident Prevention Certificate.

UGI was one of only 10 large-size A.G.A. member local distribution gas companies to receive a certificate. Companies of more than 1,000 employees are considered large-size.

A.G.A. distinguishes member companies that achieve a total Occupational Safety & Health Administration (OSHA) recordable injury and illness incidence rate below the industry average for the companies' size and type.

Peter Terranova, Vice President – Operations, accepted the award during the 2008 A.G.A. Operations Conference, held May 15 in Phoenix, Ariz.

Peter attributed an ongoing commitment to workplace safety and employee training as instrumental. "The safety of our customers and employees is a top priority," he said, emphasizing the 2007 creation of a comprehensive safety department that focuses on all aspects of personal and procedural safety throughout the Gas Division and Penn Natural Gas.

"Our success in this objective is validated by this award and I am proud to accept it on behalf of all UGI employees," he said.

Safety Improvement

The Accident Prevention Committee of the Energy Association of Pennsylvania (EAPA) has recognized both the Gas Division and Penn Natural Gas with the Safety Improvement Award. PNG also has earned a Motor Vehicle Fleet Safety Improvement Award.



Safety Improvement awards are presented to companies, whose employees have worked 100,000 or more hours, which report an exceptional reduction in recordable incidence rate for calendar year 2007, compared to 2006. The rate measures number of injuries recorded to the federal Occupational Safety and Health Administration (OSHA). The Gas Division improved from 4.44 injuries (per 100 employees) in 2006 to 2.99 in 2007. PNG improved from 6.03 to 5.14.

Motor Vehicle Fleet Safety awards are presented to companies which report an exceptional reduction in recordable motor vehicle accidents for calendar year 2007, compared to 2006. PNG improved from 24 vehicle accidents in 2006 to 14 in 2007, a decrease of 41.7 percent.

On May 1, UGI celebrated its 55th year as a member of the National Safety Council.

PNG Initiates Smith Driver Safety Training

Six employees – John Beberus, Matt Choman, Marguerite Evans, Tony Milewski, Blaine Reau and Fran Yekel – have been certified as instructors in the advanced course on driver skills and motor vehicle safety.

Matt said between 240 and 250 field and office employees—who routinely drive company vehicles—will receive Smith System training this summer. Gas and Electric Division employees began the program in 2004.

The Smith System is based on the following five keys:

- **Aim high in steering**
 - Look ahead a minimum of 15 seconds
- **Get the big picture**
 - Maintain a minimum four-second following distance
 - Scan mirrors every 5-8 seconds
- **Keep your eyes moving**
 - Avoid focusing on one object for more than 2 seconds
- **Leave yourself an out**
 - Surround yourself with space
- **Make sure they see you**
 - Make eye contact with other motorists



Bill Hill, Fleet Safety Instructor for Smith System, left, reviews driver safety procedures with Steve Pendrak, Safety & Compliance Inspector. Penn Natural Gas HR, AR helped train PNG employees – left to right – Tony Milewski, Marguerite Evans, and John Beberus – as certified instructors of the advanced driver safety course. Other PNG certified instructors are Matt Choman, Blaine Reau and Fran Yekel.

UGI Website: Newer Look, Stronger Link

The redesigned www.ugi.com offers customers, employees and other visitors a seamless interface to information among the three Utilities' divisions on one UGI online location.

However, the greatest benefit to the Gas Service/Electric Service/Penn Natural Gas integration is navigation.

"From a user perspective, it is much easier to navigate than the old site," said Kathy Iglar, US Design Services Administrator. "While each division has its own distinct look, the same overall aesthetic design was applied to the entire site. And the main navigation for each division is almost identical."

"I didn't encounter any problems. The new website is so much simpler to understand and navigate."

— Deborah Harbach, CIC Representative, Reading.

For example, Account Services (information about where and how to pay bills, energy assistance programs, etc.) has been moved to each division as a main navigation item. "This was done primarily because of different policies and procedures in effect for Gas Service, Electric Service and PNG customers," Kathy explained.

To meet the challenge of directing three distinct customer sets to the appropriate division, the website project team imported a map outline of Pennsylvania and incorporated graphics from

the old website. "When visitors move their computer cursor over a division logo, counties served by that division are highlighted," Kathy noted. Each division is identified by a different color.

New website elements include a "call-out" feature for customers addressing specific, common requests they have in dealings with UGI. "Tasks such as starting or stopping natural gas or electric gas service are among the most popular," Kathy said. "The 'call-out' provides our customers with a self-service option; we are accommodating their schedule."

As a result, Customer Information Center (CIC) representatives receive 10 to 15 online requests per day for these services. "On the old site, we might have gotten 1 or 2 over the same time," Kathy said.

Reaction from employees has been positive. "I didn't encounter any problems," said Deborah Harbach, CIC Representative, Reading. "The new website is so much simpler to understand and navigate."

Scott Culbertson, Vice President – US, agreed. "The website is much more dynamic, cleaner, and professional looking than the original. The new design makes maintaining and updating pages easier. And we are in position to add information for future customers (those of PPL Gas Utilities Corp.) by modifying the Gas Service or PNG page templates."

Kathy joined fellow team members Deborah Leuffen, Barb Stinson and Joe Swope over the past four months in completing the upgrade.

"This redesign fulfills our objective as a department of designing tools that are user-friendly, productive to our business, and help employees do their jobs better and our customers achieve greater satisfaction in all contact with UGI," Scott said.

House Money

New marketing rebate program is key in electric-to-gas heating conversion at West Region apartment complex. The project highlights a growing trend toward customers switching to UGI natural gas.

A new home construction additions remain in a deep freeze. UGI is stoking Fiscal Year 2008 sales by offering furnace heating equipment rebates through a program that is helping lead an expected record run in annual new customer gas conversions.

The largest FY08 conversion project, to date, is underway at the Rosedale Apartments, located off Route 322, near Hershey. High-efficiency natural gas furnaces are being installed in 160 units of the complex and UGI is providing a rebate of \$500 off the actual cost of every furnace.

"The Apartment Conversion Program was critical in securing this job," said Steve Cook, New Business Superintendent – West Region. "The rebates significantly ease the capital investment for the property owner."

Steve cited the anticipated major increase in electricity prices over the next two years as another factor in UGI gaining the Rosedale project and, on a larger scale, boosting overall gas conversions.

"Our Apartment Conversion Program (which applies to projects in which 10 apartment units or greater are converted from any fuel to natural gas for

central heating) is targeted primarily to electric units facing higher future electric rates," said Allen Westbrook, Vice President – Marketing.

He added, "We are forecasting that we will end FY08 at about 2,350 non-customers converting to natural gas. This is an increase of about 33 percent (or approximately 600 new customers) over the 2008 conversion budget, representing a new UGI record over the past 15 years or more."

Allen said expectations are for 200 to 300 of those new customers to be added as a result of rebates under various UGI apartment conversion programs. (Under the program, rebates also are offered for individual furnaces converted from propane; central [single furnace or boiler] systems in which a new unit is installed or an existing unit is converted; and central systems converted from a single to dual fuel system in which natural gas is the new fuel.)

Dennis Senior, New Business Representative – West Region – and Project Manager, said the Rosedale conversion – a joint effort between UGI Utilities and UGI HVAC – has been under discussion over the past several years. The project received

approval earlier in 2008 and, during April and early May, UGI contractor crews installed 2,500 feet of two-inch main to serve the complex.

The next phase involved Utilization & Measurement (U&M) employees building gas meter sets (an individual meter serves each unit) and HVAC employees installing 92 percent efficient gas furnaces and high-efficiency electric air-conditioning systems throughout the complex.

Brian Morris, Ed Colquhoun and Randy Waughel supervised the CRM, U&M and HVAC work, respectively. In addition, Bill Hamilton, Gas Training Center Administrator, ensured that building codes are being met and are consistent with UGI policy.

"The project is really a win for everyone involved," Steve said. "Two UGI businesses benefit by working together and the property owner and residents gain a more energy efficient, less expensive heating source."

Addressing possibilities of future conversions, Allen said, "Higher oil prices are causing many potential customers to investigate gas as an alternative. Our rebate



Bill Hamilton, Gas Training Center Administrator, left, and Dennis Senior, New Business Representative – West Region, review residential building codes requirements at Utilization & Measurement (U&M) employees John Escudero, left, and Jared Haas install new gas meter sets to a section of the 160 unit Rosedale Apartments complex, near Hershey. Dennis is managing the electric to natural gas heating conversion project, one of the more significant for UGI during what is expected to be a record year in new customer gas conversions. UGI Apartment Conversion Rebate Program, coupled with the expectations of ever increasing oil prices, is expected to increase the number of conversions over the next few years. All converting customers to avoid.

programs are targeted to capture some of these customers – such as those along the path of our construction and ahead of municipal paving projects – who can be served by UGI Gas Division or Penn Natural Gas at less cost."

Partners Against Crime

UGI employee identifies gas and electric service theft at same property, informs local power utility.

Henry Sanjurjo's recent discovery of alleged gas theft outside a Bethlehem residence came with an added "charge."

The Lehigh Utility B/Meter Reader, upon reporting the gas service incident, observed the electric meter on the grounds had been tampered with and suspected the property owner of stealing electricity as well. Henry alerted area PPL Electric Utilities employees, who investigated and confirmed the theft.

"It's a great case of two utilities working together," said Ellen Doherty, Revenue Protection Supervisor - Lehigh.

Added Gil Degenhart, PPL Revenue Protection Specialist: "An exchange of information in geographic areas where we have common customers will lead to quicker identification of 'theft of service.' It also will create greater visibility of our revenue protection efforts and can only enhance cooperation with local law enforcement agencies."

The case dates back to April 7, when Henry shut down the gas meter at the property for non-payment. Two weeks later, Meter Reader Mark Bayer reported that the meter had been unlawfully activated through tampering. Mark recorded the illegal usage, and Ellen ordered the meter be removed.

On May 7, Henry returned to the property and found an illegal medium-pressure line had been installed to bypass the gas meter. Then, things got more interesting. "I noticed the electric box (directly above the gas bypass line) looked like it had been broken into," Henry recalled. "First time in my eight years on the job I had seen it happen with gas and electric (meters) at the same place." He contacted both PPL representatives and Ellen, who alerted Bethlehem police and reported the thefts in progress.

Dou Saylor, Utility A, responded to dismantle the gas bypass, and PPL crews removed the electric meter. About the same time, police arrived at the property and interviewed the suspect; they later informed him he would be facing charges of utility theft of service.

In addition to being against the law, tampering with or bypassing utility service equipment to steal natural gas or electricity can create a major safety hazard and result in severe injury or death.

Ellen said the gas theft amount was relatively low, largely because Henry had found the bypass shortly after the meter had been removed.

"Our employees are vigilant about suspected thefts of service and watch our inactive meters and areas in question very closely," she said. Ellen added that the UGI Revenue Protection Department has successfully identified and pursued a number of gas service thefts on inactive meters.



Lehigh employees Ellen Doherty, Revenue Protection Supervisor, and Henry Sanjurjo, Utility B/Meter Reader, review reports of an incident at a Bethlehem property where Henry discovered tampered meters and thefts of both gas and electric service. Henry contacted PPL representatives to inform them of the suspected electricity theft. Behind Ellen and Henry are gas meters that UGI has searched and through which thefts of services have been identified by the Revenue Protection Department.

WELCOME ABOARD! NEW UGI EMPLOYEES



Erin P. Albright
Computer Graphics Operator,
Engineering Records, Reading



Manuel Alvarez-Gallego
C&M Utility A, Harrisburg



Jeffrey Banks
C&M Utility A, Harrisburg



Cynthia W. Bjerke
Server Administrative Assistant
Information Services, Reading



Corinne M. Bismont
Staff Accountant, Utilities
Headquarters



Eric J. Bland
Meter Reader, Reading



Jason Howell
Operations Support Services
Clerk, Harrisburg



Catherine Pichal
Operations Assistant, Construction
& Maintenance, Lehigh



Justin Krysco
Meter Reader, Harrisburg



Tony Rymor
Environmental Engineer, Utilities
Headquarters



Gregory Banite
Gas Supply Analyst, Utilities
Headquarters



Krista L. Shook
HVAC Customer Support
Representative, Reading



Erin H. Bismont
HVAC Customer Support
Representative, Reading



Craig Shoen
C&M Utility A, Harrisburg



Jason Sybilie
Rates Analyst, Utilities
Headquarters



William Ulrich
Senior Staff Accountant, Utilities
Headquarters



Christine Wentzel
Gas Management Analyst, Utilities
Headquarters

Working Together, Caring Together



The 2008 United Way Day of Caring proved especially memorable as employee teams from the Electric Division and Penn Natural Gas (PNG) joined forces on a community project for the first time. On May 15, 30 employees equipped with rakes, pruning shears, hedge clippers and other tools helped beautify the scenic Back Mountain walking trail near Dallas. Part of the group gathered for a photo before getting to work. Pictured left to right are: front row, left to right, Leona McMurtre (daughter of Grace McMurtre, UGI Development Co.); Nicole Barick; Allison Baker; Sharon Cezari; Mary Erma; Lisa Hartman. Back row, left to right: Grace McMurtre; Alan Decker; Carlos Fagan, a TechRepublic employee; Kathleen Stevens; Denise Layton; Sharon Cook; Cherie Weiss; Sharon Hottelick; Dave Williams; Sandy Hunka; Mary Ann Wedzin. Other employees working at another section of the trail and not pictured included: Dave Baker; Bob Baranovich; Joe Bliska; George Bohraak; Bill Dixon; Jim Dumbler; Lisa Giglietto; John Grybowick; Jim Hooker; Gene Karsner; Larry Lantz; Mike Petrusak; Ken Poon; Jim Tansler; and Frank Verbeuge. In a separate Day of Caring effort, four UGI PNG employees—Mike Dobrick, Joe Grumbin, Kevin Landmesser, and Nick O'Dayle—spent the day cleaning furnaces in homes of low-income customers.

Power-fuel Alternative

UGI opts for "green" transportation option to ease gas cost crunch.

Soaring gasoline prices to record-high levels are fueling a movement to add hybrid vehicles to the company fleet.

The first of these, a 2008 Toyota Prius, recently went into service in Harrisburg. Propelled by a conventional gas combustion engine and assisted by a battery-powered electric motor, the environmentally friendly vehicle transports meter readers to walking customer routes in out-lying service area locations not served by UGI's Automated Meter Reading (AMR) program.

"Longer distances like Lebanon, Carlisle and East Pennsboro and Lower Paxton townships is where we expect to see savings (in gas mileage)," said Meter Reader Brian Boniah, the primary Prius driver. The www.toyota.com/prius-hybrid website estimates miles per gallon at 48 (city), 45 (highway) and 46 (combined).

Tony Cox, Manager - Supply Chain and Fleet Operations, said the decision to take the hybrid approach is two-fold - fuel efficiency and a corporate commitment to "green" technologies.

See page 8 for some gasoline-saving tips!

"Nobody can argue that hybrid vehicles - especially the Toyota Prius - are more fuel efficient," he said, noting its miles per gallon approximately doubles that of a standard UGI pickup truck (Chevrolet Colorado - 18 city, 24 highway). "With unleaded gasoline at or above \$4 per gallon, annual savings - assuming the vehicle is driven about 10,000 miles - will be more than \$1,000," Tony said.

Meter readers have been selected to drive the vehicles because they travel across the entire service territory and are regularly exposed to all aspects of traffic. Brian said driving his neighbor's hybrid Toyota Camry has familiarized him with operating these types of vehicles.

Although the purchase price of the Prius is higher than that of the Colorado, anticipated lower costs for gasoline and vehicle maintenance are expected to offset the initial cost. "Savings will likely be even greater if gas prices continue to increase," Tony said.

Hybrid vehicles also produce considerably fewer emissions (from the vehicle's tailpipe) and serve as a clear example of environmental responsibility. "Today's vehicles are significantly cleaner (burning) than those in the past," according to the website, www.allabouttoyota.com.



Harrisburg Meter Reader Brian Boniah surveys the engine and studies the operation of the first hybrid (gas/electric powered) vehicle in the UGI fleet. Brian is driving the 2008 Toyota Prius to walking customer routes in out-lying areas (not served by Automated Meter Reading) of the service territory. Savings in gasoline costs for these long distance locations, as well as a corporate commitment to environmentally responsible - "green" - technologies are key factors in a UGI's initiative to incorporate hybrid vehicles into the company fleet.

Other benefits are detailed on the site, www.fuelconomy.gov. Hybrid vehicles achieve greater fuel efficiency through a system that converts energy normally wasted during coasting and braking (particularly in stop-and-go traffic) into electricity, which is stored in the battery until needed by the electric motor. The electric motor assists the internal gas combustion engine when accelerating or hill climbing and in low-speed driving conditions when combustion engines are least efficient.

"When the car starts moving, the electric system takes over," Brian said. "You can barely hear the motor."

The future of hybrid vehicles at UGI depends on an ongoing evaluation of the entire Utilities' fleet. "Alternative fuel vehicles are becoming more available, even in very large trucks," Tony said. "Most vehicle - including large truck - manufacturers are incorporating hybrid technologies into their purchase options."

Evaluations also are expected to include consideration of bio-diesel vehicles and other gasoline or diesel fuel alternatives.