

NARUC Winter Policy Summit

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Staff Subcommittee on Gas

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Economic Benefits of Natural Gas in Pennsylvania



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Presented at NARUC
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UGI Utilities, Inc

- Headquartered in Denver, PA, UGI Utilities, Inc. consists of two divisions—Gas Division and Electric Division.
- UGI serves over 700,000 gas customers and 70,000 electric customers in certificated portions of 46 counties in Pennsylvania and one county in Maryland.
- UGI Corp., our parent company, also owns Mountaineer Gas, which operates in 50 of the 55 counties in WV, serving over 200,000 customers.
- UGI's gas pipeline network spans over 12,000 miles in PA and MD. Mountaineer's network is about half that.
- Over the last several years, UGI has added an average of approximately 10,000 gross customer additions per year, this is a combination of residential, small commercial, and industrial.
- Access to some of the lowest cost energy in the world has encouraged continued growth across our service territory.

Economic Assistance

- Pennsylvania DCED Pipeline Investment Program 'PIPE Grant'
 - 50% match up to \$1.5 MM.
 - 48 Total Projects for \$32.6 MM, majority in UGI Service Territory.
- RACP – Redevelopment Assistance Capital Program
 - Not specific to natural gas, but used by customers.
- PA Sites
 - New program. \$380 MM in requests in first quarter that applications are open. Natural Gas pipeline projects are eligible.
- ARC – Appalachian Regional Commission Grants are Federal and can be used as a match.

UGI Success Stories

- **Boose Quality Castings**
 - \$1.125 MM PIPE Grant.
 - Fuel savings contributed toward an increase in manufacturing capacity and the addition of 30 jobs.
- **Bingaman & Son Lumber**
 - \$470K PIPE Grant for both direct connect and upstream pipeline improvements.
 - Natural Gas burns in tandem with wood biomass.
 - Increased capacity and lowered maintenance and monitoring.
- **Canaan Township PIPE Grants \$1.37MM**
 - SCI Waymart, USP Canaan, School District, and Existing Homes.

Marcellus Shale in Pennsylvania

- Located in UGI footprint.
- Gas costs are lower now than 2008.
- Natural Gas Basis at NYMEX went from positive \$1.00 to \$2.00 to Negative \$0.50 to \$1.00.
- UGI's Rate XD is fully negotiable, intended for very large customers, and allows UGI to make highly competitive offers for service.
- Technology and Economic Development Rider provides additional rate making flexibility for smaller industrial and commercial customers not on a negotiable rate.

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