



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Michael W. Hassell

mhassell@postschell.com
717-612-6029 Direct
717-731-1985 Fax
File #: 126894

January 27, 2012

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Application of Leatherstocking Gas Company, LLC to Supply Natural Gas Service to the Public in Certain Townships and Boroughs in Northern Susquehanna County, Pennsylvania
Docket No. A-2011-2275595

Dear Secretary Chiavetta:

Enclosed please find the Amended Protest of UGI Penn Natural Gas, Inc. in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully Submitted,

Michael W. Hassell

MWH/skr
Enclosures

cc: Certificate of Service
Honorable David A. Salapa

RECEIVED
2012 JAN 27 PM 4:29
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Leatherstocking Gas Company, :
LLC to Supply Natural Gas Service to the : Docket No. A-2011-2275595
Public in Certain Townships and Boroughs in :
Northern Susquehanna County, Pennsylvania :

**AMENDED PROTEST OF
UGI PENN NATURAL GAS, INC.**

RECEIVED

JAN 27 2012

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

UGI Penn Natural Gas, Inc. ("PNG"), by and through its attorneys, Post & Schell, P.C., hereby files this Amended Protest to the above-captioned Application filed by Leatherstocking Gas Company, LLC ("Leatherstocking"), Docket No. A-2011-2275595 ("Application"). This Protest is filed pursuant to the Regulations of the Pennsylvania Public Utility Commission ("Commission") at 52 Pa. Code §§ 5.51-5.53 and 5.941(b).

In its Application, Leatherstocking seeks a certificate of public convenience, pursuant to Chapter 11 of the Public Utility Code, authorizing it to begin to offer, render, furnish, or supply natural gas distribution services in certain townships and boroughs in rural parts of northern and central Susquehanna County. On December 27, 2011, PNG filed a Protest to the Application indicating, among other things, that it has been engaged in substantial market development activities in the area covered by the Application, and that it intended in the near future to file its own application seeking Commission approval to construct its own natural gas facilities to provide natural gas service to all or a substantial portion of the service area contemplated by Leatherstocking's Application. On January 17, 2012, Leatherstocking filed Preliminary Objections stating, among other things, that PNG lacked standing to Protest because it did not

have a competing application before the Commission. Contemporaneously herewith, PNG is filing its Answer to Leatherstocking's Preliminary Objections.

PNG herein files this Amended Protest as of course pursuant to Section 5.91 of the Commission's regulations. 52 Pa. Code § 5.91. PNG does not admit that the initial Protest was in any way insufficient. Rather, PNG files this Amended Protest to update the initial Protest to reflect that on January 18, 2012, PNG filed with the Commission the "Application of UGI Penn Natural Gas, Inc. for approval to begin to offer, render, furnish or supply gas utility service to the public in the additional territories of Bridgewater, Forest Lake, Great Bend, Harmony, New Milford and Oakland Townships, and Great Bend, Hallstead, Lanesboro, Montrose, New Milford, Oakland and Susquehanna Depot Boroughs, Susquehanna County, Pennsylvania," Docket No. A-2012-2284831 (hereinafter "PNG Application"). Consequently, Leatherstocking's Preliminary Objections to the initial Protest should be deemed moot.¹

PNG protests the Leatherstocking Application for the following reasons, *inter alia*: (1) PNG has an interest that may be directly and substantially affected by the Commission's disposition of the Leatherstocking Application; (2) PNG has been engaged in substantial market development activities in the area covered by the Leatherstocking Application; (3) PNG has filed the competing PNG Application seeking Commission approval to construct its own natural gas facilities to provide natural gas service to all of the service area contemplated in the

¹ PNG clearly has the right to file an Amended Protest. Section 5.91(b) unequivocally provides:

(b) Amendments in response to preliminary objections. A party may file an amended pleading as of course within 20 days after service of a copy of a preliminary objection filed under § 5.101 (referring to preliminary objections). If a party has filed an amended pleading as of course, the preliminary objections to the original pleading shall be deemed moot.

52 Pa. Code § 5.91(b).

Leatherstocking Application; (4) the Leatherstocking Application does not provide sufficient information to demonstrate a public need; (5) the Leatherstocking Application does not provide sufficient information to demonstrate that Leatherstocking possesses the necessary fitness to provide adequate, efficient, safe, and reasonable natural gas distribution service; and (6) the Leatherstocking Application does not provide any meaningful commitments or any specific details about the benefits that approval of the Leatherstocking Application would provide. For these reasons, as more fully explained below, PNG respectfully requests that the Commission grant protestant status to PNG, and deny the Leatherstocking Application. In support thereof, PNG avers as follows:

I. PNG'S INTEREST

1. Through its Application, Leatherstocking is seeking Commission approval to begin to offer, render, furnish, or supply natural gas service to all areas of the following municipalities within Susquehanna County: Townships of Bridgewater, Forest Lake, Great Bend, Harmony, New Milford and Oakland; and the Boroughs of Great Bend, Hallstead, Lanesboro, Montrose, New Milford, Oakland, and Susquehanna. See Leatherstocking Application, p. 4.

2. PNG is a Pennsylvania certificated “public utility” and a “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Code, 66 Pa.C.S. §§ 102, 2202. PNG provides natural gas transmission, distribution, and supplier of last resort services to approximately 157,000 customers throughout its certificated service territory, which includes all or a portion of the following Pennsylvania counties: Clinton, Columbia, Lackawanna, Luzerne, Lycoming, Montour, Northumberland, Pike, Snyder, Susquehanna, Union, Wayne, and Wyoming Counties.

3. PNG has been and currently is investigating the best means of extending its service within Susquehanna County, including the negotiation of necessary supply arrangements and the identification of specific customer loads, neither of which appear to have been finalized by Leatherstocking. PNG has had substantial contact and outreach with customers in Susquehanna County, as well as with gathering systems and local producers to determine the best means of expanding service into additional portions of Susquehanna County. Further, PNG has been assessing the technical and logistical requirements that would be necessary to build facilities that would enable PNG to provide reasonably priced, safe, and reliable service in the same areas covered by the Leatherstocking Application from gathering lines and field production and possibly its other gas infrastructure.

4. On January 18, 2012, PNG filed the PNG Application seeking a certificate of public convenience to extend its service within Susquehanna County, including all of the service territory proposed in the Leatherstocking Application.

5. PNG currently provides natural gas services within Lackawanna, Wayne, and Wyoming Counties, which are neighboring counties to Susquehanna County. Further, PNG's certificated service territory presently includes Forest City Borough, Uniondale Borough, Clifford Township, and Auburn Township, which are located in Susquehanna County. Given the close proximity, it would be a natural extension of PNG's existing facilities and certificated service territory to serve additional areas within Susquehanna County, including all or part of the service territory proposed in the Leatherstocking Application.

6. The Commission's disposition of Leatherstocking's Application will have a direct, immediate, and substantial impact on the PNG Application and the contemplated

customers have sought service from Leatherstocking or otherwise support the Leatherstocking Application. By contrast, PNG has had substantial contact and outreach with customers in Susquehanna County, as well as with natural gas gatherers and local producers, to determine interest and costs involved in expanding service into additional portions of Susquehanna County.

10. Susquehanna County largely is comprised of rural areas that currently lack natural gas service. The prudent and carefully planned development of natural gas infrastructure in Susquehanna County would be a significant public benefit. Consequently, it is critically important for the Commission to ensure the entity that provides such service has the requisite managerial and technical fitness. Furthermore, it is important that the Commission adopt the best overall plan to develop and provide natural gas services to serve the service territory proposed in the Leatherstocking Application, as well as other areas in Susquehanna County.

11. Leatherstocking's Application fails to provide sufficient detail to demonstrate that Leatherstocking is managerially and technically fit to develop and provide natural gas transmission, distribution, and supplier of last resort services in Susquehanna County. It is not apparent from the Application that Leatherstocking or its affiliates have any expertise in owning or operating a Pennsylvania regulated NGDC. It also is not apparent from the Application that Leatherstocking will have access to sufficient long-term financial resources to operate as a public utility on a permanent basis. Further, Leatherstocking's Application fails to provide sufficient detail to demonstrate that Leatherstocking will provide adequate, efficient, safe, and reasonable service at just and reasonable rates.

12. Leatherstocking's Application does not provide any meaningful commitments or any specific details about the source of natural gas supply to serve the proposed service territory.

Indeed, the Leatherstocking Application generally states that it plans to obtain gas supplies from local producers via pipelines or possibly gathering lines. *See* Leatherstocking Application, p. 5.

13. Leatherstocking also has provided projections of capital investments and customer additions in its application that appear to be totally speculative and based on unrealistic cost projections. Nonetheless, based on these projections Leatherstocking has proposed initial distribution rates that would greatly exceed the distribution rates PNG would charge if it extended its existing tariff rates.

14. PNG submits that it would not be in the public interest to burden potential natural gas distribution customers in the areas that Leatherstocking seeks to certificate with rates that would be based on a very small customer base, until such time as it is clear that the area could not be served by PNG at lower rates reflecting the efficiencies of its much larger customer base.

15. Leatherstocking's Application does not provide any meaningful commitments or any specific details about the benefits that its proposal would provide. The Leatherstocking Application simply commits that approval of the Application is in the public interest because it will provide local gas to rural areas and generally will promote jobs and the economy. *See* Leatherstocking Application, p. 7. Such a static, generic promise is insufficient to satisfy the Commission's standard requiring that the proposal be necessary or proper for the service, accommodation, convenience, or safety of the public.

16. The Commission should consider whether conditions on any approval are necessary in order to protect the public interest. *See* 66 Pa.C.S. § 1103(a) ("The commission, in granting such certificate, may impose such conditions as it may deem to be just and reasonable."); *see also id.* § 2210(b) ("[T]he commission shall not approve such proposed merger, consolidation, acquisition or disposition, except upon such terms and conditions as it

finds necessary to preserve the benefits of a properly functioning and effectively competitive retail natural gas market”). A determination as to appropriate conditions requires the development of a thorough record and a meaningful opportunity for interested parties to be heard.

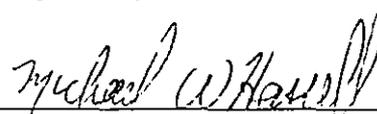
III. CONCLUSION

17. PNG reserves the right to raise additional issues as the case proceeds and further information is obtained from Leatherstocking.

18. Based on the foregoing, and for any other issues or grounds that may arise during the proceeding, PNG objects to Leatherstocking’s Application in its entirety.

WHEREFORE, for the foregoing reasons, UGI Penn Natural Gas, Inc. respectfully requests to be granted “Protestant” status, and that the relief requested in the above-captioned Application be denied.

Respectfully submitted,



David B. MacGregor (ID # 28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
E-mail: dmacgregor@postschell.com

Michael W. Hassell (ID #34851)
Christopher T. Wright (ID # 203412)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
E-mail: mhassell@postschell.com
E-mail: cwright@postschell.com

Mark C. Morrow (ID # 33590)
Melanie J. Elatieh (ID # 209323)
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
Phone: 610.768.3628
E-mail: morrowm@ugicorp.com
E-mail: melanie.elatieh@ugicorp.com

Of Counsel:

Post & Schell, P.C.

Date: January 27, 2012

SECRETARY'S BUREAU
JAN 27 2012

2012 JAN 27 PM 4:30

RECEIVED

Attorneys for UGI Penn Natural Gas, Inc.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Leatherstocking Gas Company, :
LLC to Supply Natural Gas Service to the : Docket No. A-2011-2275595
Public in Certain Townships and Boroughs in :
Northern Susquehanna County, Pennsylvania :

VERIFICATION

I, J.P. Ghio, Vice President, Supply, hereby state that I am duly authorized to and do make this Verification on behalf of UGI Penn Natural Gas, Inc.; that the facts set forth in the foregoing Protest of UGI Penn Natural Gas, Inc. are true and correct to the best of my knowledge information and belief; and that I understand that my statements made herein are subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsifications to authorities).

J.P. Ghio 

RECEIVED
2012 JAN 27 PM 4:30
PA PUC
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

Thomas J. Sniscak
Todd S. Stewart
Janet L. Miller
Hawke McKeon & Sniscak LLP
100 North Tenth Street
PO Box 1778
Harrisburg, PA 17105

James A. Mullins
Tanya J. McCloskey
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Charles Daniel Shields
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Alan M. Seltzer
Buchanan Ingersoll & Rooney PC
17 North Second Street, 15th Floor
Harrisburg, PA 17101

VIA FIRST CLASS MAIL

Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Date: January 27, 2012



Michael W. Hassell

RECEIVED
2012 JAN 27 PM 4: 29
SECRETARY'S BUREAU