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April 30, 2010

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

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

SENT VIA FEDERAL EXPRESS

Dear Secretary McNulty:

RE: Annual Electric System Reliability Report - 3 Years Ending December 31, 2009

Pursuant to the Commission's May 7, 2004 Final Rulemaking Order amending Electric Service Reliability Regulations (52 Pa. Code §§57.191 - 57.197) at Docket Nos. L-00030161 and M-00991220, UGI Utilities, Inc. - Electric Division ("UGI") hereby files an original and six copies of its Annual System Reliability Report. This report contains SAIDI, SAIFI, and CAIDI results on a 3-year rolling basis for the period ending December 31, 2009 along with the raw data from the same period. Also included are the Inspection & Maintenance Goals, Operations & Maintenance Expense, and Capital Budget data.

The Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Audits, and the Bureau of Conservation, Economics and Energy Planning have each been served with copies of this filing.

Questions related to the attached report should be directed to Ms. Abigail J. Hemmerich at (610) 796-3431 or email ahemmerich@ugi.com.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning it in the enclosed stamped, self-addressed envelope.

Sincerely,

Robert R. Stoyko
Vice President – Northern Region

Attachments

c: **FEDERAL EXPRESS**

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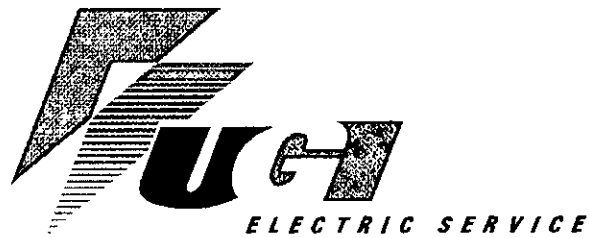
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UGI Utilities, Inc. – Electric Division
Annual System Reliability Report
2009

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UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report

§ 57.195(b)(1) – An overall current assessment of the state of the system reliability in the EDC’s service territory including a discussion of the EDC’s current programs and procedures for providing reliable electric service.

A key objective of UGI Utilities, Inc. – Electric Division (“UGI” or “Company”) is to provide its customers with safe, reliable electric service. Providing reliable service is not a program unto itself, but rather it is an inherent part of every element of the service delivery process. Each segment of service delivery, including system design, construction, and operation and maintenance, has service reliability as its main objective.

The overall performance of the UGI delivery system in 2009 was satisfactory. This is evidenced by UGI’s SAIDI, SAIFI, and CAIDI indices. These measurements have consistently fallen well within the established standards and benchmarks.

System Design

System design is fundamental to providing reliable electric service. To that end, UGI has incorporated service reliability into all aspects of its system design. Planning standards, construction standards, component selection, engineering, engineering training, engineering instructions and System Control and Data Acquisition (“SCADA”) integration programs all have service reliability as a fundamental consideration.

Construction

No matter how well an electrical system is designed, the components making it up must be properly assembled in order for it to function as intended. UGI construction personnel possess the necessary knowledge and skills to effectively perform their duties. Post construction inspection programs assure that additions and improvements to the system are completed properly.

Operation

Inspection programs prescribe specific schedules for inspecting the transmission lines, substations and distribution lines. The frequency that a particular facility is inspected varies by the type of facility and is based upon manufacturer’s recommendations and/or prevailing industry standards. Substations are inspected monthly. Transmission lines and distribution lines are patrolled annually. Switches and line equipment are inspected on a five year cycle. Transmission and distribution poles are inspected and treated on a ten-year cycle. Underground facility inspections, including neutral integrity testing, are performed on a ten-year cycle. Thermograph inspection of key overhead facilities is done on a three-year cycle.

A continuously staffed operations center is in place to assure quick response to interruptions on the delivery system. The center is staffed by system operators who diagnose system problems and mount a rapid and appropriate response to trouble on the system.

UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report

There are service personnel on duty eight hours a day during weekdays and on Saturdays. UGI added an extended-hours trouble truck in 2008 to lower response time on interruption calls received after normal business hours. Call-out rosters are in place to mobilize staff when service personnel are not on duty or when additional resources are required.

UGI has in place a trouble reporting system, which allows it to gather information on system interruptions. The information accumulated in this system is analyzed to spot equipment failure trends and outage clusters. This information is also used to spot weaknesses in the system and to make decisions on allocation of resources for maintenance and/or system upgrades.

Maintenance

All equipment on the system is subject to defined maintenance programs. Maintenance cycles for substation and line equipment vary with the type and class of device and are based on manufacturer's recommendations and/or current industry standards. Transmission line maintenance follows an annual transmission line inspection program. Maintenance of underground and overhead lines, including rebuild, is based upon the results of the *inspection programs and their performance*. Additionally, UGI will accelerate these schedules if we observe equipment that is not operating normally or as expected.

UGI has in place an aggressive tree-trimming program that emphasizes tree removal and herbicide application. All lines are patrolled annually to assess tree encroachment. Trimming is scheduled as needed based upon our assessment of tree encroachment and circuit performance. Trim cycles vary from three years in urban areas to seven years in rural areas.

UGI also has a line-rebuilding program in place. Most of the four-kilovolt distribution lines have been rebuilt and converted to thirteen-kilovolt operation. In addition, loading and service voltage on distribution lines are reviewed semi-annually. Lines identified as loaded near their capacity are upgraded or reinforced as necessary.

UGI has determined that it has been experiencing a larger than expected number of failures of a fuse cutout purchased from A. B. Chance in the 1990 thru 1998 timeframe. The failure of these devices caused an increase in the number of outages attributed to equipment failures. While UGI contends these devices are failing due to a manufacturer defect, the manufacturer denies the failure rate is abnormal. UGI estimates having installed approximately 3,500 of these devices on its distribution system. An aggressive program was established to replace these devices as they were identified in the field. All of the identified devices were replaced by the end of 2009. Additional interruptions due to equipment failure resulted from two large underground feeder outages that affected a significant number of customers. These underground feeder getaways were near end-of-life and will be replaced in 2010.

UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report

§ 57.195(b)(2) – A description of each major event that occurred during the year being reported on, including the time and duration of the event, the number of customers affected, the cause of the event and any modified procedures adopted to avoid or minimize the impact of similar events in the future.

- (i) Under Title 52, Pa. Code §57.192, a major event is defined as either:
 - a) An interruption of electric service resulting from conditions beyond the control of the electric distribution company which affects at least 10% of the customers in the EDC's service territory during the course of the event for a duration of 5 minutes each or greater. The event begins when notification of the first interruption is received and ends when service to all customers affected by the event is restored.
 - b) An unscheduled interruption of electric service resulting from an action taken by an electric distribution company to maintain the adequacy and security of the electrical system, including emergency load control, emergency switching and energy conservation procedures, as described in §57.52 (relating to emergency load control and energy conservation by electric utilities), which affects at least one customer.
- (ii) A major event does not include scheduled outages in the normal course of business or an electric distribution company's actions to interrupt customers served under interruptible rate tariffs.

No major events occurred during the 2009 reporting year. A major event occurring in 2008 has been discussed in previous reports.

**UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report**

§ 57.195(b)(3) – A table showing the actual values of each of the reliability indices (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the EDC’s service territory for each of the preceding 3 calendar years. The report shall include the data used in calculating the indices, namely the average number of customers served, the number of sustained customer minutes interruptions, the number of customers affected and the minutes of interruption.

The reliability results for UGI’s service area over the last three years are as follows:

2007 – 2009 Reliability Statistics

| | SAIDI | SAIFI | CAIDI |
|-----------------------------|------------|-------------|------------|
| 3-Year Avg. Standard | 170 | 0.91 | 186 |
| UGI 3-Yr. Rolling Avg. | 95 | 0.70 | 135 |

| | SAIDI | SAIFI | CAIDI |
|---------------------------|------------|-------------|------------|
| 12-Month Standard | 256 | 1.12 | 228 |
| 12-Month Benchmark | 140 | 0.83 | 169 |
| 2009 UGI Results | 80 | 0.76 | 105 |
| 2008 UGI Results | 90 | 0.67 | 135 |
| 2007 UGI Results | 114 | 0.68 | 167 |

The 3-year rolling averages for SAIFI, SAIDI and CAIDI are performing within the standards established by Commission Order at Docket No. M-00991220 on May 7, 2004. Extreme weather events during the last three years resulted in significant outages and the on-going problems associated with the A. B. Chance distribution fuse cutouts impacted UGI’s reliability results.

Data necessary to calculate a Momentary Average Interruption Frequency Index (MAIFI) is not available for UGI’s service area. As previously discussed with the Commission, UGI currently has no plan to install the equipment required to track momentary interruptions on the hundreds of operating distribution devices located throughout its territory. The basis for this decision is the high cost associated with the purchase and installation of these devices with little commensurate benefit.

UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report

| | Raw Data | | | | Reported Indices | | |
|-----------------------|------------|---------------|-----------------|------------------|------------------|-------------|------------|
| | SI | TCI | TCB | TMCI | SAIDI | SAIFI | CAIDI |
| January-2009 | 17 | 526 | 62,377 | 70,175 | 1 | 0.01 | 133 |
| February-2009 | 28 | 2,038 | 62,352 | 424,380 | 7 | 0.03 | 208 |
| March-2009 | 18 | 7,144 | 62,340 | 273,496 | 4 | 0.11 | 38 |
| April-2009 | 36 | 7,485 | 62,245 | 853,750 | 14 | 0.12 | 114 |
| May-2009 | 37 | 8,639 | 62,155 | 808,467 | 13 | 0.14 | 94 |
| June-2009 | 51 | 5,948 | 62,120 | 575,300 | 9 | 0.10 | 97 |
| July-2009 | 28 | 6,488 | 62,092 | 439,522 | 7 | 0.10 | 68 |
| August-2009 | 31 | 4,387 | 62,017 | 958,462 | 15 | 0.07 | 218 |
| September-2009 | 24 | 317 | 61,944 | 47,667 | 1 | 0.01 | 150 |
| October-2009 | 32 | 1,095 | 62,002 | 77,320 | 1 | 0.02 | 71 |
| November-2009 | 23 | 748 | 62,055 | 133,143 | 2 | 0.01 | 178 |
| December-2009 | 22 | 2,420 | 62,145 | 315,604 | 5 | 0.04 | 130 |
| <i>2009 Total</i> | <i>347</i> | <i>47,235</i> | <i>62,154</i> | <i>4,977,286</i> | <i>80</i> | <i>0.76</i> | <i>105</i> |
| January-2008 | 28 | 3,512 | 62,218 | 631,227 | 10 | 0.06 | 180 |
| February-2008 | 30 | 725 | 62,249 | 103,682 | 2 | 0.01 | 143 |
| March-2008 | 21 | 3,631 | 62,169 | 137,517 | 2 | 0.06 | 38 |
| April-2008 | 24 | 513 | 62,140 | 47,534 | 1 | 0.01 | 93 |
| May-2008 | 18 | 3,079 | 62,121 | 363,112 | 6 | 0.05 | 118 |
| June-2008 | 43 | 2,802 | 61,966 | 705,586 | 11 | 0.05 | 252 |
| July-2008 | 84 | 5,902 | 62,000 | 1,223,717 | 20 | 0.10 | 207 |
| August-2008 | 38 | 6,551 | 62,135 | 1,017,365 | 16 | 0.11 | 155 |
| September-2008 | 38 | 923 | 62,115 | 194,404 | 3 | 0.01 | 211 |
| October-2008 | 23 | 2,051 | 62,172 | 357,582 | 6 | 0.03 | 174 |
| November-2008 | 17 | 897 | 62,234 | 132,135 | 2 | 0.01 | 147 |
| December-2008 | 33 | 11,094 | 62,309 | 705,417 | 11 | 0.18 | 64 |
| <i>2008 Total</i> | <i>397</i> | <i>41,680</i> | <i>62,152</i> | <i>5,619,278</i> | <i>90</i> | <i>0.67</i> | <i>135</i> |
| January-2007 | 12 | 242 | 62,085 | 19,314 | 0 | 0.00 | 80 |
| February-2007 | 13 | 91 | 62,134 | 10,983 | 0 | 0.00 | 121 |
| March-2007 | 28 | 1,173 | 62,163 | 132,863 | 2 | 0.02 | 113 |
| April-2007 | 77 | 6,367 | 62,001 | 968,682 | 16 | 0.10 | 152 |
| May-2007 | 26 | 857 | 61,909 | 232,644 | 4 | 0.01 | 271 |
| June-2007 | 123 | 10,461 | 61,854 | 2,481,067 | 40 | 0.17 | 237 |
| July-2007 | 45 | 3,185 | 61,892 | 295,789 | 5 | 0.05 | 93 |
| August-2007 | 68 | 11,557 | 61,944 | 1,436,147 | 23 | 0.19 | 124 |
| September-2007 | 35 | 1,111 | 61,918 | 219,664 | 4 | 0.02 | 198 |
| October-2007 | 30 | 1,196 | 62,072 | 221,771 | 4 | 0.02 | 185 |
| November-2007 | 57 | 5,019 | 62,128 | 903,226 | 15 | 0.08 | 180 |
| December-2007 | 29 | 1,157 | 62,209 | 149,658 | 2 | 0.02 | 129 |
| <i>2007 Total</i> | <i>543</i> | <i>42,416</i> | <i>62,026</i> | <i>7,071,808</i> | <i>114</i> | <i>0.68</i> | <i>167</i> |
| 3-YEAR AVERAGE | 429 | 43,777 | 62,111 * | 5,889,457 | 95 | 0.70 | 135 |

* annual arithmetic average

SI: System Interruptions
TCI: Total Customers Interrupted
TCB: Total Customer Base
TMCI: Total Minutes Customer Interrupted

**UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report**

§ 57.195(b)(4) - A breakdown and analysis of outage causes during the year being reported on, including the number and percentage of service outages, the number of customers interrupted, and customer interruption minutes categorized by outage cause such as equipment failure, animal contact, tree related, and so forth. Proposed solutions to identified service problems shall be reported.

Outage by Cause - January 2009 through December 2009

| Outage Cause | % Of Total Incidents | Number of Interruptions | Customers Interrupted | Minutes Interrupted |
|--------------------|----------------------|-------------------------|-----------------------|---------------------|
| Animal | 17.58% | 61 | 458 | 46,263 |
| Company Agent | 1.15% | 4 | 48 | 5,012 |
| Construction Error | 0.00% | 0 | 0 | 0 |
| Customer Problem | 0.86% | 3 | 9 | 3,519 |
| Equipment Failure | 36.60% | 127 | 19,099 | 1,404,823 |
| Lightning | 8.36% | 29 | 2,736 | 181,908 |
| Motor Vehicle | 4.90% | 17 | 5,190 | 792,812 |
| Other | 0.29% | 1 | 89 | 10,658 |
| Public | 2.59% | 9 | 293 | 55,099 |
| Structure Fire | 0.29% | 1 | 8 | 2,000 |
| Trees | 18.44% | 64 | 9,921 | 1,572,117 |
| Unknown | 3.46% | 12 | 4,648 | 154,523 |
| Weather Related | 0.86% | 3 | 203 | 8,279 |
| Weather/Snow | 0.00% | 0 | 0 | 0 |
| Weather/Ice | 0.00% | 0 | 0 | 0 |
| Weather/Wind | 4.61% | 16 | 4,533 | 740,273 |
| <i>TOTAL</i> | <i>100.00%</i> | <i>347</i> | <i>47,235</i> | <i>4,977,286</i> |

Proposed Solutions to Identified Problems:

Approximately thirty-seven percent of the outages reported above resulted from equipment failure. A portion of these equipment failures are attributed to a problem with the A. B. Chance fuse cutouts utilized on the UGI system. As discussed in previous reports, UGI implemented an aggressive replacement program to actively identify and replace these defective parts. By the end of 2009 all of the identified cutouts were replaced. However UGI believes there are still some unidentified Chance cutouts on its system as well as other porcelain style cutouts that may be subject to similar failures. As UGI finds these cutouts on its system, they will be replaced.

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UGI Utilities, Inc. – Electric Division
2009 Electric Service Reliability Annual Report

§ 57.195(b)(12) – Significant changes, if any, to the transmission and distribution inspection and maintenance programs previously submitted to the Commission.

UGI continues to focus on replacing the fuse cutouts mentioned earlier. Otherwise, there have not been any significant changes to the transmission and distribution inspection and maintenance programs outlined in previous reports submitted to the Commission.

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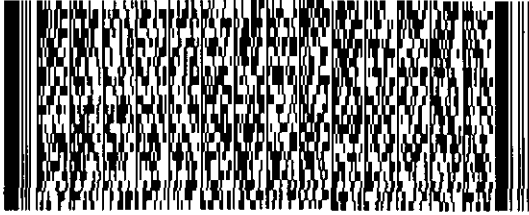
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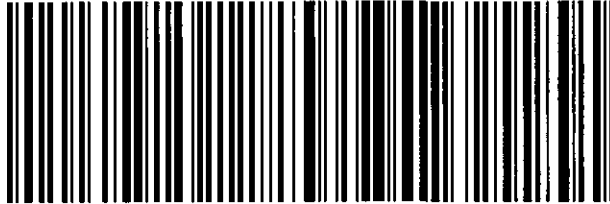
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