BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3006814
	:	
UGI Utilities, Inc. – Gas Division	:	

DIRECT TESTIMONY
OF LAURA GREENHOLT-TASTO
ON BEHALF
OF THE NATURAL GAS SUPPLY PARTIES
AND THE RETAIL ENERGY SUPPLY ASSOCIATION

NGS/RESA Statement No. 1
April 30, 2019

I. INTRODUCTION

Q. Please state your name and business address for the record.

A. My name is Laura Greenholt-Tasto and business address is 415 Norway Street, York, PA 17403.

Q. By whom are you employed and in what capacity?

A. Shipley Choice, LLC d/b/a Shipley Energy as General Manager of Shipley Choice.

Q. For whom are you appearing in this proceeding?

A. The NGS Parties, which for this case is comprised of Shipley Choice, LLC d/b/a Shipley Energy, Dominion Energy Solutions, Inc., and the Retail Energy Supply Association ("RESA").[1]

Q. Briefly describe your educational experience and relevant qualifications.

A. I have been in the energy industry for 12 years. I graduated in 2007 from the University of Delaware with a Bachelor of Science in Marketing and Operations Management and minor in Economics. Upon graduation, I worked for Hess Corporation as a Natural Gas Logistics Analyst II for 2 years. I joined Shipley Energy as an Energy Supply Analyst in

[1] The viewpoints expressed in this testimony represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

2009 and was promoted to Manager of Natural Gas Operations in 2012. In February 2014, I became Manager of Choice Operations, overseeing all operational functions related to supply, pricing, billing, sales, and regulatory, for both natural gas and electricity product lines. I became General Manager of Shipley Choice in July 2017, with an emphasis on strategic planning for both product lines.

Q. Have you participated previously in regulatory cases?

A. Yes. I was a witness in Columbia's two most recent rate cases.

Q. What is the purpose of your testimony here?

A. To discuss my concerns with UGI's filing, which include:

1. UGI does not release any physical storage to suppliers, which results in a competitive disadvantage for suppliers versus default service.
2. The proposed reduction of the daily imbalance limit for suppliers on the UGI South System from 10% to 4.5%, which is a significant departure from present requirements for suppliers and will lead to losses for suppliers and ultimately harm to customers. (Direct Testimony of Angelina Borelli, UGI St. No. 12, p.12)
3. UGI's cash-out practices current and proposed, which are very different from the practices of other NGDCs with which we have familiarity: a) wherein if a supplier is out of balance, UGI cashes out the entire balance, not just the amount that was out of balance, resulting in a penalty on volumes that were within tolerance and a practice that is punitive and confiscatory; and b) cash-outs for suppliers taking delivered supply (bundled sales and transportation that UGI sells in lieu of releasing

storage to Choice suppliers) and who end up out of balance, UGI should not cash them out at the M-3 price, but rather at the price of the delivered supply, since in most cases they are buying it from UGI. (UGI St. No. 12, p. 12)

4. UGI's nomination process that requires suppliers to input their nominations into the system by 8:45 am, the day before gas flows, when in some cases, suppliers have not received from UGI their delivery targets for that day. UGI must either commit to a firm time for delivery of targets or relax the nomination period to later in the day. Pipeline nominations are considered timely if entered by 2:00 PM the day before the gas flows.

5. Our serious concern that non-affiliated suppliers will be disadvantaged by UGI's proposed rules that would effectively allow a single, affiliated supplier to use capacity on "Acceptable Substitute Delivery Sources" rather than what is required of all other suppliers. (UGI St. No. 12, pp.11-12).

II. PHYSICAL STORAGE

Q. You state above that UGI does not provide any physical storage for suppliers; can you explain why storage assets are important to suppliers and how they use such assets in other territories to provide benefits to customers?

A. Storage is a critical piece in the natural gas supply mix. Most Mid-Atlantic natural gas utilities have some storage mechanism that suppliers utilize on behalf of customers. Suppliers deliver extra gas in the summer, which is injected at typically lower prices, to be pulled out in the winter to help customers avoid higher priced gas. Utilities typically provide a ratchet for each summer month that suppliers must hit during injection. They also provide ratchets in the withdrawal season that suppliers must hit. The ratchets come with a minimum and maximum target that you must deliver within, and typically align with the interstate pipeline storage rules and ratchets. Generally, the supplier has the flexibility to optimize and deliver the storage gas on the days when gas supplies are the lowest cost, as long as they meet the ratchets by month end and stay within daily injection quantity limits. In the winter, suppliers will typically extract the maximum gas from storage that is allowed on the coldest, highest price days, to help keep costs down for customers.

Q. Does UGI have storage assets?

A. UGI has upstream storage assets, i.e., not physically located on the distribution system. UGI manages the entire storage piece for non-Choice customers and only provides access to "storage" for Choice transportation customers via "bundled storage", which is a virtual storage mechanism. Under this "bundled storage" product, UGI injects gas in the summer "on behalf of" the supplier and customer, and then dictates the volume, not a ratchet within a min and max, that must be pulled out during each winter month. UGI forces the supplier and customer to buy the virtual storage gas at a price, that in realty, is not as useful or competitive as it could be if suppliers had the use of actual storage assets.

Q. Why is this method unfair?

A. Customers pay for the storage assets in their demand charges. UGI maintains the ability to manage the storage, which means suppliers have no ability to optimize their operations. This often eliminates the ability of Choice transportation customers to take advantage of those lower priced days. UGI then sells the bundled storage at an IFERC index, which may not be in line with how they actually purchase the gas throughout the summer, since storage gas can be purchased a variety of ways (forward deals, IFERC, daily spot gas, etc.). However, UGI fully utilizes the same assets to benefit default service customers.

Since Choice transportation customers pay for the storage assets through their demand charges, which are the highest in any NGDCs in our footprints, then they should have the same access to optimize the storage assets on their own with their suppliers as default service customers.

Q. What do other NGDC's do with storage?

A. There are a number of NGDCs in the region that release storage capacity, and they include: Peoples Natural Gas Companies, National Fuel, Dominion East Ohio, Columbia Gas of Ohio, Washington Gas Light and Vectren. These release it along with transportation capacity in a bundle of assets that follows the customer, since the customers pay for those assets. Others that don't release storage still allow monthly flexibility for injection and withdrawal that aligns with the interstate pipeline ratchets.

Q. What is your recommendation regarding storage assets?

A. I recommend that UGI be required to release a bundle of assets, including transportation and storage, to suppliers serving customers on its system, and that said bundle should follow the customer whether the customer takes supply from UGI or any NGS. The bundle should be fairly representative of the same capacity (storage and pipeline) that UGI would use to serve that same customer as a default service customer. That is, a customer bundle in UGI South should look different from a bundle in UGI North. Customers and their suppliers should retain the rights to optimize those assets, staying within the rules of the storage or pipeline min and max ratchet levels. Customers pay for those assets and should be able to have the same use as UGI uses when it provides default service. To do otherwise is unfair and discriminatory.

Q. Does UGI release any transportation capacity to Choice NGSs on its system?

A. Yes, but not a sufficient quantity.

Q. How does UGI currently ensure customers have enough supply assets?

A. They provide a mix of Firm Transportation capacity on the interstate pipelines, bundled storage, and peaking contracts. The peaking contracts are call options that are typically used on the coldest days.

Q. Why do you contend that UGI does not release enough assets?

A. Because suppliers routinely are short on assets in the winter. Shipley is an example.

Q. Did you run out of assets this past winter?

A. Yes. UGI changed their program slightly, releasing less firm transportation and bundled storage. While customers pay for all the assets to sufficiently cover a peak day scenario, we were running out of bundled storage in November, which is not typical.

Q. What is your recommendation to address this in the future?

A. UGI should include a tariff provision that if suppliers run out of bundled storage each month, they will automatically provide the additional peaking assets in order to fulfill any shortfall. It is difficult to imagine that UGI has ever been short of assets (storage or pipeline capacity) needed to serve default service customers, so my contention is that releasing a bundle of assets to transportation customers that is not the same, or in the same relative quantity as what UGI uses for default service or sales customers, is discriminatory.

III. DAILY IMBALANCE LIMIT CHANGE

Q. Are you aware that UGI is proposing in this case to combine its tariffs and operational rules for the former UGI Utilities Inc. – Gas Division; UGI Penn Natural and UGI Central Penn service territories?

A. Yes.

Q. Do you have any concerns with this?

A. Yes. I'm concerned with the proposed combined daily balancing percentage.

Q. Explain what the term daily balancing tolerance means?

A. In the natural gas world, it is almost impossible to schedule the precise amount of gas a customer will use on a given gas day, since many factors such as weather, operations, shutdowns, etc. change on a daily basis and affect usage. It is standard practice for utilities to have a balancing tolerance. This allows for inadvertent fluctuations in usage vs. deliveries. UGI has a daily tolerance percentage for each of the 3 districts (South, North, and Central). Any volumes outside of the daily percentage tolerance are subject to Daily Balancing Charges, for critical and non-critical days. Daily Balancing Charges can be 5 times the cost of gas on non-critical days, and as high as 10 times the cost of gas on critical days. For example, on a critical day where the cost of gas in the spot market reaches $100, that may mean UGI would charge $1,000/Mcf gas for any amount of gas above the tolerance band. This discussion does not even address the penalties that can be charged on top of the Daily Balancing Charge. These penalties can be equally high and unfounded.

Q. What is UGI proposing with regard to this tolerance?

A. UGI is proposing to change the daily imbalance percentage from 10% on South, 2.5% on North, and 2.5% on Central to an average percentage of 4.5% system-wide.

Q. Why do you disagree with this change?

A. According to NGS-RESA-IV-1 response UGI provided, most transportation volumes are on UGI South, which currently has a 10% tolerance. Lowering the overall tolerance to 4.5% is not a fair representation of what customers currently have access to and will result in an increase in punitive penalties for customers that are otherwise not experiencing them today.

Q. What do you propose?

A. We propose UGI use the weighted average of Non-Choice Transportation Volumes, which calculates to an imbalance percentage of 6%. Whether you look at a 1-year, 2-year, or 5-year history, the weighted average percentage does not equate to 4.5%, as they've proposed. Customers need a tolerance that is representative of their current tolerance, not one that is 25% lower than what they currently have access to and will lead to a 25% increase in unnecessary daily balancing charge penalties incurred by customers. Another option would be to adjust the Daily Excess Balancing Charges, so they are not so punitive. I think it is important to note that in the calculation of other combined rates, UGI did use weighted averages, i.e., in calculating the NGS's PDDR and the bundled sales ratchet, and yet here they chose not to do so to the detriment of suppliers and transportation customers.

1 year history (FY18)			
District	Annual Mcf	Current Imbalance %	Current Imbalance % in Mcf
South	82,779,925	10%	8,277,993
North	85,574,425	2.5%	2,139,361
Central	15,378,680	2.5%	384,467
		Calculated Weighted Average	**5.9%**

2 year history (FY17-FY18)			
District	Average Annual Mcf	Current Imbalance %	Current Imbalance % in Mcf
South	84,857,813	10%	8,485,781
North	78,529,131	2.5%	1,963,228
Central	14,753,922	2.5%	368,848
		Calculated Weighted Average	**6.1%**

5 year history (FY14-FY18)			
District	Average Annual Mcf	Current Imbalance %	Current Imbalance % in Mcf
South	83,847,863	10%	8,384,786
North	54,073,976	2.5%	1,351,849
Central	14,541,215	2.5%	363,530
		Calculated Weighted Average	**6.6%**

IV. CASH OUTS

Q. Can you explain what aspect of UGI's current cash out practice that concerns you?

A. Yes. UGI currently has a monthly cash in/cash out process. At present, UGI will cash in/out volumes when the difference between what was delivered and what was used is outside their monthly tolerance. For example, non-choice transportation customers pay a monthly balancing service charge for the ability to carry a monthly imbalance of +/-10%. UGI is not proposing to change this percentage and we support that approach. However, the concerning part has always been that UGI cashes in/out an entire imbalance rather than just cashing in/out the portion outside of the tolerance band.

This procedure can be particularly damaging in winter, which is when UGI often calls Daily Flow Directives (DFDs) for suppliers and customers to match deliveries with usage or to over-deliver because the weather is cold. To comply, suppliers must often deliver more than the customer's anticipated usage to avoid potential, punitive penalties. So customers and suppliers often need to deliver more gas, usually in higher priced environments. If the DFDs are called for most of the month, customer bank imbalances grow and can easily go outside the monthly tolerance band. The problem is that rather than cashing in the volume outside the 10% tolerance, UGI will cash in the entire imbalance. The cash in or out prices are always punitive vs. the market (the price the supplier pays/receives from UGI is higher when the supplier pays UGI and less than market when UGI is paying the supplier), so if UGI takes the entire imbalance to cash in/out, rather than just the portion outside the tolerance band, the customer is doubly harmed -- first in having to deliver the expensive gas in the DFD, and then again in having to sell back the gas to UGI in the monthly imbalance at a discounted or punitive rate vs. the price they paid for it. To compound things, they are already paying for the monthly balancing service, which they lose access to if they are outside the tolerance band – which seems contradictory.

Here's an example. If customer's bank tolerance of 10% equals 1,000 Mcf, and the imbalance ends up being 1,010 Mcf (just 10 Mcf over, or 10.1% long), UGI will cash in (i.e., forcibly purchase from the customer at a discount) the entire 1,010 Mcf, rather than just the 10 Mcf that was outside the tolerance. The same applies for balances that are short outside the tolerance band. UGI will charge the customer for the whole imbalance at a premium, rather than just the portion short outside the tolerance band.

Another way to look at it is, UGI will allow you to carry an imbalance of +/-9.9% without needing to cash in/out (or 990 mcf in my example above), and yet will cash in *all* the gas in a supplier's bank if they go over the tolerance. This is particularly egregious because customers already purchase the service in Monthly Balancing Service charges. UGI is the only utility in our experience that applies the cash in/out rule to the entire bank, not the amount over the imbalance.

Q. How would you "fix" this problem?

A. I recommend that UGI be required to stop zeroing-out the customer's full balancing bank and only do so with the portion that is outside the tolerance band.

Q. What else could help with customer cash outs?

A. Currently, if a supplier has an LFD pool of customers, and the whole pool is outside tolerance, the cash in/out goes to every individual customer in the pool, rather than the supplier. As you can imagine, this can get very ugly for customers, especially if the pool is only out of tolerance by a few Mcf. We request that UGI allow the option for the cash in/out to go to the supplier, rather than the customer. Another way this could be accomplished would be allowing the LFD imbalances to join the DS/IS Balancing Pool imbalances. Both of these cash-out solutions will lead to a much-improved customer experience.

Q. What other "cash-out" problems concern you on UGI?

A. Under UGI's proposal to combine tariffs, it also is proposing that if a supplier, and subsequently the customer, is purchasing what is known as "delivered supply" and was short (did not deliver enough) or long (delivered more than was required), that they would be cashed in/out based on a delivered market price rather than on the actual cost of the product.

Q. Can you provide an example?

A. As UGI is proposing, all DS customers will have a maximum daily quantity (MDQ) for capacity that they will have access to and pay for on their UGI bill. Theoretically, a DS customer should never use more than their MDQ. The capacity is sourced typically from less expensive receipt point locations. For example, UGI South DS customers currently have access to source Texas Eastern M2 receipt point gas and flow it to Texas Eastern M3 using the capacity they pay for on their distribution bill from UGI. UGI is currently proposing that if there is a shortfall, the customer or supplier is cashed out at the higher of M3 or M2 receipt plus variables. Cashing out at a higher M3 price when the customer has all the capacity they need at M2 is punitive.

Q. What do you propose as a solution?

A. UGI should edit their proposal to align the cash in/out with the receipt point for which the capacity is released, not the delivery point.

V. NOMINATIONS PROCESS

Q. Do you have any general comments regarding UGI's plans to replace its nomination system?

A. We fully support UGI's desire to replace their current nomination system and electronic bulletin board. It will be a huge improvement to receive real time data and information on confirmations, cuts, etc., like we already obtain from so many other utilities.

Q. Are there any changes with the current nomination process you would like to see implemented?

A. Yes, UGI's nomination process currently requires suppliers to input their supply nominations into the system by 8:45 AM for bundled storage, 10:30 AM for delivered supply, and 2 PM for third party supply, the day before gas flows. Bundled storage nominations are due by 8:45 am, but in some cases, suppliers have not received from UGI their delivery targets until a few minutes before the deadline. Since the 8:45 deadline was set back when the interstate timely cycle deadline was 12:30 PM, it makes sense that it would be pushed back now that timely nominations are not due until 2 PM. Delivered supply nominations are due by 10:30 AM, but pipeline nominations are considered timely if entered by 2:00 PM the day before the gas flows. Both of these nominations should not be due until the interstate pipeline deadline of 2 PM.

Also, UGI requires all corresponding Customer Nominations by 5 PM on the day prior to the gas day. UGI should allow Customer Nominations at the pool level, rather than by individual customer. Other utilities, like PECO, have an allocation period where at the end of the month, suppliers can go through and balance their pools and allocate the gas all at once in the customer nomination section. We can allocate by day during the month if we choose to do so, but PECO does not lock us out until after the month is over. This is beneficial for the utility, customers, and suppliers since it gives suppliers time to adjust deliveries for customers based on actual usage and adjust for any cuts throughout the month. Even with this modification, UGI ultimately still has the same amount of gas delivered on its system. UGI should find this to significantly reduce the administrative time needed to update customer nominations when cuts occur or shift customer nominations around. Allowing suppliers to take that administrative burden and by locking the customer nomination page at a specified time after the end of the delivery month could reduce costs to UGI and improve the program for suppliers and customers.

Q. Are there other nominations issues?

A. There is one potential issue surrounding the combination of the three service territories and it has to do with whether UGI will use three unique DUNs numbers for nominations on the interstate pipelines or go to a single number across its unified system. Currently, it has a different number for each of the former three companies. We suggest that they use a single DUNs number for all three, which will lessen the likelihood of mistakes.

VI. ALTERNATIVE PIPELINES

Q. How will the alternative pipelines provisions UGI proposes work?

A. As UGI's proposal is currently written, suppliers may use alternative pipelines, or "Delivery Pipeline Substitutes" to supply non-choice transportation customers. While UGI will require deliveries by all suppliers and transportation customers on specific pipelines for specific regions, they will make an exception for any supplier who has the alternative pipeline delivery substitute.

Q. What are the current "Delivery Pipeline Substitutes"?

A. They are as follows:

1. Local Production Meters and Gathering Systems which may fulfill requirements for Tennessee gas in the North region.
2. UGI Storage Company which may fulfill requirements for Tennessee gas in the North Region.
3. UGI Mt. Bethel Pipeline Company which may fulfill requirements for Columbia gas in the South region. Gas supplies entering this pipeline can be sourced from Transco. The price disparity between the Transco and Columbia is significant.
4. Sunbury Pipeline Company which may fulfill requirements for Texas Eastern gas in the South region. This can be sourced from Transco or Stagecoach. The price disparity between the two is also significant.

Q. Is there a specific delivery substitute you are concerned about and why?

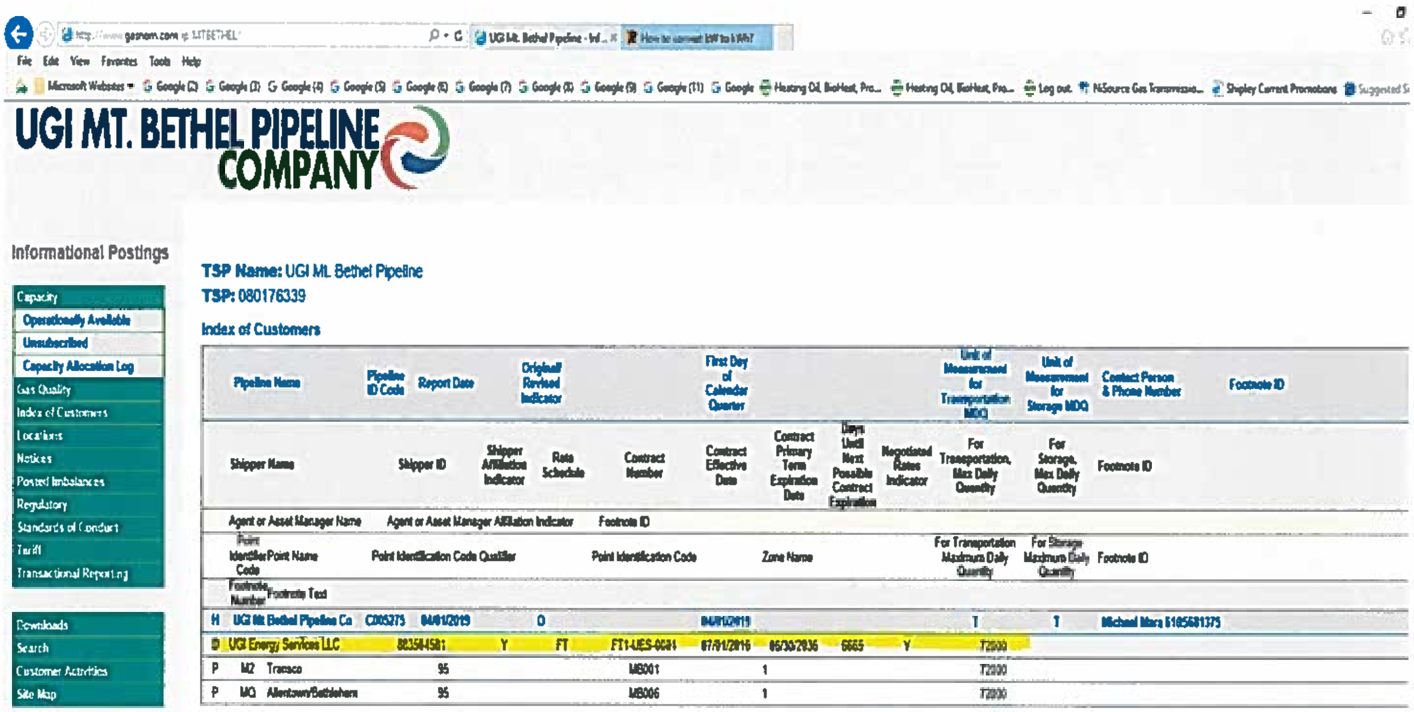
A. Yes, the substitutes used for the South and Southeast regions, UGI Mt. Bethel Pipeline Company and Sunbury Pipeline. Using either of these lines will allow a supplier to source Transco Leidy gas, which is at a significant discount versus the pipeline gas required to be delivered in the Southeast region by suppliers who do not have access to these two substitutes.

For instance, January 2020 Texas Eastern M3 basis, which can be offset by the substitute pipeline carrying Transco Leidy gas, is trading at approximately $3.06/dth (as of 4/17/19). January 2020 Transco Leidy gas is trading at minus $0.36/dth. Basis is the value of the transportation to move gas between two points. It gets added to the NYMEX (New York Mercantile Exchange) to get a supplier's price to deliver. If NYMEX is $2.50/dth, then Texas Eastern gas would cost $5.56/dth vs. Transco Leidy $2.86/dth. This is a huge price disparity.

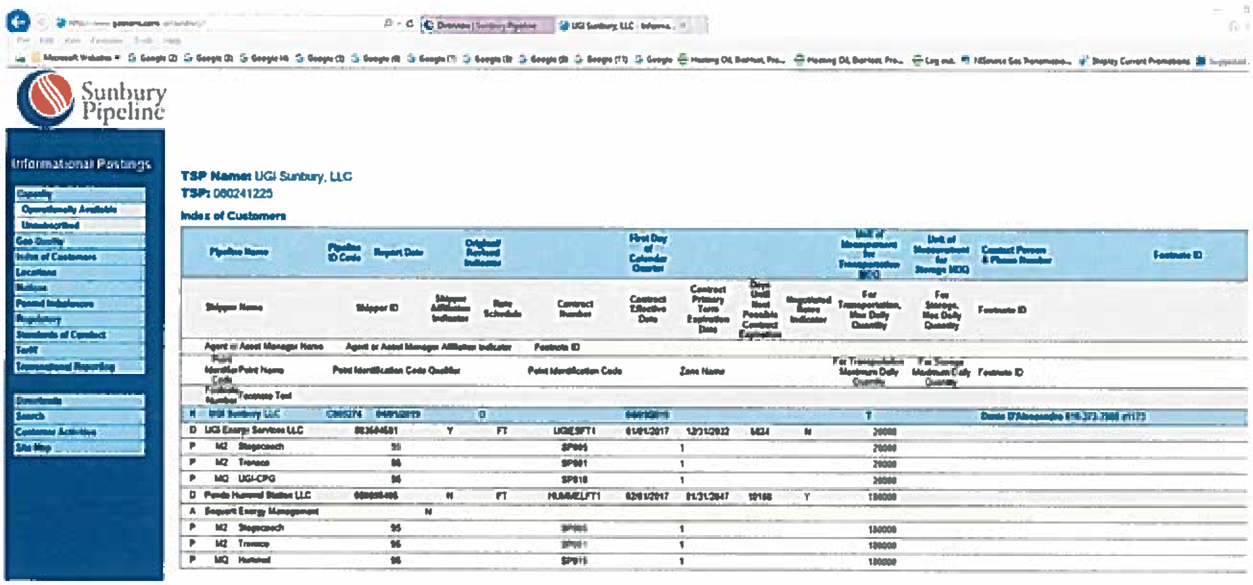
Q. Who currently has access, otherwise known as capacity, on the South region substitutes?

A. UGI Energy Services, the UGI affiliated NGS, is the only approved UGI transportation supplier who has access to these.

The UGI Mt. Bethel capacity is subscribed by UGI Energy Services, the affiliate NGS, for the next 6,665 days (in other words, over 18 years). It was contracted 2 years ago for 20 years. This will make it impossible for other suppliers to access this substitute pipeline, and subsequently compete with the affiliated NGS. The screenshot below shows the capacity of 72,000 dths/day subscribed to by UGI Energy Services.



The Sunbury Pipeline is subscribed to by 2 entities. Panda Hummel Station power generator, who has Sequent Energy Management as their asset manager, and UGI Energy Services. UGI Energy services has 20,000 dths/day capacity through 2032 (for the next 13 years), which they secured 2 years ago.



Q. **Will UGI allow future substitutes?**

A. Yes, UGI will allow future substitutes for pipelines that connect to their system. Currently, there are plans to connect Atlantic Sunrise and PennEast pipeline projects to the UGI system. The Atlantic Sunrise project is comprised of nine natural gas producers, local distribution companies, and power generators (no NGSs listed on their website). UGI Energy Services is the only NGS on the PennEast project, with the other parties being pipeline or utility companies.

The likelihood of a non-affiliated supplier creating a pipeline project to hook up with UGI is slim to none. They are massive projects that take a considerable amount of capital and come with the unknown of if and when a utility would allow connection. UGI Energy Services has a distinct advantage when it comes to this space, as they are not going to get into a pipeline project that their parent UGI will not allow.

While UGI can make the argument that all suppliers have access to open seasons to bid fairly on this capacity, the NGSs, all who regularly participate on pipeline capacity auctions and open seasons do not recall seeing any for Mt. Bethel or Sunbury. Also, in the case of Mt. Bethel and Sunbury, it would not have made sense to even bid on them 2-3 years ago without the prior knowledge of UGI someday allowing these substitutes. Without UGI allowing them, the capacity would have been useless and would not have been a viable option for suppliers on the UGI system, because they weren't allowed, at that point in time, to use that pipeline as a substitute and we had no idea that UGI would be merging and creating new transportation rules.

We can only conclude that UGI and their affiliated NGS must have known someday the plan would be to allow the substitute delivery pipeline, otherwise, why would UGI Energy Services make a business decision to buy capacity on a pipeline that would not be able to serve their customers? Such knowledge would create an unfair advantage and surely violate PUC regulations.

Q. What are your concerns?

A. Allowing the substitute delivery pipelines for the Southeast region, which is the largest region on UGI's system, is going to destroy competition in the UGI market and lead to the UGI affiliate having a monopoly on the market. It is quite the coincidence for UGI Energy Services, UGI's affiliated NGS, to now be able to use the capacity they've purchased on pipelines that were of no use a few years ago to now be used to serve some of the largest areas on UGI's system.

Also, to my knowledge, the UGI Mt. Bethel and Sunbury Pipelines are not physically connected to the Southeast Region. How can UGI deem it okay to deliver substitutes to a region that is not physically connected now, when in prior years this was not permitted? Is it because their NGS affiliate now owns them, and they use UGI Energy Services as a venue to profit from it?

The plan by UGI and UGI Energy Services is designed solely to benefit their mutual shareholders. UGI would effectively allow its affiliated NGS to supply a region with gas sourced from a much cheaper area that only they can provide on these substitute pipes. All they need to do is be a few pennies under the competition to take the whole market. They then keep the profitability spread between the two supply areas (Transco Leidy and Texas Eastern M3), and the UGI Corporation shareholders and management reap the benefits.

Q. Does UGI's proposal to allow deliveries by substitute pipelines implicate any PUC regulations?

A. UGI's proposal will ostensibly allow any party that has capacity on either the Mt. Bethel or Sunbury Pipelines to deliver gas to the South and Southeast regions, even though those regions are not physically connected to those systems. That advantage is unfair on its own, but this is infinitely worse because the only NGS that has capacity on those pipelines, when UGI proposed to allow this capacity, is UGI's affiliated supplier. The proposal clearly violates the 52 Pa. Code § 62.142(a)(2) -- Standards of Conduct, which state: "An NGDC may not apply a tariff provision in a manner that would give its affiliated NGS preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, nondelivery and other services provided to its affiliated NGS." Entering a tariff provision that allows supply that only the affiliated NGS has access to for the next 13-18 years is a clear violation of this rule.

Q. What is a solution to address your concerns?

A. UGI should not be allowed to use alternative pipeline substitutes located in other areas of their system to artificially deliver to a region not connected to that alternative pipeline. Accepting gas supplied from the North region of their system as an acceptable substitute for the South region, when it's not physically connected and only available for the UGI affiliate NGS, is clearly a violation of the Standards of Conduct.

We can discuss all these operational mechanisms to make the UGI market better for transportation customers, but at the end of the day, if the UGI affiliate NGS is given an unfair advantage, none of it matters as there won't be a market or competition anymore.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.