
Devin Ryan
Principal

dryan@postschell.com
717-612-6052 Direct
717-731-1981 Direct Fax
File #: 174994

March 18, 2021

VIA ELECTRONIC FILING

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: PA Public Utility Commission v. UGI Utilities, Inc. - Electric Division
Docket Nos. R-2021-3023618, et al.**

Dear Secretary Chiavetta:

Enclosed is the Prehearing Conference Memorandum of UGI Utilities, Inc. – Electric Division for filing in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,


Devin Ryan

DR/jl

cc: Honorable Steven K. Haas
Certificate of Service

CERTIFICATE OF SERVICE

(R-2021-3023618)

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL

John M. Coogan, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
E-mail: jcoogan@pa.gov

Joseph L. Vullo, Esquire
1460 Wyoming Avenue
Forty Fort, PA 18704
E-mail: jlvullo@bvrrlaw.com
Commission on Economic Opportunity

Steven C. Gray, Esquire
Commonwealth of PA
Office of Small Business Advocate
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
E-mail: sgray@pa.gov

Darryl A. Lawrence, Esquire
Phillip D. Demanchick, Esquire
Luis M. Melendez, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101
E-mail: DLawrence@paoca.org
PDemanchick@paoca.org
LMelendez@paoca.org

James M. Van Nostrand, Esquire
Scott F. Dunbar, Esquire
Keyes & Fox
320 Fort Duquesne Blvd, #15K
Pittsburgh, PA 15222
E-mail: jvannostrand@keyesfox.com
E-mail: sdunbar@keyesfox.com
ChargePoint, Inc.

Jennifer Mattingly
1419 Oak Drive
Shavertown, PA 18708
E-mail: Jcamatt3@aol.com

Brandi Brace
114 Hartman Road
Hunlock Creek, PA 18621
E-mail: BrandiBrace@protonmail.com

Date: March 18, 2021



Devin Ryan

2. UGI Electric agrees to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies be served upon Kent D. Murphy at murphyke@ugicorp.com, Danielle Jouenne at jouenned@ugicorp.com, Michael S. Swerling at swerlingm@ugicorp.com, David B. MacGregor at dmacgregor@postschell.com, and Garrett Lent at glent@postschell.com.

II. PROCEDURAL HISTORY

3. This proceeding was initiated on February 8, 2021, when UGI Electric filed Supplement No. 26 to Electric Pa. P.U.C. No. 6 (“Tariff No. 6”) and Supplement No. 2 to UGI Electric Tariff – Pa. PUC No. 2S (“Tariff No. 2S”) with the Pennsylvania Public Utility Commission (“Commission”) to be effective for service rendered on or after April 9, 2021. The Company proposed changes to UGI Electric’s base retail distribution rates designed to produce an increase in revenues of approximately \$8.7 million, based upon data for a fully projected future test year ending September 30, 2022 (“2021 Base Rate Case”). The filing was made in compliance with the Commission’s regulations and contains all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

4. On February 9, 2021, the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed its Notice of Appearance.

5. On February 17, 2021, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance, Public Statement, and Formal Complaint in the 2021 Base Rate Case, which was docketed at Docket No. C-2021-3024200.

6. Also on February 17, 2021, the Commission on Economic Opportunity (“CEO”) filed a Petition to Intervene.

7. On February 18, 2021, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearance, Public Statement, and Formal Complaint in the 2021 Base Rate Case, which was docketed at Docket No. C-2021-3024213.

8. On March 3, 2021, UGI Electric filed its proofs of publication for the 2021 Base Rate Case filing.

9. On March 4, 2021, ChargePoint, Inc. (“ChargePoint”) filed a Petition to Intervene and a Motion for Admission *Pro Hac Vice*.

10. On March 9, 2021, UGI Electric was served with a Formal Complaint filed by Jennifer Mattingly regarding the 2021 Base Rate Case. This Formal Complaint was docketed at Docket No. C-2021-3024500.

11. On March 11, 2021, the Commission issued an Order suspending Tariff No. 6 and Tariff No. 2S until November 9, 2021, unless permitted by Commission Order to become effective at an earlier date.

12. Also on March 11, 2021, the Commission issued a Notice scheduling a telephonic Prehearing Conference for March 22, 2021, at 10:00 a.m. before the ALJ.

13. Further, UGI Electric filed a letter stating that it would not be filing an Answer to Ms. Mattingly’s Complaint in accordance with 52 Pa. Code § 5.61(d).

14. On March 12, 2021, the Commission issued the Prehearing Conference Order dated March 10, 2021. The Prehearing Conference Order, among other things, directed the parties to submit Prehearing Conference Memoranda on or before 4:00 p.m. on March 18, 2021.

15. On March 17, 2021, UGI Electric was served with a Formal Complaint filed by Brandi Brace regarding the 2021 Base Rate Case. This Formal Complaint was docketed at Docket No. C-2021-3024613.

16. On March 18, 2021, UGI Electric filed a letter stating that it would not be filing an Answer to Ms. Brace's Complaint in accordance with 52 Pa. Code § 5.61(d).

17. Pursuant to 52 Pa. Code § 5.224(c) and the Prehearing Conference Order dated March 10, 2021, UGI Electric hereby submits this Prehearing Conference Memorandum.

III. ISSUES

18. UGI Electric will demonstrate that its request for an overall annual distribution revenue increase of approximately \$8.7 million, based on a fully projected future test year ending September 30, 2022, and a proposed allowed rate of return on equity of 10.75%, is just and reasonable and should be approved by the Commission.

19. One primary contributor to the Company's need for rate relief is its continued significant capital investment in its distribution system. Additionally, this case incorporates a number of modest annual wage and salary increases, as well as other general price increases for products and services. The combined impact of these items leaves UGI Electric unable to earn a fair rate of return on its investment at present rate levels.

20. The principal reasons for UGI Electric's request for rate relief are to establish rates that provide the Company a reasonable opportunity to earn a fair return on its investments used to serve the public. Unless UGI Electric receives the requested rate relief, those returns will continue to decline and jeopardize the Company's ability to attract the capital needed to make the system investments necessary to support and ensure continued system reliability, safety, and customer service performance.

21. UGI Electric also will demonstrate that its proposed 10.75% return on equity is the minimum required for the Company to attract the capital needed to make system investments that will enhance the reach and capacity of its distribution system and to replace older, obsolete facilities. These ongoing enhancements are prudent to ensure continued system reliability, safety,

and customer service performance. Importantly, however, while UGI Electric was entitled to an additional 0.20% return on equity in recognition of its strong performance in the area of management effectiveness, the Company has elected to forgo the management effectiveness component of the rate of return on common equity due to the effects associated with the COVID-19 Pandemic and to promote affordability of the electric service for its customers.

22. Nevertheless, UGI Electric’s management effectiveness includes the Company’s proposal of an Emergency Relief Program, maintaining high performance standards for electric reliability, meeting long-term infrastructure improvement targets, voluntarily adopting an energy efficiency and conservation plan, enhancing customer service, continuing information technology system replacements, proposing a comprehensive electric vehicle support program, maintaining a focus on safety, and substantially supporting the communities in which it operates. UGI Electric further accomplishes each of these actions while maintaining its residential electric service rates as the second lowest in the Commonwealth.

IV. WITNESSES

23. UGI Electric presently intends to offer the following witnesses to testify in this proceeding on the following subject matters:

Statement No.	Witness	Subjects Addressed
1.	Christopher R. Brown Vice President and General Manager of Rates and Supply UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Overview of Testimony and Witnesses Need for Rate Relief UGI Electric’s COVID-19 Response UGI-1 Initiative and UNITE Systems Modernization Management Performance

Statement No.	Witness	Subjects Addressed
2.	Stephen F. Anzaldo Director, Rates and Regulatory Planning UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Budget Process Revenue Requirements Operating Revenues and Expenses Compliance with Act 40 of 2016
3.	Eric W. Sorber Vice President and General Manager of UGI Electric UGI Utilities, Inc. One UGI Center Wilkes Barre, PA 18711	System Operations System Reliability and Safety Capital Planning Operational Responses to COVID-19 Tariff Changes to Rate HTP Battery Storage Project Electric Vehicle Charging Stations
4.	Vivian K. Ressler Senior Manager SOX, Plant Accounting and Accounts Payable UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Accounting Historic Costs Rate Base Capital Treatment of Certain Information Technology Costs Accounting for COVID-19 Related Costs
5.	Paul R. Moul Managing Consultant P. Moul & Associates 251 Hopkins Road Haddonfield, NJ 08033-3062	Cost of Common Equity Rate of Return
6.	John D. Taylor Managing Partner Atrium Economics, LLC 10 Hospital Center Commons Suite 400 Hilton Head Island, SC 29926	Cost of Service Revenue Allocation Rate Design Electric Vehicle Program Battery Storage
7.	John F. Wiedmayer C.D.P. Project Manager, Depreciation and Valuation Studies Gannett Fleming Valuation and Rate Consultants, LLC 1010 Adams Avenue Audubon, PA 19403	Depreciation Study

Statement No.	Witness	Subjects Addressed
8.	Sherry A. Epler Senior Manager, Tariff & Supplier Administration UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Sales and Revenues Tariff Changes
9.	Nicole M. McKinney Senior Manager Natural Gas Tax Accounting UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Taxes and Tax Adjustments

UGI Electric previously filed copies of the witnesses’ written direct testimony and exhibits, which fully support UGI Electric’s proposed rate increase, allocation of that increase among the customer classes, and design of rates to recover that increase from customers.

24. UGI Electric also reserves the right to call and present additional witnesses to address any issues that may arise during the course of the proceeding.

V. DISCOVERY

25. To date, UGI Electric has received over two hundred discovery requests from parties in this proceeding. The Company has served responses to many of those discovery requests and is diligently preparing responses to the remainder.

26. Based on the litigation schedule to be adopted in this proceeding, UGI Electric proposes the following modifications to the standard timelines for discovery set forth in the Commission’s regulations as necessary or appropriate.

- (a) Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.

- (b) Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within ten (10) calendar days.
- (c) Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.
- (d) Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories, and unresolved objections shall be served in writing within five (5) days of service of the interrogatories. Objections to interrogatories served on a Friday shall be communicated orally within four (4) calendar days, and unresolved objections shall be served in writing within six (6) days of service of the interrogatories.
- (e) Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of the written objections.
- (f) Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of such motions.
- (g) Discovery and discovery-related pleadings propounded after 12:00 noon on a Friday or after 12:00 noon on any business day immediately preceding a state holiday will be deemed served on the next business day for purposes of determining the due date of the responses and responsive pleadings.

27. UGI Electric also encourages the use of informal discovery to expedite the discovery process.

28. UGI Electric proposes that parties serving any testimony either: (a) include with each piece of testimony the electronic workpapers, cited studies, and other documents relied on by the witness; or (b) provide the parties with the same in workable electronic format within two (2) business days of the testimony being served.

29. Finally, with agreement of the parties, UGI Electric began using electronic service of discovery responses. Specifically, UGI Electric has been posting and will continue to post its discovery responses to a secure file transfer portal maintained by Post & Schell, P.C. (*i.e.*, “ShareFile”), which the parties can access. UGI Electric will file and serve a letter notifying the parties when the applicable discovery responses have been posted to the ShareFile website. Once posted, parties will be able to access, review, download, and/or print the discovery responses as needed, subject to any conditions in stipulated protective agreements or a protective order entered in this proceeding.

VI. LITIGATION SCHEDULE

30. UGI Electric has discussed the schedule with the parties who have intervened in the 2021 Base Rate Case as of the time of this writing. Based on these discussions, UGI Electric proposes that the following schedule be adopted for resolution of this matter:

Filing	February 8, 2021
Prehearing Conference	March 22, 2021
Other Parties’ Direct Testimony	May 3, 2021
Rebuttal Testimony	May 27, 2021
Surrebuttal Testimony	June 10, 2021
Hearings and Oral Rejoinder	June 14-16, 2021
Main Briefs	July 7, 2021
Reply Briefs	July 19, 2021

UGI Electric is also willing to work with the parties to accommodate potential scheduling conflicts for the parties' witnesses to attend and testify at the evidentiary hearings.

VII. PUBLIC INPUT HEARINGS

31. UGI Electric proposes that any public input hearings be telephonic and live-streamed by the Commission, rather than held on multiple dates in multiple locations throughout UGI Electric's service territory.

32. The Commission's use of telephonic and live-streamed public input hearings has been successful in prior cases and promotes transparency in public proceedings.

VIII. SETTLEMENT

33. As of this time, no settlement discussions have been held. UGI Electric remains open and available for settlement discussions with the other parties and would support initiatives to begin settlement discussions at the earliest possible date.

Respectfully submitted,



Kent D. Murphy (ID # 44793)
Michael S. Swerling (ID # 94748)
Danielle Jouenne (ID # 306839)
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
Phone: 610-768-3628
Phone: 610-992-3203
E-mail: murphyke@ugicorp.com
E-mail: swerlingm@ugicorp.com
E-mail: jouenned@ugicorp.com

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

Devin T. Ryan (ID # 316602)
Garrett P. Lent (ID # 321566)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101
Phone: 717-731-1970
E-mail: dryan@postschell.com
E-mail: glent@postschell.com

Counsel for UGI Utilities, Inc. – Electric
Division

Dated: March 18, 2021