



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

March 18, 2021

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
UGI Utilities, Inc. – Electric Division
Docket No.: R-2021-3023618
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Prehearing Memorandum of the Bureau of Investigation and Enforcement (I&E)** for the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. *Due to the temporary closing of the PUC's offices, I&E is only providing electronic service.* Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'John M. Coogan', with a long horizontal flourish extending to the right.

John M. Coogan
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 313920
(717) 783-6151
jcoogan@pa.gov

JMC/ac
Enclosures

cc: Honorable Steven K. Haas – Office of Administrative Law Judge (*via email only*)
Per Certificate of Service

I. BACKGROUND

On February 8, 2021, UGI Utilities, Inc. – Electric Division (“UGI Electric” or “Company”), filed Supplement No. 26 to Tariff Water-Pa. P.U.C. No. 6 which proposed an annual distribution revenue increase of \$8,700,000 (10%), to become effective April 9, 2021. I&E entered its appearance on February 9, 2021. The Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance and Formal Complaint on February 17, 2021. The Office of Consumer Advocate (“OCA”) filed a Notice of Appearance and Formal Complaint on February 18, 2021.

On March 11, 2021, pursuant to 66 Pa. C.S. § 1308(d), the Commission ordered suspension of the proposed tariff changes until November 9, 2021, unless permitted by Commission Order to become effective at an earlier date. Through its order, the Commission assigned this case to the Office of Administrative Law Judge for scheduling of hearings as necessary for issuance of a recommended decision.

A Prehearing Conference is scheduled for March 22, 2021 at 10:00 a.m., before Administrative Law Judge Steven K. Haas (“ALJ Haas”). I&E submits this Memorandum in compliance with the Prehearing Conference Order issued by ALJ Haas on March 10, 2021.

II. ISSUES

The following list represents I&E’s preliminary determination of the potential issues in this proceeding:

- Return on Equity
- Cost of Debt
- Capital Structure
- Proxy Group

- Overall Rate of Return
- Salaries and Wages
- Rate Case Expense
- Uncollectibles
- COVID-19 costs
- Pension Expense
- Customer Accounts Expense
- Universal Service
- Gross Receipts Tax
- Energy Efficiency and Conservation Programs
- Taxes Other Than Income Taxes
- Payroll Taxes
- Income Taxes
- CWC
- Excess Deferred Federal Income Taxes
- Vegetation Management
- Employee Additions
- Electric Vehicle Program
- Battery Storage System Project
- Plant in Service
- Rate Base
- FPFTY Reporting Requirements
- Present Rate Revenue
- Customer charge
- Rate Structure
- Cost of Service

The listing is as complete as can be made at this time. I&E is developing its position on each specific issue, but is generally evaluating whether the Company's proposed tariff is just, reasonable, and otherwise in compliance with the law. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise.

III. WITNESSES

It is currently expected that I&E may call the following witnesses without being limited thereto:

<i>Ethan Cline</i>	<u>Fixed Utility Valuation Engineer</u>
<i>Anthony Spadaccio</i>	<u>Fixed Utility Financial Analyst</u>
<i>John Zalesky</i>	<u>Fixed Utility Financial Analyst</u>

The I&E witnesses may be contacted through the contact information listed above for Mr. Coogan. I&E reserves the right to substitute witnesses or call additional witnesses if warranted.² All active parties will be notified of any amendments to the I&E witness list.

IV. EVIDENCE

I&E expects to present all pre-served written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, testimony, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports. However, there may be issues of Commission policy or legal representation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

² The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

V. DISCOVERY

It is I&E's understanding UGI Electric is agreeable to the following proposed modifications to the Commission's Rules of Practice and Procedure for the conduct of discovery. I&E supports these proposed modifications:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within ten (10) calendar days.
3. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.
4. Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories; 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.
5. 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.
6. 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.
7. 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.

VI. SCHEDULE

It is I&E's understanding that Parties have agreed to propose to ALJ Haas the following schedule. I&E supports this proposed schedule:

Other Parties' Direct Testimony	May 3
Rebuttal Testimony	May 27
Surrebuttal Testimony	June 10
Hearings and Oral Rejoinder	June 14-16
Main Briefs	July 7
Reply Briefs	July 19

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs during the closure of Commission offices, and consistent with Paragraph 8 of the Commission's March 20, 2020 Emergency Order,³ I&E can both only serve and accept electronic delivery of documents. Upon re-opening of Commission offices, I&E requests parties provide a follow-up hard copy provided by regular first-class mail in addition to electronic delivery.

VIII. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of Smart Hearings where possible.

³ Docket No. M-2020-3019262, *Re: Suspension of Regulatory and Statutory Deadlines; Modification to Filing and Service Requirements.*

IX. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

John M. Coogan
Prosecutor
PA Attorney ID No. 313920

Bureau of Investigation and Enforcement
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Date: March 18, 2021

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No.: R-2021-3023618
 :
 UGI Utilities, Inc. – Electric Division :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 18, 2021, in the manner and upon the persons listed below.

Served via Electronic Mail Only

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