



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

February 12, 2016

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.  
UGI Utilities Inc. - Gas Division  
Docket No. R-2015-2518438

Dear Secretary Chiavetta:

Enclosed please find an original copy of the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on all active parties of record. If you have any questions, please contact me at (717) 425-7593.

Sincerely,

Scott B. Granger  
Prosecutor

Bureau of Investigation and Enforcement  
PA Attorney I.D. No. 63641

SBG/snc  
Enclosure

cc: Certificate of Service  
ALJ Susan D. Colwell  
ALJ Steven K. Haas

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2015-2518438  
 :  
 UGI Utilities Inc. – Gas Division :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated February 12, 2016, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

**Served via First Class and Electronic Mail**

Kent Murphy, Esquire  
Mark Morrow, Esquire  
Danielle Jouenne, Esquire  
UGI Corporation  
460 North Gulph Road  
King of Prussia, PA 19406

Christopher T. Wright, Esquire  
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Harrisburg, PA 17108-1166

  
\_\_\_\_\_  
Scott B. Granger  
Prosecutor

Bureau of Investigation and Enforcement  
PA Attorney I.D. No. 63641

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : R-2015-2518438  
 :  
 UGI Utilities, Inc. – Gas Division :  
 Base Rates :

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PREHEARING MEMORANDUM  
OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT

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**TO: ADMINISTRATIVE LAW JUDGES SUSAN D. COLWELL  
AND STEVEN K. HAAS:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned consolidated proceedings.

The Bureau of Investigation and Enforcement Prosecutor in these proceedings will be Scott B. Granger. Contact information is as follows:

By mail: Scott B. Granger  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

By e-mail: [sgranger@pa.gov](mailto:sgranger@pa.gov)  
By telephone: (717) 425-7593  
By fax: (717) 772-2677

## I. INTRODUCTION

On January 19, 2016, UGI Utilities, Inc. - Gas Division (“UGI” or “Company”) filed its proposed UGI Gas Division Proposed Tariff Gas - PA. P.U.C. Nos. 6 and 6-S (“Tariffs 6 and 6-S”) requesting an increase in its annual base rate operating revenue of \$58.6 million or 17.5% on a total revenue basis, with a proposed effective date of March 19, 2016.

According to UGI’s calculations, if the Company’s entire request is approved, the total bill for a residential customer using 57.3 Ccf per month would increase from \$51.77 to \$61.97 per month or by 19.7%. The total bill for a commercial customer using 32.3 Mcf per month would increase from \$270.71 to \$290.71 per month or by 7.4%. Rates for an industrial customer using 132.7 Mcf per month would increase from \$1,062.77 to \$1,096.30 per month or by 3.2%.

I&E filed its Notice of Appearance regarding this proceeding on February 1, 2016.

Columbia Industrial Intervenors (“CII”) filed its Petition to Intervene in this matter on January 29, 2016.

The Office of Consumer Advocate (“OCA”) filed a Formal Complaint and Public Statement in this proceeding on February 2, 2016.

The Office of Small Business Advocate (“OSBA”) filed its Notice of Appearance and a Formal Complaint on February 11, 2016.

On February 11, 2016, the Commission entered an Order suspending the implementation of proposed Tariffs 6 and 6-S by operation of law until October 19, 2016,

and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariffs 6 and 6-S.

A Prehearing Conference is scheduled for February, 17, 2016, at 10:00 am with Administrative Law Judges Colwell and Haas.

## II. ISSUES

The following list represents I&E's preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Overall Rate of Return
- Cost of Short Term Debt
- Cost of Long Term Debt
- Cost of Common Equity
- Capital Structure
- Use of Fully Projected Future Test Year
- Usage Decline
- Weather Normalization
- Number of Customers
- Cost of Service
- Customer Charge
- Usage Charges
- Rate Structure
- Rate Shock
- Rider H
- Other Tariff Charges
- Cash Working Capital
- Income Taxes
- Universal Service
- Rate Case Expense

- Uncollectibles
- Energy Efficiency & Conservation Plan
- Pension Expense
- OPEB Refund
- Computer Information System
- Affiliate Charges
- Payroll & Payroll Taxes
- Environmental Remediation
- Administrative & General Expenses
- Miscellaneous Expenses
- Plant In Service
- Depreciation Expense
- Accumulated Depreciation
- Plant Additions for Future and Fully Projected Future Test Years
- Plant Retirements and Net Salvage
- Materials and Supplies
- Contributions In Aid of Construction (CIAC)
- Gas Safety Generally
- Leak Repairs
- Main Replacement
- Restoration Costs
- Permitting Fees

### III. WITNESSES

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

Joseph Kubas, Fixed Utility Engineer Supervisor  
 Rachel A. Maurer, Fixed Utility Financial Analyst  
 Ethan Cline, Fixed Utility Valuation Engineer  
 Lisa Gumby (formerly Boyd), Fixed Utility Financial Analyst  
 Kokou Apetoh, Fixed Utility Valuation Engineer  
 Christopher Keller, Fixed Utility Financial Analyst  
 Sunil Patel, Gas Safety Engineer  
 Robert Horensky, Gas Safety Engineer

The I&E witnesses may be contacted through the information listed above for Prosecutor Granger. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

#### **IV. EVIDENCE**

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, 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.

#### **V. DISCOVERY**

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. No modifications to the rules of discovery have been proposed by I&E or the parties. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

## **VI. SCHEDULE**

I&E is working with the parties to develop a schedule in this proceeding. As of this date, I&E understands that the parties have agreed to the following schedule.

Filing	January 19, 2016
Other Parties Direct	April 12, 2016
OSBA Direct	April 15, 2016
Rebuttal Testimony	May 10, 2016 (Noon)
Surrebuttal Testimony	May 25, 2016 (Noon)
Oral Rejoinder Outlines	May 31, 2016 (Noon)
Hearings (including Oral Rejoinder)	June 1-3, 2016
Main Brief	June 21, 2016
Reply Brief	July 1, 2016

## **VII. SERVICE OF DOCUMENTS**

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

## VIII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Scott B. Granger  
Prosecutor

PA Attorney I.D. # 63641

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265  
(717) 787-1976

Dated: February 12, 2016