



COMMONWEALTH OF PENNSYLVANIA

February 16, 2016

E-FILED

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. – Gas Division 2016
Base Rate Case
Docket No. R-2015-2518438**

Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Copies have been served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Steven Gray".

Steven C. Gray *by DEA*
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: The Honorable Susan D. Colwell
The Honorable Steven K. Haas
All parties of record
Robert D. Knecht

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	DOCKET NO. R-2015-2518438
	:	
	:	
UGI UTILITIES, INC. – GAS DIVISION	:	

**PREHEARING MEMORANDUM
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven C. Gray. Please address all correspondence in that matter as follows:

Steven C. Gray, Esquire
Assistant Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
sgray@pa.gov

II. FILING BACKGROUND

UGI Utilities, Inc. – Gas Division (“UGI” or the “Company”) filed Tariff Gas – Pa. P.U.C. Nos. 6 and 6-S on January 19, 2016. The proposed Tariff, if approved by the Commission, would increase UGI’s annual revenue by approximately \$58.6 million per year. The Company is also proposing a new Energy Efficiency and Conservation Program for residential and commercial customers, and a new natural gas Technology and Economic Development Rider for commercial customers. The OSBA filed a Complaint on January 11, 2016.

III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by UGI, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. Whether the Company’s “UGI-1” proposal to integrate/consolidate UGI’s three natural gas distribution companies (“NGDCs”) is just, reasonable, and legal.

2. Whether the Company's requested return on equity of 11.0 percent is just, reasonable, and based upon sound methodology.

3. Whether the Company's proposed retooling of its information systems as part of its "UNITE" program is just and reasonable.

4. Whether the Company's forecast of declining per customer usage is accurate and uses a sound methodology.

5. Whether the Company's proposed cost of service study, changed from the methodology used in UGI's base rates case, is just, reasonable, and methodologically sound.

6. Whether the Company's proposed revenue allocation is just, reasonable, and consistent with the legal requirement that each customer class' revenues be moved more into line with its reasonably allocated cost of service.

7. Whether the Company's proposals to alter customer rate design for small business customers, including the elimination of various tariff schedules and changes to customer charges, rate blocks, the GPC, the MFC, and a plethora of other tariff provisions, are just and reasonable.

8. Whether the Company's "GET Gas" program is operating in a just and reasonable manner.

9. Whether the Company's proposed Technology and Energy Development ("TED") Rider is just, reasonable, and does not inequitably impact the rates of the affected customer classes.

10. Whether the Company's proposed Energy Efficiency & Conversation ("EE&C") Plan is just, reasonable, and not discriminatory.

The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

The OSBA requests that all parties serve a hard copy of any document filed upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings and briefs, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party.

V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. HEARING AND BRIEFING SCHEDULE

The parties have developed a proposed procedural schedule which the Company will document in its prehearing memo.

In light of the Governor's requirement that offices under his jurisdiction eliminate their travel expenses, the OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,


Steven C. Gray, Esquire *dy DBA*
Assistant Small Business Advocate
Attorney ID # 77538

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Dated: February 16, 2016

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

UGI Utilities, Inc. – Gas Division :
2016 Base Rate Case : **Docket No. R-2015-2518438**

CERTIFICATE OF SERVICE

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).

The Honorable Susan D. Colwell
Administrative Law Judge
Pennsylvania Public Utility Commission
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scolwell@pa.gov

The Honorable Steven K. Haas
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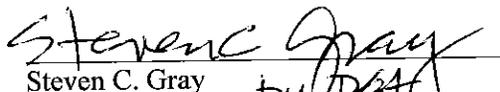
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Date: February 16, 2016


Steven C. Gray *by DATE*
Assistant Small Business Advocate
Attorney ID No. 77538