

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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April 19, 2016

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 171020

RE: Petition of UGI Utilities, Inc. – Gas Division
for Approval of a Distribution System
Improvement Charge
Docket No. P-2013-2398833

Dear Secretary Chiavetta:

Attached for electronic filing please find the Formal Complaint and Public Statement of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Erin L. Gannon

Erin L. Gannon
Assistant Consumer Advocate
PA Attorney I.D. #83487

Attachment

cc: Office of Special Assistants
Office of Administrative Law Judge
Bureau of Technical Utility Services
Certificate of Service

219713

CERTIFICATE OF SERVICE

Petition of UGI Utilities, Inc. – Gas Division :
for Approval of a Modification to its Long : Docket No. P-2013-2398833
Term Infrastructure Improvement Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 19th day of April 2016.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Johnnie E. Simms, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Steven C. Gray, Esquire
Small Business Advocate
Office of Small Business Advocate
300 North Second Street
Harrisburg, P A 17101

Jessica R. Rogers, Esquire
David B. Macgregor
Post & Schell
17 North Second Street, 12th Floor
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Mark C. Morrow, Esquire
Danielle Jouenne, Esquire
UGI Corporation
460 Gulph Road
King of Prussia, PA 19406

/s/ Erin L. Gannon

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*219716

FORMAL COMPLAINT
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

1. COMPLAINANT

Tanya J. McCloskey, Acting Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone - (717) 783-5048

Fax - (717) 783-7152

2. UTILITY NAME

UGI Utilities, Inc. – Gas Division, Docket No. P-2013-2398833

3. TYPE OF UTILITY

Gas

4. COMPLAINT

A. On March 31, 2016, pursuant to Section 1353 of the Public Utility Code, UGI Utilities, Inc. – Gas Division (UGI-GD or the Company) filed a Petition for Approval to establish a Distribution System Improvement Charge (DSIC) for its gas operations. 66 Pa. C.S. § 1353.

B. UGI-GD's filing contains a proposed, pro forma Tariff Supplement and the Company requests an effective date of January 1, 2017. According to the Petition and testimony that accompanies the filing, the Company expects the initial DSIC rate to be set at 0.00% because the Company has a pending base rate proceeding at Docket No. R-2015-2518438. UGI-GD notes that it will not be able to recover any costs associated with infrastructure replacement through the DSIC until it has placed in service a level of DSIC-eligible plant that exceeds the

level approved by the Commission for base rate recovery in that proceeding, or as otherwise directed by the Commission. UGI-GD is using a fully projected future test year ending September 30, 2017. UGI-GD St. 1 at 5.

C. The Company states it will use a rate of return on equity based on the Commission's most recent Quarterly Report on the Earnings of the Jurisdictional Gas Utilities for the quarter the DSIC becomes effective. In its sample calculation, UGI-GD uses a 12.0% return on equity. UGI-GD Exh. WJM-1. The Company states it will update the DSIC quarterly to reflect eligible plant additions placed in service during the three-month period ending one month prior to the effective dates of any DSIC update. Petition at 7; UGI-GD Exh. WJM-1.

D. UGI-GD provides natural gas distribution service to approximately 37,000 customers in and around Eastern and Central Pennsylvania, in Dauphin, Cumberland, Lebanon, York, Franklin, Lancaster, Berks, Montgomery, Chester, Lehigh, Northampton, Bucks, Carbon, Luzerne, Monroe and Schuylkill counties.

E. The proposed DSIC calculation and tariff may be unjust or unreasonable, in violation of Section 1301, 66 Pa. C.S. § 1301.

F. The proposed DSIC calculation and tariff may be inconsistent with the limitations on cost recovery provided in Act 11. 66 Pa. C.S. §§ 1351, 1353, 1357.

G. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the Pennsylvania General Assembly, 71 P. S. §§ 309-1 *et seq*, as enacted July 9, 1976.

H. After initial review of UGI-GD's filing, the Acting Consumer Advocate files this Formal Complaint in order to ensure that the Company's proposed DSIC tariff and DSIC rate do

not result in rates and charges that are excessive, discriminatory or otherwise contrary to the law, Commission regulations or policy.

5. RELIEF

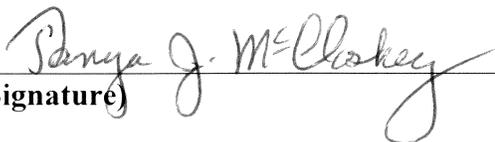
The Acting Consumer Advocate respectfully requests that the Public Utility Commission:

- A. Hold evidentiary hearings as provided by Section 1355 of the Public Utility Code, 66 Pa. C.S. § 1355, to review the Petition;
- B. Hold public input hearings in UGI-GD's service territory, if consumer interest arises, 66 Pa. C.S. § 1355;
- C. Modify or reject the DSIC and initial tariff if they are not found to be in compliance with Sections 1351, 1353, 1357 and 1358 of the Public Utility Code, 66 Pa.C.S. §§ 1351, 1353, 1357, 1358;
- D. Modify or reject the DSIC and initial tariff if they are not found to be just and reasonable and in the public interest; and
- E. Grant any other relief deemed necessary.

6. VERIFICATION AND SIGNATURE

Verification:

I, Tanya J. McCloskey, Acting Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).


(Signature)

April 19, 2016
(Date)

7. LEGAL REPRESENTATION

Erin L. Gannon, Senior Assistant Consumer Advocate
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EGannon@paoca.org

Darryl Lawrence, Senior Assistant Consumer Advocate
Pa. Attorney No. 93682
DLawrence@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Acting Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the initial Distribution System Improvement Charge (DSIC) tariff and rate proposed by UGI Utilities, Inc. – Gas Division (UGI-GD or the Company) at Docket No. P-2013-2398833.

On March 31, 2016, UGI-GD filed a Petition for Approval to establish a Distribution System Improvement Charge (DSIC) for its operations pursuant to 66 Pa. C.S. §1353. The Company proposes an initial DSIC rate of zero, and provides a sample DSIC calculation showing how it would calculate a non-zero DSIC rate.

The Acting Consumer Advocate has filed this Complaint with the Commission to ensure that each aspect of UGI-GD's proposed tariff is scrutinized and that the proposed DSIC rate is consistent with Sections 1301, 1351, 1353, 1357 and 1358 of the Public Utility Code, 66 Pa.C.S. §§ 1301, 1351, 1353, 1357, 1358, and sound public policy. A thorough analysis and review are appropriate because the proposed tariff will create a new cost recovery mechanism. It is critical that the DSIC be calculated correctly, recover only costs of DSIC-eligible property, and be applied equally to all customer classes. The OCA, therefore, will seek to ensure that only those costs which comply with the requirements of the Public Utility Code will be paid through a DSIC by the Company's ratepayers. In addition, the OCA will seek to ensure that any DSIC rate approved by the Commission is not otherwise excessive.