



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

IN REPLY PLEASE
REFER TO OUR FILE

June 15, 2016

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. for a
Waiver of the Distribution System Improvement Charge Cap of 5% of Billed
Distribution Revenues and Approval to Increase the Maximum Allowable DSIC to
10% of Billed Distribution Revenues
Docket Nos. P-2016-2537594 & P-2016-2537609

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum for the above-captioned proceedings.

Copies are being served on all active parties of record as evidenced in the attached
Certificate of Service. If you have any questions, please contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185

CBW/sea
Enclosure

cc: Certificate of Service
ALJ Angela T. Jones

RECEIVED
2016 JUN 15 AM 9:09
PA PUC
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Penn Natural Gas, Inc. and :
UGI Central Penn Gas, Inc. for a Waiver of :
the Distribution System Improvement Charge : P-2016-2537594
Cap of 5% of Billed Distribution Revenues : P-2016-2537609
and Approval to Increase the Maximum :
Allowable DSIC to 10% of Billed :
Distribution Revenues :

RECEIVED
2016 JUN 15 AM 9:09
PA PUC
SECRETARY'S BUREAU

PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT

TO ADMINISTRATIVE LAW JUDGE ANGELA T. JONES:

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 Carrie B. Wright. Contact information is as follows:

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

By e-mail: carwright@pa.gov
By telephone: (717) 783-6156
By fax: (717) 772-2677

I. INTRODUCTION

On February 29, 2016, UGI Penn Natural Gas, Inc. (“UGI-PNG”) filed a Petition requesting (1) a waiver of the Distribution System Improvement Charge (“DSIC”) cap of 5% of billed distribution revenue as set forth in Act 11, 66 Pa. C.S. §1358(a)(1); and (2) approval to increase the maximum allowable DSIC from 5% to 10% of billed distribution revenues.

Similarly, on February 29, 2016, UGI Central Penn Gas, Inc. (“UGI-CPG”) filed a Petition requesting (1) a waiver of the Distribution System Improvement Charge (“DSIC”) cap of 5% of billed distribution revenue as set forth in Act 11, 66 Pa. C.S. §1358(a)(1); and (2) approval to increase the maximum allowable DSIC from 5% to 10% of billed distribution revenues.

The Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance on May 6, 2016.

The Office of Consumer Advocate (“OCA”) filed its Answer to the Petition and its Notice of Intervention on April 20, 2016.

The Office of Small Business Advocate (“OSBA”) filed its Answer to the Petition and its Notice of Intervention on April 20, 2016.

On June 8, 2016, ALJ Jones entered a Prehearing Conference Order scheduling a telephonic Prehearing Conference for June 16, 2016 at 10:00 am beginning the proceeding to determine if the relief requested in UGI-PNG and UGI-CPG’s Petitions are just, reasonable and necessary to ensure and maintain adequate, efficient, safe, reliable and reasonable service.

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:

- Act 11 Distribution System Improvement Charge (DSIC).
- Proposed Waiver of 5% Maximum Allowable DSIC Charge.
- Act 11 Safeguards to Protect Utility Ratepayers and Consumers.
- Adequate, Efficient, Safe, Reliable and Reasonable Service.
- Rate of Return, Over-Under Collections, Interest.
- Impact on Specific Customer Classes
- Use of Fully Projected Future Test Year.
- Gas Safety Generally.
- Leak Repairs.
- Main Replacement.
- Long Term Infrastructure Improvement Plan (LTIIP).
- Restoration Costs.
- Permitting Costs.

III. WITNESSES

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

Ethan Cline, Fixed Utility Valuation Engineer
Christopher Keller, Fixed Utility Financial Analyst
Robert Horensky, Gas Safety Engineer

The I&E witnesses may be contacted through the information listed above for Prosecutor Wright. 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 are being proposed by I&E.

VI. SCHEDULE

I&E is working with the parties to develop a schedule in this proceeding.

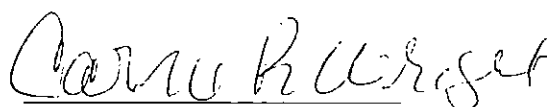
VII. SERVICE OF DOCUMENTS

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,



Carrie B. Wright
Prosecutor
PA Attorney I.D. # 208185

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

Dated: June 15, 2016

RECEIVED
2016 JUN 15 AM 9:09
PA PUC
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Penn Natural Gas, Inc. :
and UGI Central Penn Gas, Inc. for a :
Waiver of the Distribution System : P-2016-2537594
Improvement Charge Cap of 5% of Billed : P-2016-2537609
Distribution Revenues and Approval to :
Increase the Maximum Allowable DSIC :
to 10% of Billed Distribution Revenues

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 15, 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

Jessica R. Rogers, Esquire
David B. MacGregor, Esquire
Post & Schell PC
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601

Darryl A. Lawrence, Esquire
Erin L Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923

Steven C. Gray, Esquire
Office of Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101

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

RECEIVED
2016 JUN 15 AM 9:09
PA PUC
SECRETARY'S BUREAU

Pamela C. Polacek, Esquire
Vasiliki Karandrikas, Esquire
Alessandra L. Hylander, Esquire
McNees Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166



Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185

RECEIVED

2016 JUN 15 AM 9:09

PA PUC
SECRETARY'S BUREAU