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File #: 153583

April 14, 2017

VIA ELECTRONIC FILING

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

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

**Office of Consumer Advocate v. UGI Utilities, Inc. - Gas Division
Docket No. C-2016-2540745**

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Conference memorandum of UGI Utilities, Inc. – Gas Division for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,


Jessica R. Rogers

JRR/jl

Enclosures

cc: Certificate of Service
Honorable Conrad A. Johnson

CERTIFICATE OF SERVICE

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

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).

VIA E-MAIL & FIRST CLASS MAIL

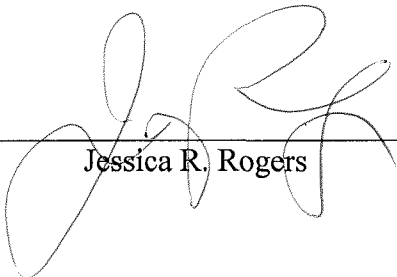
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P.O. Box 1166
Harrisburg, PA 17108-1166

Date: April 14, 2017



Jessica R. Rogers

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Utilities, Inc. – Gas Division for Approval of a Distribution System Improvement Charge	:	P-2013-2398833
	:	
	:	
	:	
Office of Consumer Advocate	:	
	:	
v.	:	C-2016-2540745
	:	
UGI Utilities, Inc. – Gas Division	:	

**PREHEARING CONFERENCE MEMORANDUM OF
UGI UTILITIES, INC. – GAS DIVISION**

TO ADMINISTRATIVE LAW JUDGE CONRAD A. JOHNSON:

UGI Utilities, Inc. – Gas Division (“UGI-GD”), hereby submits this Prehearing Conference Memorandum in response to the Prehearing Conference Order dated March 31, 2017.

I. BACKGROUND

On March 31, 2016, UGI-GD filed the above-captioned Petition with the Pennsylvania Public Utility Commission (“Commission”) at Docket No. P-2013-2398833. The Petition sought approval of a Distribution System Improvement Charge (“DSIC”) pursuant to 66 Pa. C.S. § 1353.

On April 19, 2016, the Office of Consumer Advocate (“OCA”) filed a Formal Complaint, Answer, and a Notice of Intervention and Public Statement to the Petition. On April 20, 2016, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention and Notice of Appearance. On May 6, 2016, the Bureau of Investigation and Enforcement filed a Notice of Appearance. On May 9, 2016, the UGI Industrial Intervenors (“UGIII”) filed a Petition to Intervene and Answer to the Petition.

On November 9, 2016, the Pennsylvania Public Utility Commission (“Commission”) approved the Company’s Petition, allowing the DSIC to go into effect on January 1, 2017. The Commission also granted UGIII’s Petition to Intervene. In the Commission’s Order approving the DSIC, it reserved for consideration by an Administrative Law Judge (“ALJ”) an issue on the application of the DSIC to competitive customers which was raised by UGIII.

On January 13, 2017, UGI-GD filed a Petition for Rescission regarding the requirement that UGI-GD file a separate report each year on jobs created by the DSIC. *See* Order, Paragraph 6, page 23. At the time of filing this Prehearing Conference Memorandum, the Petition for Rescission is currently pending before the Commission.

II. ISSUES

As part of its Order implementing the DSIC, the Commission set aside for hearing a single issue raised by UGIII regarding the application of the DSIC to competitive customers. Specifically, on page 22 of the Commission’s Order, it stated:

That the following issue be assigned to the Office of Administrative Law Judge for hearing and preparation of a recommended decision:

- a. Whether or not customers receiving service under specific Rate Schedules should be exempt from the DSIC.

In addition to the issue raised by UGIII, and in light of the passage of Act 40, 66 Pa.C.S. § 1301.1 (2016), it is UGI-GD’s understanding that OCA seeks to have the question of the application of Act 40 to the DSIC addressed in this proceeding. Specifically, OCA seeks resolution on the impact of Act 40 on the calculation of taxes as part of the DSIC charge, and whether Act 40 alters the reflection of accumulated deferred income tax and the state tax gross-up. The Company does not oppose the OCA’s proposal to include the issue of Act 40’s application to the DSIC in this proceeding.

III. SETTLEMENT

UGI-GD has been working with the active parties to this proceeding to reach a settlement. At the time of the filing of this Prehearing Conference Memorandum, a settlement in principle has not been reached, but negotiations are underway. UGI-GD will continue to work toward settlement with the parties.

IV. SCHEDULE

Given the limited number of issues described in Section II, and the state of negotiations on settlement, UGI-GD proposes the following limited procedural schedule:

Prehearing Conference	April 18
Settlement Due Date or Joint Status Report	May 18

All parties have agreed to the proposed schedule.

V. WITNESSES

As part of its direct case, UGI-GD has presented testimony from the following witnesses, who have testified as to the matters explained in their pre-filed statements:

Witness & General Subject Matter	Statement
William J. McAllister 2525 N. 12 th Street, Suite 360 Reading, PA 19612 (610) 796-3471 Cost Recovery of Other Related Capitalized Costs, Gathering and Storage Lines, Plant Placed in Service	UGI-GD Statement No. 1
Hans G. Bell 2525 N. 12 th Street, Suite 360 Reading, PA 19612 (610) 796-3450 DSIC Eligible Plant	UGI-GD Statement No. 2

UGI-GD reserves the right to present additional witnesses, testimony and exhibits on all matters

arising during the course of the proceeding, including all matters raised by other parties.

VI. DISCOVERY

UGI-GD does not propose any modifications regarding discovery in this proceeding, but is willing to work with the other parties to expedite the discovery process should discovery be necessary.

VII. SERVICE


UGI-GD is represented in this proceeding by the following counsel of record:

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UGI-GD requests that all documents in this case be served on Jessica R. Rogers. In addition, UGI-GD agrees to receive service of documents electronically in this proceeding, and requests that Danielle Jouenne also be included on all electronic mail sent in this proceeding.

Respectfully submitted,



David B. MacGregor (ID # 28804)
Jessica R. Rogers (ID # 309842)
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Attorneys for UGI Utilities, Inc. – Gas Division

Date: April 14, 2017