

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 7, 2018

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

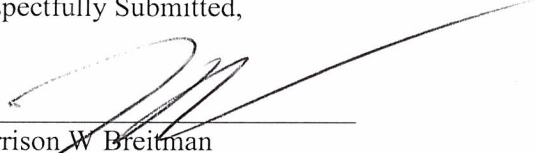
Re: Joint Application of UGI Utilities Inc., UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc., for Approval of (1) the Merger of UGI Penn Natural Gas, Inc. and UGI Central Penn Gas Inc. Into UGI Utilities, Inc., (2) the initiation by UGI Utilities, Inc. of natural gas service in all Territory where UGI Penn Natural Gas, Inc. and UGI Central Penn Gas provide natural gas service, (3) the abandonment by UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. of all natural gas service in this Commonwealth; and where Necessary, Associated Affiliated Interest Agreements
Docket Nos. A-2018-3000381, A-2018-3000382, A-2018-3000383

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully Submitted,


Harrison W Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
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Phone: (717) 783-5048 Fax: (717) 783-7152

Enclosure:

cc: The Honorable Joel H. Cheskis
The Honorable Benjamin J. Myers
Certificate of Service

CERTIFICATE OF SERVICE

Joint Application of UGI Utilities Inc., UGI Penn :
Natural Gas, Inc., and UGI Central Penn Gas, Inc., :
for Approval of (1) the Merger of UGI Penn : Docket Nos. A-2018-3000381
Natural Gas, Inc. and UGI Central Penn Gas Inc. : A-2018-3000382
Into UGI Utilities, Inc., (2) the initiation by UGI : A-2018-3000383
Utilities, Inc. of natural gas service in all :
Territory where UGI Penn Natural Gas, Inc. and :
UGI Central Penn Gas provide natural gas :
service, (3) the abandonment by UGI Penn :
Natural Gas, Inc. and UGI Central Penn Gas, Inc. :
of all natural gas service in this Commonwealth; :
and where Necessary, Associated Affiliated :
Interest Agreements :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, 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 7th day of May 2018.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

The Honorable Joel H. Cheskis
The Honorable Benjamin J. Myers
Administrative Law Judges
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Scott B. Granger, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
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SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Application of UGI Utilities Inc.,	:	
UGI Penn Natural Gas, Inc., and	:	
UGI Central Penn Gas, Inc., for Approval of	:	
(1) the Merger of UGI Penn Natural Gas, Inc.	:	
and UGI Central Penn Gas Inc. into	:	
UGI Utilities, Inc., (2) the initiation by UGI	:	
Utilities, Inc. of natural gas service in all	:	
Territory where UGI Penn Natural Gas, Inc.	:	Docket Nos. A-2018-3000381
and UGI Central Penn Gas provide natural gas	:	A-2018-3000382
service, (3) the abandonment by UGI Penn	:	A-2018-3000383
Natural Gas, Inc. and UGI Central Penn Gas, Inc.	:	
of all natural gas service in this Commonwealth;	:	
and where Necessary, Associated Affiliated	:	
Interest Agreements	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in response to the prehearing conference notice issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. Introduction

On March 8, 2018, UGI Utilities, Inc. (“UGI Utilities”), UGI Penn Natural Gas, Inc. (“PNG”) and UGI Central Penn Gas, Inc. (“CPG”) (collectively, the Applicants) filed the instant Application seeking Commission approval of the following: (1) an Agreement and Plan of Merger; (2) the merger of PNG and CPG with and into UGI Utilities; (3) the initiation by UGI Utilities, Inc. of natural gas service in all territory in this Commonwealth where UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. do or may provide natural gas service; (4) the abandonment by UGI Penn Natural Gas, Inc. of all natural gas service in this Commonwealth;

(5) the abandonment of UGI Central Penn Gas, Inc. of all natural gas service in this Commonwealth; (6) adoption by UGI Utilities of PNG's and CPG's existing tariffs and their application within new service and rate districts of UGI Utilities corresponding to their existing service territories as UGI North and UGI Central, respectively; (7) the adoption by UGI Utilities of its Existing Tariff to be applied to a new UGI South Service and Rate District; and (8) to the extent necessary, associated affiliated interest agreements. The Applicants further seek all other approvals or certificates appropriate, customary, or necessary under the Code to carry out the transactions contemplated in this Application in a lawful manner. The Applicants further request that the Commission grant these authorizations by no later than August 23, 2018, so that the merger may close and become effective October 1, 2018, which is the beginning of UGI Utilities' fiscal and tax years.

Through this Application, the Applicants propose, through a one-step merger, to merge PNG and CPG with and into UGI Utilities, with UGI Utilities being the surviving entity. Upon closing, all of the assets of CPG and PNG will be owned by UGI Utilities, and the UGI Gas Division of UGI Utilities will have three rate districts: UGI South (formerly UGI Gas), UGI North (formerly PNG) and UGI Central (formerly CPG). UGI Utilities will acquire all the service rights and certificates of public convenience of UGI CPG and UGI PNG and ownership interests in UGI CPG's and UGI PNG's property. If the Application is approved, the Applicants state that UGI Utilities will continue to provide natural gas distribution service and supplier coordination services to existing and new customers and natural gas suppliers within the former territories of UGI Utilities, Inc. – Gas Division (“UGI Gas”), CPG, and PNG through the application of the then existing tariffs, which UGI Utilities shall adopt and apply within the

corresponding rate districts. To achieve this reorganization, under the transaction numerous assets, rights and commercial agreements will be transferred.

On April 9, 2018, the OCA filed its Protest in this matter. On April 9, 2018, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and Protest. On April 11, 2018, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance in this matter. Numerous other parties also filed Protests and/or Petitions to Intervene in this matter, including: NGS Parties; Direct Energy; UGI Industrial Intervenors (UGIII); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA); and the Commission on Economic Opportunity (CEO).

Administrative Law Judges ("ALJs") Joel H. Cheskis and Benjamin J. Myers were assigned to this proceeding. On April 19, 2018, ALJ Cheskis and ALJ Myers notified the parties that a Prehearing Conference would take place on May 14, 2018. The OCA submits this prehearing memo in accordance with the directives of the ALJs' Prehearing Conference Order.

II. Issues and Sub-issues

Based on the OCA's preliminary review of the Application, the OCA has identified a number of issues that it anticipates will be addressed in this proceeding, including:

- (1) Whether the Applicants' proposed method of future operations provides adequate transparency to allow the Commission, the OCA, and other statutory advocates and interested parties to assess the Companies' activities in future proceedings;
- (2) Whether the proposed merger meets all legal requirements of the Public Utility Code, applicable Commission rules and regulations, and Pennsylvania law;
- (3) Whether the proposed merger would benefit the Applicants' customers; and
- (4) Whether the proposed merger is in the public interest.

The OCA reserves the right to raise additional issues as the case proceeds and further information is obtained from the Company.

III. Proposed Revisions to Discovery Rules

In order to effectively investigate and adequately develop a record in this proceeding, the OCA requests certain modifications of the Commission's procedural rules on a going-forward basis, as set forth below:

- A. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service. Discovery and discovery-related pleadings propounded after 12:00 noon on a Friday or after 12:00 noon on any business day immediately preceding a state holiday will be deemed served on the next business day for purposes of determining the due date of the responses and responsive pleadings.
- B. Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories; unresolved objections shall be served to the ALJ in writing within five (5) days of service of the interrogatories.
- C. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of the written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within ten (10) calendar days.
- F. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.
- G. Any discovery-related pleading such as objections, motions, or answers served on a Friday or the day before a holiday recognized by the Commission will be deemed to have been served on the following business day for purposes of determining due dates.

IV. Witnesses

The OCA has not yet identified a witness or witnesses for this proceeding. If the OCA determines that a witness or witnesses will be necessary for any portion of its case, the OCA will notify the ALJs and all parties of record promptly.

VIII. Service on the OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Darryl Lawrence and Assistant Consumer Advocates Lauren M. Burge and Harrison W. Breitman. Two copies of all documents should be served on the OCA as follows:

Darryl A. Lawrence
Lauren M. Burge
Harrison W. Breitman
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5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152

V. Public Input Hearings

At present, the OCA has not received requests for a public input hearing in this proceeding. If consumer interest arises, the OCA will promptly notify the ALJs and other parties to this proceeding.

VI. Proposed Schedule

The OCA is willing to work with the parties and the ALJs to develop an acceptable procedural schedule.

VII. Settlement

The OCA is willing to participate in settlement negotiations concerning all issues raised by this case.

Respectfully Submitted,



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Dated: May 7, 2018

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