



COMMONWEALTH OF PENNSYLVANIA

May 7, 2018

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: UGI 2018 Merger / Docket Nos. A-2018-3000381, A-2018-3000382, A-2018-3000383

Dear Secretary Chiavetta:

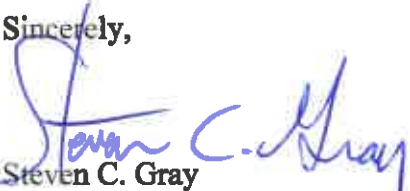
I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceeding. I respectfully request that a copy of any documents filed in this case be shared as well with our Witness at the address below.

Mr. Robert D. Knecht
Industrial Economics, Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
rdk@indecon.com

Copies will be 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,


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

Enclosures

cc: The Honorable Judge Joel H. Cheskis
The Honorable Judge Benjamin J. Myers
Robert D. Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of UGI Utilities, Inc.,	:	Docket No. A-2018-3000381
UGI Penn Natural Gas, Inc., and UGI	:	Docket No. A-2018-3000382
Central Penn Gas, Inc. for All of the	:	Docket No. A-2018-3000383
Necessary Authority, Approvals, and	:	
Certificates of Public Convenience for (1)	:	
an Agreement and Plan of Merger; (2) the	:	
Merger of UGI Penn Natural Gas, Inc. and	:	
UGI Central Penn Gas, Inc. into UGI	:	
Utilities, Inc.; (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 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 by UGI Central Penn	:	
Gas, Inc. of all natural gas service in this	:	
Commonwealth; (6) the adoption by UGI	:	
Utilities, Inc. of UGI Penn Natural Gas,	:	
Inc.'s and UGI Central Penn Gas, Inc.'s	:	
Existing Tariffs and their Application	:	
within New Service and Rate Districts of	:	
UGI Utilities, Inc. 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; (8) Where	:	
Necessary, Associated Affiliated Interest	:	
Agreements; and (9) any Other Approvals	:	
Necessary to Complete the Contemplated	:	
Transaction	:	

**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, Esq.
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., UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. (the “UGI Companies”) filed the above-captioned Joint Application (“*Joint Application*”) on March 8, 2018. The *Joint Application* proposes a “plan of merger” whereby UGI Penn Natural Gas, Inc. (“UGI PNG”), and UGI Central Penn Gas, Inc. (“UGI CPG”) would be merged into UGI Utilities, Inc. (“UGI Utilities”).

The OSBA filed a Notice of Intervention and Protest in response to the *Joint Application* on April 9, 2018.

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 PPL, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. Whether a certificate of public convenience (required under Section 1102 of the Public Utility Code) should be issued as requested by the *Joint Application*. Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), allows the Commission to issue a certificate only upon a finding or determination that the granting of such certificate is “necessary or proper for the service, accommodation, convenience, or safety of the public.”

2. Whether the *Joint Application* meets the requirements set forth by the Pennsylvania Supreme Court, whereby satisfying the Section 1103(a) standard requires the Commission to find that a proposed restructuring would “affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.” *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 141, 295 A.2d 825, 828 (Pa. 1972).

3. Whether the approval of the *Joint Application* will result in the increased administrative, operational, capital and regulatory efficiencies claimed in paragraph 67, beyond those already achieved through joint corporate ownership of the utilities and acknowledged in the *Joint Application*.

4. Whether economies claimed by the *Joint Application*'s associated with potential “future consolidated filings” at paragraph 83 would represent an affirmative public benefit,

particularly in light of the *Joint Application's* admission at paragraph 40 that numerous separate regulatory filings will remain necessary following the proposed merger.

5. Whether the *Joint Application's* proposal to file a consolidated Long Term Infrastructure Improvement Plan (“LTIIIP”) is just and reasonable.

6. Whether the *Joint Application's* claim that the proposed merger will not require affiliated interest agreements among the various utility operating divisions of UGI Utilities, Inc. is just and reasonable.

7. What specific implications the *Joint Application* would have on base rates proceedings for each of the utility divisions, in light of the absence of any clear indication in the *Joint Application*.

8. What, in fact, is contemplated by the *Joint Application's* reference at paragraph 71 to the “uniform rate structure that the UGI Utilities would propose,” and whether any such hypothetical future structure provides an affirmative public benefit in support of the proposed merger.

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.

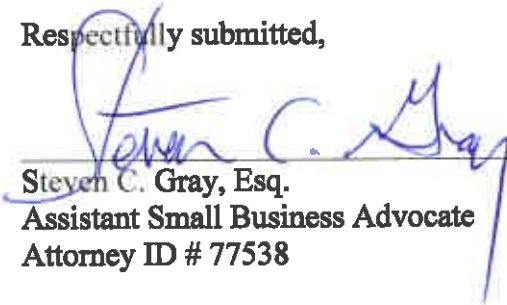
VI. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the parties are discussing a proposed procedural schedule.

VII. DISCOVERY MODIFICATIONS

At the time of this writing, the parties are also discussing possible modifications to the discovery timeframes.

Respectfully submitted,



Steven C. Gray, Esq.
Assistant Small Business Advocate
Attorney ID # 77538

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: May 7, 2018

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Agreements; and (9) any Other Approvals	:	
Necessary to Complete the Contemplated	:	
Transaction	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Joel H. Cheskis
The Honorable Benjamin J. Myers
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DATE: May 7, 2018


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Attorney I.D. No. 77538