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March 5, 2020

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: PA PUC v. UGI Utilities Inc. – Gas Division
Docket No. R-2019-3015162

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Direct Energy Business, LLC, Direct Energy Services, LLC and Direct Energy Business Marketing, LLC's ("Direct Energy") Prehearing Memorandum with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Carl R. Shultz

CRS/lww
Enclosure

cc: Hon. Christopher P. Pell, w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy's Prehearing Memo upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via First Class Mail and/or Email

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Dated: March 5, 2020



Carl R. Shultz, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utilities Commission :
: :
v. : Docket No. R-2019-3015162
: :
UGI Utilities, Inc. – Gas Division :

**PREHEARING MEMORANDUM
OF DIRECT ENERGY BUSINESS, LLC,
DIRECT ENERGY SERVICES, LLC,
AND DIRECT ENERGY BUSINESS MARKETING, LLC**

Pursuant to 52 Pa Code § 5.223 and the Prehearing Conference Order dated February 27, 2020,¹ Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively, “Direct Energy”) submit this Prehearing Memorandum in advance of the Prehearing Conference scheduled for **Monday, March 9, 2020 at 10:00 a.m.** in this proceeding.

I. BACKGROUND

On January 28, 2020, UGI Utilities, Inc. – Gas Division (“UGI” or the “Company”) filed Supplement No. 6 to its Tariff Gas PA P.U.C. Nos. 7 and 7S (“Supplement No. 6”). In Supplement No. 6, UGI proposes to increase rates by approximately \$74.6 million per year, complete its transition to unified rates, and modify various other rules.

By Order entered on February 27, 2020,² the Pennsylvania Public Utility Commission (“Commission” or “PUC”) instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase.

¹ <http://www.puc.state.pa.us/pdocs/1656171.doc>

² <http://www.puc.state.pa.us/pdocs/1656079.doc>

Direct Energy submitted a Petition to Intervene in this proceeding,³ and is submitting this prehearing memorandum consistent with the Prehearing Conference Order dated February 27, 2020.⁴ The prehearing conference is scheduled for March 9, 2020.

II. LIST OF ISSUES

The Commission's actions regarding the Company's proposals could have a substantial impact on Direct Energy's future involvement in the market. Specifically, as a natural gas supplier ("NGS") in the Company's service territory, Direct Energy has a direct and substantial interest in several of UGI's proposals:

- UGI is proposing to modify the rates and terms for Rates DS (Delivery Service), NNS (No Notice Service), Rate MBS (Monthly Balancing Service) and LFD (Large Firm Delivery) used by transportation customers (UGI St. 1 at 45-47; Exh. F pp. 94 – 100). Direct Energy serves customers in UGI's territory that receive service via one or more of these rates. Direct Energy seeks to insure that the rate and/or term changes are just, reasonable and will not unreasonably affect the competitive natural gas market.
- UGI is proposing to increase the Daily Delivery Requirement for Choice Suppliers by increasing the percentage of gas that UGI will retain to 1.1% (Choice Tariff, Sup. No. 5 Second Revised page 116). Direct Energy seeks to assure that this increase is just, reasonable and does not unreasonably affect competition.
- UGI is proposing a change in the rules associated with the monthly release of interstate pipeline capacity (Choice Tariff 2nd Revised Page No. 118). Direct Energy seeks to insure that this proposed change is just, reasonable and does not adversely affect competition.

These proposals, as well as other proposals that may be introduced in this proceeding, must be thoroughly reviewed and analyzed to determine whether they are reasonable and to

³ <http://www.puc.state.pa.us/pcdocs/1656277.pdf>

⁴ <http://www.puc.state.pa.us/pcdocs/1656171.doc>

ensure that they will not negatively impact the delivery of natural gas on the Company's system or suppliers operating in the Company's service territory and will not have an adverse effect on the ability of UGI distribution customers to access lower priced gas and more innovative services available in the competitive market generally and from Direct Energy in particular. Direct Energy reserves the right to raise additional issues as they are discovered in the course of the proceeding.

III. SERVICE OF DOCUMENTS

Direct Energy's attorneys in this matter are:

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Carl R. Shultz, Esquire

Eckert Seamans Cherin & Mellott, LLC
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Direct Energy also agrees to receive service of documents electronically in this proceeding. To the extent that materials are available electronically, it is requested that copies be served upon:

Dan Clearfield	dclearfield@eckertseamans.com
Carl R. Shultz	cshultz@eckertseamans.com

IV. PROCEDURAL SCHEDULE

Direct Energy does not oppose the procedural schedule proposed by UGI for this proceeding. That being said, Direct Energy will cooperate with ALJ Pell and the parties to arrive

at a mutually acceptable litigation schedule. Direct Energy is also willing to discuss any proposed discovery modifications.

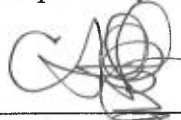
V. WITNESSES

Direct Energy continues to evaluate whether to present witnesses in this proceeding. To the extent Direct Energy decides to present a witness(es) in this proceeding, Direct Energy will provide appropriate notice to the Presiding Officer and the parties.

VI. SETTLEMENT

Direct Energy is willing to participate in settlement discussions with any party to narrow the issues in this matter.

Respectfully submitted,



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Date: March 5, 2020

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Direct Energy Business Marketing, LLC