

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
consumer@paoca.org

January 4, 2011

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

RE: Application of UGI Penn Natural Gas, Inc
for Expedited Review and Approval of the
Transfer By Sale of a 9.0 Mile Natural Gas
Pipeline, Appurtenant Facilities and Right of
Way Located in Mehoopany, Pennsylvania,
and a Related Affiliated Interest Agreement
Docket No. A-2010-2213893

Dear Secretary Chiavetta

Enclosed for filing is the Prehearing Memorandum of the Office of Consumer Advocate, in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "James A. Mullins".

James A. Mullins
Assistant Consumer Advocate
PA Attorney I.D. # 77066

Enclosures

cc: Honorable Dennis J. Buckley

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of UGI Penn Natural Gas, Inc	:	
for Expedited Review and Approval of the	:	
Transfer By Sale of a 9.0 Mile Natural Gas	:	Docket No. A-2010-2213893
Pipeline, Appurtenant Facilities and Right of	:	
Way Located in Mehoopany, Pennsylvania,	:	
and a Related Affiliated Interest Agreement	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On December 1, 2010, UGI Penn Natural Gas, Inc., (PNG or Company) filed an Application with the Pennsylvania Public Utility Commission (PUC or Commission) for expedited review and approval of the transfer by sale of a 9.0 mile natural gas pipeline, appurtenant facilities and right of way located between Auburn and Mehoopany, Pennsylvania to an affiliated company, UGI Energy Services, Inc. (UGIES). PNG requests expedited approval of its Application so that UGIES can begin gathering service on the Auburn Line for Citrus Energy Corporation prior to March 1, 2011. UGIES is a wholly owned, second-tier subsidiary of UGI Corporation, but is not a public utility and does not intend to operate the pipeline as a public utility asset.

The property to be transferred will include: 1) PNG's interest in the 9-mile pipeline, 2) PNG's interest in an interconnect agreement with PVR Marcellus Gas Gathering, LLC (a non-affiliated entity that owns a gathering line between the Auburn Line and local gas producing wells), and 3) the interconnection facilities associated with the agreement. The

property that PNG proposes to transfer is currently used by the Company to transport gas received from Tennessee Gas Pipeline Company and the interconnected gathering system, and to deliver such gas to a Procter and Gamble Paper Products Company (P&G) manufacturing plant.

On January 3, 2010, the Office of Consumer Advocate (OCA) filed a Notice of Intervention and Public Statement in this proceeding.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of PNG's filing, the OCA anticipates that the following issues or sub-issues may be addressed in this case. Should other issues arise as the case moves forward, the OCA reserves the right to address them. The OCA's list includes:

- (1) Valuation of the assets to be transferred to UGIES; and
- (2) Potential rate impacts for PNG customers as a result of the asset transfers.

III. WITNESSES

The OCA may present the expert testimony of the following witness in this proceeding:

Jerome D. Mierzwa
Exeter Associates, Inc.
Suite 300
10480 Little Patuxent Parkway
Columbia, MD. 21044
Telephone: (410)-992-7500
E-mail: jmierzwa@exeterassociates.com

To expedite discovery in this proceeding, the OCA requests that copies of all interrogatories, comments, and answers to interrogatories be mailed directly to the expert witness as well to counsel for the OCA.

The OCA reserves the right to call additional witnesses, as necessary. If the OCA determines that an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. SERVICE ON OCA

The OCA will be represented in this case by Assistant Consumer Advocate James A. Mullins and Senior Assistant Consumer Advocate Tanya J. McCloskey. Two copies of all documents should be served on the OCA as follows:

Tanya J. McCloskey
Senior Assistant Consumer Advocate
James A. Mullins
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut St., 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
Email: tmccloskey@paoca.org
jmullins@paoca.org

As a courtesy, the OCA requests that all electronic correspondence also be copied to Jessica J. Horner (jhorner@paoca.org).

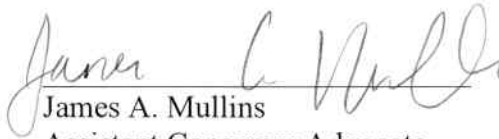
V. SCHEDULE

The OCA will work with the parties to reach a mutually acceptable schedule.

VI. PUBLIC INPUT HEARINGS

At this time, the OCA is unaware of any specific consumer requests for public input hearings in this matter. However, if the OCA becomes aware of substantial consumer interest in this matter, the OCA will promptly notify the Administrative Law Judge and all parties of record to request a public input hearing.

Respectfully Submitted,



James A. Mullins
Assistant Consumer Advocate
PA Attorney I.D. # 77066
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Tanya J. McCloskey
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50044
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Counsel for:
Irwin A. Popowsky
Consumer Advocate

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Phone: (717) 783-5048
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Dated: January 4, 2011

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CERTIFICATE OF SERVICE

Application of UGI Penn Natural Gas, Inc :
for Expedited Review and Approval of the :
Transfer By Sale of a 9.0 Mile Natural Gas : Docket No. A-2010-2213893
Pipeline, Appurtenant Facilities and Right of :
Way Located in Mehoopany, Pennsylvania, :
and a Related Affiliated Interest Agreement :

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 4th day of January 2011.

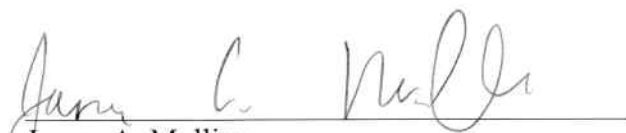
SERVICE BY E-MAIL and INTEROFFICE MAIL

Charles Daniel Shields, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Kent D. Murphy
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