

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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Consumer Advocate

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November 21, 2011

Honorable Ember S. Jandebour
Administrative Law Judge
Pennsylvania Public Utility Commission
Scranton State Office Building, Room 317
100 Lackawanna Avenue
Scranton, PA 18503

Re: Kathleen Moran-Roberto, et al.
v.
UGI Penn Natural Gas, Inc.
Docket No. C-2011-2251178, et al.

Dear Judge Jandebour:

Enclosed please find copies of the Prehearing Memorandum of the Office of Consumer Advocate which was filed today with the Commission in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely yours,

A handwritten signature in cursive script that reads "Dianne E. Dusman".

Dianne E. Dusman
Senior Assistant Consumer Advocate
PA Attorney I.D. #38308

Enclosures

cc: Certificate of Service
Secretary's Office of the PUC
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

KATHLEEN MORAN-ROBERTO	:	DOCKET NOS. C-2011-2251178
JOHN CALAFUT	:	C-2011-2253878
JEROME FUHR	:	C-2011-2254311
JOHN HENNIGAN	:	C-2011-2262771
DOLORES ALAR	:	C-2011-2266076
DANIEL POPE	:	C-2011-2258722
CHARLES E. SCHULZ	:	C-2011-2267370
ROBERT M. ROWLANDS	:	C-2011-2272802
	:	
	:	
v.	:	
	:	
UGI PENN NATURAL GAS, INC.	:	

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 October 20, 2011 Prehearing Order in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. Introduction

On May 24, 2011, UGI Penn Natural Gas (PNG or the Company) notified customers of the Company's intention to discontinue the Gas Beyond the Main (GBM) rate. As a result of that letter, approximately eight (8) impacted customers filed Formal Complaints. On October 11, 2011, the Office of Consumer Advocate (OCA) filed Interventions and Public Statements in the first six of those cases and subsequently a Motion to Consolidate on October 13, 2011. On October 17, 2011 the Bureau of Investigation and Enforcement (BIE) entered an appearance.

The matter was assigned to the Office of Administrative Law Judge (OALJ), which assigned ALJ Jandebour to the matter. A Prehearing Conference is scheduled for Monday, November 28, 2011. The OCA submits this Prehearing Memorandum pursuant to the October 20, 2011 Prehearing Order.

II. Issues

Pursuant to prior PUC Orders, the Company seeks to discontinue the current GBM rate and the program in its entirety by increasing the current purchased gas cost rate to the market rate for propane, which is approximately five times the natural gas rate at this time. Under the GBM program which began in the 1970s, customers were connected to propane service and were to be charged natural gas rates only until Company installed natural gas mains to their homes. Now, the Company is discontinuing the discounted rate in three steps and, at the end of a transition period, customers will be charged the much higher propane market rate. The OCA plans to investigate the following issues in this proceeding:

- (1) Whether the Company should install mains to enable affected GBM customers to transition to natural gas service, and, if so, whether current tariff rules apply or require modification to ensure fairer treatment; and
- (2) Whether the GBM customers would be unfairly subsidizing the natural gas customers when charged a distribution rate in addition to the full market propane rate at the end of the transition period.
- (3) Whether additional remedies or other consumer protections are necessary to ensure that the GBM customers will not be unfairly burdened by the costs they would incur as a result of the intended termination of the Gas Beyond the Mains program.
- (4) Whether, as an alternative to mains, buy-out options to convert to higher efficiency alternative heating sources, such as thermal storage heat pumps, may be more appropriate.

The OCA specifically reserves the right to raise additional issues as discovery is completed and its investigation continues.

III. Witnesses and Service on the OCA

The OCA has retained Glenn Watkins of Technical Associates, Inc., to provide consulting and expert witness services in this matter. His contact information is as follows:

Glenn A. Watkins
Technical Associates, Inc.
9030 Stony Point Parkway, Suite 580
Richmond, VA 23235
(804) 272-5363
Fax: (804) 272-3598
watking@TAI-ECON.com

The OCA may present the written direct, rebuttal or surrebuttal testimony of its consultant, as may be necessary. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony and answers to interrogatories be e-mailed and mailed directly to Mr. Watkins and to counsel for the OCA.

The OCA will be represented in this case by Senior Assistant Consumer Advocate, Dianne E. Dusman and Assistant Consumer Advocate, Jennedy S. Johnson. Copies of all documents should be served as follows:

Dianne E. Dusman
Senior Assistant Consumer Advocate
Jennedy S. Johnson
Assistant Consumer Advocate
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E-mail: DDusman@paoca.org
JJohnson@paoca.org

IV. Proposed Revised Procedural Rules

At this time, the OCA does not request any discovery rule modifications, but is willing to discuss this during the prehearing conference.

V. Settlement

The OCA is willing to participate in settlement discussions.

VI. Proposed Schedule

The OCA will work with all parties to develop a mutually agreeable procedural schedule. The OCA would note that tentative hearing dates of January 24 through 26, 2012 have been discussed. As such, if those dates are acceptable to the ALJ and the parties, the OCA would propose that direct testimony of any expert witnesses be served on or before January 3, that rebuttal of any expert witnesses be served on January 13 and that surrebuttal be served on January 20, 2012. The OCA is not proposing service of written testimony in advance of the hearings for the Formal Complainants and any other witnesses they may call.

Respectfully submitted,



Dianne E. Dusman
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DATE: November 21, 2011

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CERTIFICATE OF SERVICE

KATHLEEN MORAN-ROBERTO	:	DOCKET NOS. C-2011-2251178
JOHN CALAFUT	:	C-2011-2253878
JEROME FUHR	:	C-2011-2254311
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DOLORES ALAR	:	C-2011-2266076
DANIEL POPE	:	C-2011-2258722
ROBERT M. ROWLANDS	:	C-2011-2272802
	:	
v.	:	
	:	
UGI PENN NATURAL GAS, INC.	:	

I hereby certify that I have this day served a true copy of the foregoing 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 21st day of November 2011.

SERVICE BY EMAIL AND IN PERSON

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Harrisburg, PA 17101

SERVICE BY FIRST CLASS MAIL, POSTAGE
PREPAID (AND EMAIL WHERE POSSIBLE)

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