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File #: 2270/151133

February 10, 2012

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: Application of Leatherstocking Gas Company, LLC to Supply Natural Gas Service
to the Public in Certain Townships and Boroughs in Northern Susquehanna
County, Pennsylvania
Docket No. A-2011-2275595**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum of UGI Penn Natural Gas, Inc. in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully Submitted,

Michael W. Hassell

MWH/skr

Enclosures

cc: Certificate of Service
Honorable David A. Salapa

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

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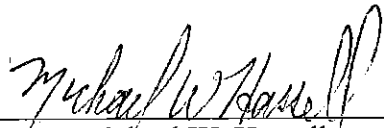
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VIA FIRST CLASS MAIL

Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Date: February 10, 2012



Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Leatherstocking Gas Company, :
LLC to Supply Natural Gas Service to the : Docket No. A-2011-2275595
Public in Certain Townships and Boroughs in :
Northern Susquehanna County, Pennsylvania :

**PREHEARING MEMORANDUM OF
UGI PENN NATURAL GAS, INC.**

TO THE HONORABLE DAVID A. SALAPA:

UGI Penn Natural Gas, Inc., (“PNG” or the “Company”) hereby files this Prehearing Memorandum in the above-captioned matter, and states as follows:

I. PROCEDURAL HISTORY

On November 23, 2011, Leatherstocking Gas Company, LLC (“Leatherstocking”) filed the above-captioned Application with the Pennsylvania Public Utility Commission (“Commission”).¹ Notice of Leatherstocking’s Application was published in the Pennsylvania Bulletin on December 10, 2011. 41 Pa.B. 6753.

On December 27, 2011, PNG filed a Protest to Leatherstocking’s Application.

The Office of Consumer Advocate (“OCA”) filed a Notice of Intervention and Public Statement on December 27, 2011.

Williams Field Services Company, LLC (“Williams”) filed a Petition to Intervene on December 27, 2011.

On January 11, 2012, the Commission’s Bureau of Investigation and Enforcement (“I&E”) entered a Notice of Appearance.

¹ On January 4, 2012, Leatherstocking filed an amended Exhibit B to the Application.

On January 12, 2012, a Notice was issued scheduling a Prehearing Conference before the Honorable David A Salapa (“ALJ”) at 10:00 a.m. on Tuesday, February 14, 2012, in Hearing Room 3 in the Commonwealth Keystone Building, Harrisburg, Pennsylvania. On January 13, 2012, the ALJ issued a Prehearing Conference Order, directing the parties to file Prehearing Memoranda on or before February 10, 2012.

On January 17, 2012, Leatherstocking filed Preliminary Objections to PNG’s Protest, challenging, among other things, PNG’s standing as protestant in the instant matter.²

On January 18, 2012, PNG filed with the Commission the “Application of UGI Penn Natural Gas, Inc. for approval to begin to offer, render, furnish or supply gas utility service to the public in the additional territories of Bridgewater, Forest Lake, Great Bend, Harmony, New Milford and Oakland Townships, and Great Bend, Hallstead, Lanesboro, Montrose, New Milford, Oakland and Susquehanna Depot Boroughs, Susquehanna County, Pennsylvania,” Docket No. A-2012-2284831 (“PNG Application”). Notice of the PNG Application was published in the Pennsylvania Bulletin on February 4, 2012. 42 Pa.B. 746. In its Application, PNG requested, among other things, that the Leatherstocking Application and the PNG Application be consolidated. On February __, 2012, PNG filed a Motion to Consolidate the PNG Application with the Leatherstocking Application. The issue of whether the two applications should be consolidated remains pending for disposition.

On January 27, 2012, PNG filed an Amended Protest as of course pursuant to Section 5.91 of the Commission’s regulations. 52 Pa. Code § 5.91. PNG filed the Amended Protest to

² The remainder of Leatherstocking’s objections to PNG’s Protest are not proper preliminary objections under the Commission’s regulations, which expressly limit the legal and factual grounds that may be raised in preliminary objections. *See* 52 Pa. Code § 5.101(a).

update the initial Protest to reflect that on January 18, 2012, PNG filed PNG Application with the Commission.

Also on January 27, 2012, PNG filed its Answer to Leatherstocking's Preliminary Objections.³ Leatherstocking's Preliminary Objections, PNG's Answer, and PNG's Amended Protest remain pending for disposition.

PNG herein files this Prehearing Memorandum pursuant to the January 13, 2012 Prehearing Conference Order.

II. SERVICE OF DOCUMENTS

PNG requests that all documents be served on:

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17 North Second Street
12th Floor
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Phone: 717-612-6029
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PNG agrees to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies be served upon:

Mark C. Morrow: morrowm@ugicorp.com
Melanie Elatieh: Elatiehm@ugicorp.com
David B. MacGregor: dmacgregor@postschell.com
Christopher T. Wright: cwright@postschell.com

PNG's attorneys are authorized to accept service on behalf of the Company in this proceeding. PNG requests that the Commission and all parties of record serve copies of all

³ Given that PNG filed an Amended Protest as of course pursuant to 52 Pa. Code § 5.101(a), Leatherstocking's Preliminary Objections to the initial Protest should be deemed moot. *See* 52 Pa. Code § 5.91(b). Notwithstanding, PNG filed its Answer to the Preliminary Objections to avoid being found in default and to avoid waiver of any issues.

discovery requests and answers, correspondence, Commission Orders, and any other documents issued in this proceeding on its attorneys in Harrisburg, Pennsylvania.

III. WITNESSES AND ISSUES

PNG anticipates raising the following issues in this proceeding:

- (a) Whether Leatherstocking can demonstrate a public need;
- (b) Whether Leatherstocking can demonstrates that it possesses the necessary fitness to provide adequate, efficient, safe, and reasonable natural gas distribution service;
- (c) What is the best overall plan to develop and provide natural gas services to serve the service territory proposed in the Application, as well as other areas in Susquehanna County; and
- (d) Whether it would be in the public’s interest to approve Leatherstocking’s Application or PNG’s Application.

PNG anticipates offering testimony from the following witnesses on the following subject matters:

<u>Witnesses</u>	<u>Subjects</u>
Vicki O. Ebner Senior Vice-President UGI Penn Natural Gas, Inc. 2525 N. 12th Street, Reading, PA 19612-2677	PNG’s proposed service, and comparison to proposal offered by Leatherstocking.
Allen R. Westbrook Vice President, Area Marketing and Sales UGI Utilities, Inc. 2525 N. 12th Street, Reading, PA 19612-2677	Fitness of PNG and Leatherstocking. Need for service.

J. P. Ghio
Vice President of Supply
UGI Utilities, Inc.
2525 N. 12th Street,
Reading, PA 19612-2677

Natural gas supplies.

PNG reserves the right to call additional witnesses and/or present testimony on additional issues and subject matters that may arise during the course of the proceeding.

IV. DISCOVERY

In order to accommodate the litigation schedule proposed below, and to effectively discover evidence to adequately develop a record in this proceeding, the Company requests certain modifications to the Commission's discovery rules, as set forth below:

- (a) Answers to written interrogatories shall be served within ten (10) calendar days of service of the interrogatories, with the exception that interrogatories served on a Friday shall be deemed to be served on Monday;
- (b) Objections to interrogatories shall be communicated orally within three (3) calendar days of service, and unresolved objections shall be presented to the ALJ within five(5) days of service of the interrogatories;
- (c) Responses to requests for document production, entry for inspection, or other purposes shall be served in hand within ten (10) calendar days;
- (d) Requests for admission shall be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service; and
- (e) Answers to on the record data requests shall be served within seven (7) calendar days of the request.

V. LITIGATION SCHEDULE

PNG proposes the following litigation schedule, subject to the caveats set forth below:

Direct Testimony of Leatherstocking and PNG in support of their respective applications	Friday, March 16, 2012
Rebuttal Testimony	Tuesday, April 10, 2012
Surrebuttal Testimony	Monday, April 23, 2012
Evidentiary Hearings (with Oral Rejoinder)	Tuesday, May 1 through Thursday, May 3, 2012
Main Briefs	Friday, May 25, 2012
Reply Briefs	Friday, June 15, 2012

The foregoing schedule is based upon a presumption that the ALJ will rule at the Prehearing Conference that PNG has standing to intervene in Leatherstocking's Application proceeding. Counsel for Leatherstocking has indicated to counsel for PNG that Leatherstocking may be filing amended Preliminary Objections. If such occurs, the foregoing schedule cannot be maintained because PNG will not have sufficient time to undertake discovery in the case following the submission of PNG's answer and the ALJ's ruling on the amended Preliminary Objections. In addition, the foregoing schedule presumes that the accelerated discovery rules proposed by PNG are adopted. If the normal 20 day period for responding to discovery is unchanged, the foregoing schedule must be extended in order to provide sufficient time for discovery prior to submission of direct and rebuttal testimony.

PNG is not aware of any substantial public interest being expressed that would warrant the scheduling of a public input hearing.

VI. PROTECTION OF CONFIDENTIAL INFORMATION

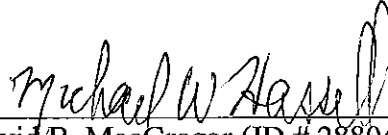
PNG anticipates the need for an appropriate Protective Order. PNG intends to circulate to parties a proposed form Protective Order, and will work with other parties to endeavor to

develop an acceptable form Protective Order. However, if parties are unable to reach an agreement on the form Protective Order prior to Friday, February 17, 2012, the Company reserves the right to file a Motion for Protective Order with the ALJ, in order to provide adequate time to receive discovery within the foregoing litigation schedule.

VII. SETTLEMENT DISCUSSIONS

PNG is open and available for settlement discussions with the other parties.

Respectfully submitted,



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Of Counsel:

Post & Schell, P.C.

Date: February 10, 2012