**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Central Penn Gas, Inc. for : P-2013-2398835

Approval of a Distribution System Improvement : C-2014-2399319

Charge : C-2014-2401378

Petition of UGI Penn Natural Gas, Inc. for : P-2013-2397056

Approval of a Distribution System Improvement : C-2014-2399316

Charge : C-2014-2401382

**BRIEFING ORDER**

On December 12, 2013, UGI Central Penn Gas, Inc. (UGI-CPG) and UGI Penn Natural Gas, Inc. (UGI-PNG) (collectively referred to as “the Companies” or “UGI”) both filed with the Pennsylvania Public Utility Commission (Commission) separate Long Term Infrastructure Improvement Plans (LTIIP) pursuant to Section 1352 of the Public Utility Code and Petitions for Approval of a Distribution System Improvement Charge (DSIC) pursuant to Section 1353 of the Public Utility Code. In their DSIC Petitions, the Companies noted that, on February 4, 2012, Act 11 of 2012 was signed into law authorizing natural gas distribution companies to establish a DSIC to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility’s distribution system. The Companies further provided that they had undertaken a significant distribution system infrastructure evaluation, repair and replacement program that is focused on those portions of its system that were constructed using cast iron and bare steel pipe. As a result, the Companies both requested approval of a DSIC.

On January 2, 2014, the Office of Consumer Advocate (OCA) filed a Formal Complaint and Public Statement in response to the Companies’ filings. In its Complaint, the OCA averred that the proposed DSIC calculation and tariff may be unjust or unreasonable in violation of Section 1301 of the Public Utility Code and that the proposed calculation and tariff may be inconsistent with the limitations on cost recovery provided in Act 11. The OCA

requested that the Commission hold evidentiary hearings and modify or reject the DSIC and initial tariff if they are not found to be in compliance with the Public Utility Code.

Also on January 2, 2014, the Office of Small Business Advocate (OSBA) filed a Complaint, Verification, Public Statement and Notice of Appearance in response to the Companies’ filings. In its Complaint, the OSBA seeks to ensure that the filings are just, reasonable, nondiscriminatory and not contrary to Commission regulation or policy. The OSBA requested that the Commission hold evidentiary hearings and deny the proposed DSIC’s if they are found to be unjust, unreasonable, unduly discriminatory or contrary to sound ratemaking principles.

On January 27, 2014, the Companies filed Answers to the Complaints filed by the OCA and the OSBA. In their Answers, the Companies admitted or denied the various averments made by the OCA and the OSBA in their respective Complaints and requested that all the Complaints be dismissed in their entirety.

By separate Opinion and Orders entered September 11, 2014, the Commission approved the LTIIP and DSIC’s filed by both UGI-CPG and UGI-PNG. The Commission further provided that it reviewed the DSIC filing and did not find it to be inconsistent with applicable law or policy. Furthermore, however, the Commission allowed the Companies to implement the DSIC mechanism subject to recoupment and/or refund pending final resolution of various matters referenced in the Opinion and Orders. The Commission determined that the DSIC filing would be referred to the Office of Administrative Law Judge for hearing and preparation of a Recommended Decision regarding those various matters.

On September 24, 2014, the Commission issued Hearing Notices establishing an Initial Prehearing Conference for these cases for Tuesday, October 28, 2014 at 10:00 a.m. in Hearing Room 4 of the Commonwealth Keystone Building in Harrisburg and assigning me as the Presiding Officer. Prehearing Conference Orders dated October 1, 2014 were issued setting forth various procedural issues that would govern the Initial Prehearing Conference. In response to the Prehearing Conference Orders, Prehearing Memoranda were received from the

Companies, the OCA and the OSBA. The Initial Prehearing Conference convened on Tuesday, October 28, 2014, as scheduled.

During the Initial Prehearing Conference, various procedural matters were discussed. The parties were reminded that Commission policy promotes settlements. 52 Pa.Code § 5.231(a). The parties were encouraged to commence settlement discussions as early as possible and that any settlement, however, must be supported by substantial record evidence. 2 Pa.C.S. § 704. The procedural matters were memorialized by Scheduling Order dated October 29, 2014.

Pursuant to the Scheduling Order, the evidentiary hearing was held in this matter on February 10, 2015. The parties admitted pre-served testimony into the record via stipulation and indicated that a settlement of all or some of the outstanding issues may be possible. Briefs are now required to address unresolved issues. The parties were encouraged to further pursue settlement discussions and provide any settlement, along with accompanying statements in support of the settlement, by the Reply Brief due date. Therefore, the following Briefing Order is being issued:

ORDER

THEREFORE,

IT IS ORDERED:

1. That the parties shall file and serve Main Briefs on or before March 5, 2015, and Reply Briefs on or before March 19, 2015.

2. That the briefs must contain: (a) a concise statement or counter-statement of the case; (b) an argument, with sufficient citations to record evidence, preceded by a summary; (c) a conclusion with requested relief; (d) proposed Findings of Fact, together with page references to statements of testimony, the hearing transcript and exhibits; (e) proposed Conclusions of Law, together with legal citations and (f) proposed Ordering Paragraphs.

3. That the parties shall file the original copies of the Main Brief and Reply Brief with the Commission no later than 4:30 p.m. on the date due, addressed as follows:

Rosemary Chiavetta, Secretary

Pennsylvania Public Utility Commission

P.O. Box 3265

Harrisburg, Pa. 17105-3265

4. That, consistent with 52 Pa. Code §1.54, the parties shall serve one copy of the Briefs on each other and me on the date due. Parties may serve the brief via e-mail to meet this requirement, with hard copy to follow, sent to the address set forth on the attached service list and as follows:

Joel H. Cheskis

Administrative Law Judge

Pennsylvania Public Utility Commission

P.O. Box 3265

Harrisburg, Pa. 17105-3265

Email: [jcheskis@pa.gov](mailto:jcheskis@pa.gov)

5. That any brief not filed and served on or before the date set forth above will not be accepted except by special permission.

6. That the parties are required, within thirty (30) days after the final hearing, to either eFile with or provide to the Secretary’s Bureau a Compact Disc (CD) containing all testimony furnished to the court reporter during the proceeding, consistent with the Commission’s Implementation Order, dated January 10, 2013, at Docket No. M-2012-2331973.

7. That the parties are advised not to include any extra-record evidence in their briefs.

8. That if a brief contains a citation to an unreported decision which is not available on LEXIS or the Commission’s website, a copy of that unreported decision must be appended to the brief.

9. That all briefs, testimony and other documents submitted in this proceeding are to be provided in Microsoft Word format.

Date: February 13, 2015

Joel H. Cheskis

Administrative Law Judge

**P-2013-2397056 – PETITION OF UGI PENN NATURAL GAS INC FOR APPROVAL OF ITS LONG-TERM INFRASTRUCTURE IMPROVEMENT PLAN AND FOR APPROVAL OF A DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

**P-2013-2398835 – PETITION F UGI CENTRAL PENN GAS INC FOR APPROVAL OF ITS LONG-TERM INFRASTRUCTURE IMPROVEMENT PLAN AND FOR APPROVAL OF A DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (*Revised 10/1/14*)**DAVID B MACGREGOR ESQUIREJESSICA R ROGERS ESQUIRE *Accepts E-service*POST & SCHELL PC17 N SECOND STREET 12TH FL

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**C-2014-2399316**

**C-2014-2399319**

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