



**UGI Utilities, Inc.**  
460 North Gulph Road  
King of Prussia, PA 19406  
Post Office Box 858  
Valley Forge, PA 19482-0858  
(610) 337-1000 Telephone  
(610) 992-3258 Fax

March 10, 2016

**VIA E-FILING**

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

**Re: Sapa Extrusions, Inc. v. UGI Central Penn Gas, Inc.,  
Docket No. C-2016-2525246**

Dear Secretary Chiavetta:

Enclosed for filing, please find the Answer of UGI Central Penn Gas, Inc. to the Motion of Sapa Extrusions, Inc. to Dismiss Objections and Compel Answers to Interrogatories. Copies of this document have been served upon the persons indicated on the attached Certificate of Service.

Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Mark C. Morrow".

Mark C. Morrow

Counsel for UGI Central Penn Gas, Inc.

cc: Service List



claims that UGI CPG has threatened to impose hourly burn caps or to declare emergency curtailments to deny firm service at some point in the future, and in the final paragraph of its complaint makes the wholly unsubstantiated general claim the UGI CPG “routinely” fails to interrupt interruptible service customers “prior to imposing restrictions on firm customers such as Sapa[,]” despite the fact that the formal complaint does not allege a single instance where Sapa’s firm service or the service of any other identified firm service customer was in any way restricted. Sapa’s prayer for relief, in turn, simply seeks to have the Commission prohibit these speculative future actions to curtail Sapa’s firm service, and seeks no relief related to UGI CPG’s rates, accounting practices, financing activities or line extension rules.

Before UGI CPG was served by the Commission with the complaint or filed its answer, Sapa sent sixty-seven interrogatories to UGI CPG, many of which addressed rate issues, relations with affiliates, accounting practices and financing activities that have no bearing on its requested relief.

Counsel for UGI CPG immediately reached out to counsel for Sapa informing him that UGI CPG would be filing an answer denying each of the speculative concerns set forth in the formal complaint and re-affirming its intention to provide the level of firm service it agreed to provide to Sapa. In light of this, UGI CPG sought to review the discovery requests with Sapa’s counsel to discuss how they might be relevant to any claim in the formal complaint, and if any discovery was required at all in light of UGI CPG’s expected answer. In a February 18, 2016 e-mail, counsel for Sapa agreed to reach out to Sapa to attempt to schedule a call to discuss these questions, but subsequently did not do so and did not return calls seeking a status update. Accordingly, UGI CPG filed its answer in a timely manner on February 24, 2016, and was compelled to file written objections to some of the discovery of February 26, 2016. UGI CPG

has subsequently provided answers to the remaining discovery requests even though the relevance of any discovery is questionable given UGI CPG's answer confirming that it will provide the agreed upon level of firm service, which constitutes the only relief requested in Sapa's complaint.

## II. Response to Motion

1. It is admitted that Sapa filed its formal complaint on January 14, 2016. However, UGI CPG did not receive formal electronic service from the Commission until February 17, 2016.

2. Admitted.

3. It is admitted that UGI CPG has objected to each of the identified interrogatories because the information sought is not relevant to any claim in the formal complaint or the relief sought in the complaint. In addition, UGI CPG has further objected to interrogatory 3 on the grounds that it seeks confidential security information.

4. Denied. The information sought in the identified interrogatories does not relate to any relief sought by Sapa in its formal complaint, nor is it obvious how the information could be calculated to lead to relevant information. In this regard, neither Sapa nor its counsel has been willing to provide any explanation of its relevance or engage in any discussions of the purpose of the discovery to try to amicably resolve discovery issues.

5. UGI CPG has no direct knowledge of Sapa's motivation for filing its motion to compel.

6. The provisions of the Commission's regulation at 52 Pa. Code §5.321(c) speak for themselves. By way of further answer the provisions of 52 Pa. Code §5.361 provide:

*§ 5.361. Limitation of scope of discovery and deposition.*

*(a) Discovery or deposition is not permitted which:*

*(1) Is sought in bad faith.*

*(2) Would cause unreasonable annoyance, embarrassment, oppression, burden or expense to the deponent, a person or party.*

*(3) Relates to matter which is privileged.*

The discovery UGI CPG has objected to is burdensome since it is unrelated to any claim Sapa makes in its complaint or its prayer for relief, and does not appear to seek information which would be relevant to any issues in the complaint. Indeed there do not appear to be any disputed claims in Sapa's complaint since Sapa has only raised speculative claims about potential future attempts to limit its firm service, which UGI CPG has denied in its answer and has confirmed Sapa's understanding of its firm service rights. It also appears that the discovery is sought in bad faith because of the volume of discovery request, the timing of the service of discovery before an answer was filed and the refusal of Sapa's attorneys to discuss the purpose of the discovery requests without the consent of their client, which apparently was never received.

7. Admitted.

8. Denied. Sapa's complaint speculates that UGI CPG will attempt to impose hourly burn caps or unreasonably seek to restrict firm service under the emergency planning provisions of its tariff, and is premised on the false assumption that UGI CPG believes it has the legal authority to do so. In its answer UGI CPG has agreed with Sapa that it does not have the authority to unilaterally impose hourly burn caps and has no intention of violating the emergency planning provisions of its tariff, and has otherwise re-confirmed its intention to continue to provide the firm service Sapa has contracted for. The only other claim made in Sapa's complaint

is a wholly unsupported claim that UGI is not interrupting interruptible customers before limiting firm service, even though there is not a single allegation in Sapa's complaint that its firm service has ever been interrupted by UGI CPG. Discovery questions directed to system-wide maps containing confidential security information, original cost information for segments of UGI CPG's system, financing activities, affiliate relations, executive responsibilities, customer class information and use of weather stations and temperature profiles might be relevant in UGI CPG rate proceedings or purchased gas cost proceedings, but have no relevance to, nor have any discernable connection to information which could lead to relevant information about, whether UGI CPG has the right to impose hourly burn caps or has any future plans to not provide the firm service Sapa has contracted for and which UGI CPG has confirmed in its answer that it is committed to provide.

9. While UGI CPG appreciates that Sapa has now indicated that it is willing to enter into a protective order, despite not returning calls seeking to address this and other discovery issues, the willingness to enter into a protective agreement does not make the provision of system-wide maps relevant, nor reasonably calculated to lead to relevant, information on the limited speculative issues raised in its complaint concerning the nature of its firm service, which UGI CPG's answer has fully addressed and debunked. Moreover, Sapa's response to this objection seems to suggest that it now agrees system-wide information is not relevant.

10. Admitted.

### III. Response to Discussions of Specific Objections

#### **SAPA-I-3**

3. *Please indicate the location of all city gates and regulator stations within the UGI-CPG system.*

#### UGI CPG Response:

Sapa has agreed to UGI CPG's proposal to provide information about the city gate and regulator station used to provide service to Sapa subject to execution of a protective agreement. Thus, it appears to have withdrawn its motion to compel with respect to this interrogatory.

#### **SAPA-I-13**

13. *What was the original cost of the regulator station near Cressona? What is the current value of this regulator station near Cressona net of depreciation?*

#### UGI CPG Response:

The terms of the settlement agreement between UGI CPG and Sapa relating to Sapa's cost responsibility for the Leesport city gate station and regulator station upgrades is clear, stating "*Sapa shall not be charged for such upgrades costs which shall be the sole responsibility of CPG.*" Settlement, Par. 3. While cost information concerning the regulator station might be relevant to a line extension complaint, Sapa concedes that its concerns do "*not concern UGI-CPG's line extension policy.*" In its complaint Sapa speculates that UGI CPG may have "*failed to make sufficient infrastructure improvement to support customer growth and, as a consequence, cannot meet its contract and service obligations to Sapa.*" Complaint par. 7. However, in its response to other Sapa discovery requests, UGI CPG fully addresses its ability to meet Sapa's firm requirements and provide information concerning the loads on the segment of the system serving Sapa. Moreover, nothing in UGI CPG's answer makes cost information relevant. Thus, information about book cost is not relevant nor likely to lead to relevant information.

#### **SAPA-I-14**

14. *How many UGI-CPG customers received service from the regulator station near Cressona when it was first placed into service?*

UGI CPG Response:

The speculative concern raised in Sapa's complaint is that UGI CPG will be unable to provide the level of firm service Sapa has contracted for. Information concerning past service has no relevance to UGI CPG's current ability to provide firm service nor is it likely to lead to relevant information. Nothing in UGI's answer makes past service issues relevant.

**SAPA-I-16**

*16. Please quantify the cost of all capital improvements made to this regulator station near Cressona since August 2014. Please quantify the cost of all capital improvements placed into service or projected to be placed into service for the regulator station near Cressona for each of the years 2016, 2017 and 2018.*

UGI CPG Response:

For the same reasons discussed above addressing SAPA-I-13, book cost is not relevant nor likely to lead to relevant information concerning UGI CPG's ability to fulfill its firm service obligations to Sapa. Moreover, UGI CPG has provided information concerning its technical ability to serve Sapa in response to other discovery requests.

**SAPA-I-19**

*19. What was the original cost of this main? What is the current value of this main net of depreciation?*

UGI CPG Response:

See response to SAPA-I-16.

**SAPA-I-23**

*23. Please quantify the cost of all capital improvements made to this main since its installation.*

UGI CPG Response:

See response to SAPA-I-16.

**SAPA-I-24**

*24. Please quantify the cost of all capital improvements made to this main since August 2014.*

**UGI CPG Response:**

See response to SAPA-I-16.

**SAPA-I-25**

*25. Please quantify the cost of all capital improvements made to this main projected for each of the years 2016, 2017 and 2018.*

**UGI CPG Response:**

See response to SAPA-I-16.

**SAPA-I-27**

*27. Please quantify the purpose and cost of the capital improvements projected for the Leesport City Gate station for each of the years 2016, 2017 and 2018.*

**UGI CPG Response:**

See response to SAPA-I-16.

**SAPA-I-28**

*28. Are the proceeds of financings by UGI Utilities, Inc. or its parent used for each of the operating subsidiaries of UGI Utilities, Inc.*

**UGI CPG Response:**

There is no claim made in Sapa's complaint that UGI CPG is unable to finance capital improvements so the requested information is not seeking relevant information nor is it likely to lead to relevant information. Moreover, information concerning securities issued by UGI Utilities, Inc. are readily available on the Commission's website.

Since UGI CPG has already confirmed in its answer that it will honor its firm service commitments to Sapa, and in response to Sapa discovery has provided information concerning its technical ability to do so, Sapa's decision to pursue a motion to compel with respect to this sort of question is manifest evidence of bad faith.

**SAPA-I-30**

30. *Does UGI-CPG finance any of its own capital improvement projects?*

UGI CPG Response:

See response to SAPA-I-28.

**SAPA-I-31**

31. *Does UGI Utilities, Inc. finance capital improvement projects for its PaPUC jurisdictional subsidiaries?*

UGI CPG Response:

See response to SAPA-I-28.

**SAPA-I-32**

32. *Please provide the amounts spent for capital improvements for each of the PaPUC jurisdictional utility subsidiaries of UGI Utilities, Inc. in each of the past three years.*

UGI CPG Response:

See response to SAPA-I-28.

**SAPA-I-33**

33. *How does UGI-CPG determine capital improvement projects for its PaPUC jurisdictional service territory?*

UGI CPG Response:

See response to SAPA-I-28.

**SAPA-I-35**

35. *Do any of the officers and directors of UGI-CPG also serve in similar positions for UGI Utilities, Inc. and/or its other PaPUC jurisdictional subsidiaries?*

UGI CPG Response:

There is no claim or speculation in Sapa's complaint that its firm service is tied to UGI CPG's or UGI Utilities, Inc. executive structure.

Since UGI CPG has already confirmed in its answer that it will honor its firm service commitments to Sapa, and in response to Sapa discovery has provided information concerning its technical ability to do so, Sapa's decision to pursue a motion to compel with respect to this sort of question is manifest evidence of bad faith.

**SAPA-I-38**

*38. Please provide the volumes in Mcfs of the natural gas provided by UGI-CPG for each class of service for each of the years 2011, 2012, 2013, 2014 and 2015.*

**UGI CPG Response:**

Nothing in Sapa's motion explains why class-wide service volumes has any relationship to UGI CPG's provision of service to Sapa, which is served off of a specific segment of UGI CPG's distribution system.

Since UGI CPG has already confirmed in its answer that it will honor its firm service commitments to Sapa, and in response to Sapa discovery has provided information concerning its technical ability to do so and has confirmed the fact that Sapa is served off of a specific segment of UGI CPG's system, Sapa's decision to pursue a motion to compel with respect to system-wide class volumes is manifest evidence of bad faith.

**SAPA-I-39**

*39. Please provide the number of customers receiving service from UGI-CPG for each class of service for each of the years 2011, 2012, 2013, 2014 and 2015.*

**UGI CPG Response:**

See response to SAPA-I-38.

**SAPA-I-44**

*44. How many weather regions does UGI-CPG utilize in connection with the possible imposition of curtailments?*

UGI CPG Response:

Sapa's formal complaint only raises issues concerning alleged dangers to its receipt of firm service, and not interruptible service. Although under the Commission's emergency planning regulations, reflected in UGI CPG's tariff, firm service can be curtailed in emergency circumstances, there is no obvious connection between emergency curtailments of firm service, which to UGI CPG's knowledge has never happened in Pennsylvania, and weather regions.

Since UGI CPG has already confirmed in its answer that it will honor its firm service commitments to Sapa, and in response to Sapa discovery has provided information concerning its technical ability to do so and has confirmed the fact that Sapa is served off of a specific segment of UGI CPG's system, Sapa's decision to pursue a motion to compel with respect to system-wide weather regions is manifest evidence of bad faith.

**SAPA-I-45**

*45. Are the same weather regions used for UGI Utilities, Inc.'s other PaPUC jurisdictional subsidiaries?*

UGI CPG Response:

See response to SAPA-I-44.

**SAPA-I-47**

*47. Are the weather regions approximately the same with respect to geographic size?*

UGI CPG Response:

See response to SAPA-I-44.

**SAPA-I-48**

*48. Are UGI-CPG's Tariff No. 4 customers entirely within one weather region?*

UGI CPG Response:

See response to SAPA-I-44.

**SAPA-I-60**

*60. What organization is doing the forecasting for the various weather regions?*

UGI CPG Response:

See response to SAPA-I-44.

**SAPA-I-61**

61. *Sapa believes that UGI-CPG considers the average 24 hour temperature forecasted in connection with its setting of burn caps. Please explain this methodology. What happens if there are dips below 15° F but the forecasted 24 hours average is above 15° F?*

UGI CPG Response:

In its answer UGI CPG has confirmed that there are no involuntary burn caps, and has confirmed it will provide the firm service Sapa has contracted for and has provided information in response to Sapa discovery addressing its technical ability to do so. Given these facts, Sapa's choice to continue to pursue a motion to compel is manifest evidence of bad faith.

IV. Conclusion

WHEREFORE, UGI Central Penn Gas, Inc. respectfully requests that the Motion of Sapa Extrusions, Inc. to Dismiss Objections and Compel Answers to Interrogatories be denied.

Respectfully submitted,



---

Mark C. Morrow (ID # 33590)  
460 North Gulph Road  
King of Prussia, PA 19406-2807  
Phone: 610.768.3628  
Fax: 610.992.3258  
E-mail: [morrowm@ugicorp.com](mailto:morrowm@ugicorp.com)

Danielle Jouenne (ID # 306839)  
460 North Gulph Road  
King of Prussia, PA 19406-2807  
Phone: 610-992-3203  
Fax: 610-992-3258  
E-mail: [jouenned@ugicorp.com](mailto:jouenned@ugicorp.com)

Counsel for UGI Central Penn Gas, Inc.

Dated: March 10, 2016

