



COMMONWEALTH OF PENNSYLVANIA

September 26, 2017

E-FILED

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

Re: Petition of UGI Utilities, Inc. – Gas Division to Establish a Schedule for the Installation of Daily Metering Facilities on all Rate IS (Interruptible Service) and Rate DS (Delivery Service) Accounts; to thereafter Transfer all Rate IS and DS Customer Accounts from Intra-Month to Calendar Month Billing and Balancing Pools; and to Recover Associated Costs pursuant to 66 Pa.C.S. §2205(c)(7) Docket No. P-2017-2607269

Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (OSBA), in the above-captioned proceeding.

Assisting in the development and presentation of the OSBA's position in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

The OSBA respectfully requests that all parties serve copies of all documents, including discovery, testimony and briefs, upon Mr. Knecht, simultaneously with service upon the OSBA. Thank you.

Copies of the attached will be served on all known parties in this proceeding, as indicated on the enclosed Certificate of Service. If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven E. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: The Honorable Elizabeth H. Barnes
Mr. Robert D. Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of UGI Utilities, Inc. – Gas Division To Establish a :
Schedule for the Installation of Daily Metering Facilities on :
all Rate IS (Interruptible Service) and Rate DS (Delivery : Docket No. P-2017-2607269
Service) Accounts; to thereafter Transfer all Rate IS and DS :
Customer Accounts from Intra-Month Calendar Month :
Billing and Balancing Pools; and to Recover Associated :
Costs pursuant to 66 Pa.C.S §2205(c)(7) :**

**PREHEARING MEMORANDUM
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven C. Gray. Please address all correspondence in that matter as follows:

Steven C. Gray, Esquire
Assistant Small Business Advocate
Pennsylvania Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
sgray@pa.gov

II. FILING BACKGROUND

UGI Utilities, Inc. – Gas Division (“UGI Gas” or the “Company”) filed a Petition to Establish a Schedule for Installation of Daily Metering Facilities on all Rate IS (Interruptible Service) and Rate DS (Delivery Service) Accounts; to thereafter Transfer all Rate IS and DS Customer Accounts from Intra-Month Calendar Month Billing and Balancing Pools; and to Recover Associated Costs pursuant to 66 Pa. C.S. § 2205(c)(7) (“*Petition*”) on May 31, 2017.

On June 2, 2017, the Company filed an amended version of its *Petition* (“*Amended Petition*”).

The OSBA filed a Notice of Intervention on June 29, 2017.

III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
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The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by UGI Gas, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. The alleged problem being addressed in the *Petition* is the need for multiple billing pools for Rate IS and Rate DS customers, purportedly as a result of different billing

periods and the absence of daily metering technology. The *Petition* does not explain why this problem cannot be resolved by moving Rate IS and Rate DS customers to calendar month billing without the need for substantial investment in daily metering equipment.

2. The Company provides no supporting information for its capital cost estimates.

3. The Company provides no supporting information for its incremental O&M cost estimates.

4. The Company does not address the issue as to whether the addition of automated metering equipment will result in reduced Company O&M costs (such as meter reading).

5. The Company has not submitted the text for the proposed Retail Markets Rider.

6. The Company's tariff already grants UGI Gas the right to recover the costs of the metering equipment directly from the customers that require the equipment. *See Amended Petition*, at Paragraphs 2 and 3. There is no credible reason for the costs for this equipment to be recovered from other customers in a Retail Markets Rider.

7. The Company's proposal in the *Amended Petition* to recover costs for metering equipment for Rate DS and Rate IS customers from Rates R/RT, N/NT and DS customers is wholly inconsistent with the basic regulatory principle of cost causation, as well as the Commonwealth Court's decision in *Lloyd v. Pa. Pub. Util. Comm'n*, 904 A.2d 1010, 1020 (Pa.Cmwlt. Ct. 2006).

8. Even assuming *arguendo* that the Company's proposal to assign the costs for the new meters to all rate classes is deemed to be appropriate, the *Amended Petition* offers no reason why it is reasonable to establish a cost recovery mechanism for these costs outside of a normal base rates proceeding, in apparent violation of the normal regulatory proscription against single issue ratemaking.

The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

The OSBA requests that all parties serve both a hard copy and an electronic copy of any document filed upon the OSBA and the OSBA witness identified above. In addition to hard and electronic copies of pleadings and briefs, the OSBA requests copies of responses to discovery propounded by the OSBA or any other party.

V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. DISCOVERY

The OSBA does not propose any discovery modifications in this proceeding.

VII. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the OSBA is unaware of any discussion among the parties regarding a proposed procedural schedule. Therefore, the OSBA proposes the following procedural schedule:

Company Direct Testimony: October 3rd

Non-Company Direct Testimony: October 31st

All Party Rebuttal Testimony: November 28th

All Party Surrebuttal Testimony: December 12th

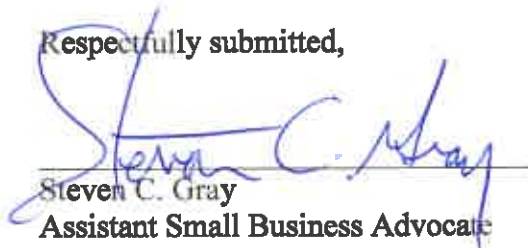
Evidentiary Hearings in Harrisburg: Tuesday & Wednesday, December 19th & 20th

Main Briefs: January 5th

Reply Briefs: January 12th

In light of the Governor's restriction on travel for those offices under his jurisdiction, the OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,



Steven C. Gray
Assistant Small Business Advocate
Attorney ID # 77538

Pennsylvania Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: September 26, 2017

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Customer Accounts from Intra-Month Calendar Month :
Billing and Balancing Pools; and to Recover Associated :
Costs pursuant to 66 Pa.C.S §2205(c)(7) :**

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Elizabeth H. Barnes
Administrative Law Judge
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(Email and Hand Delivery)

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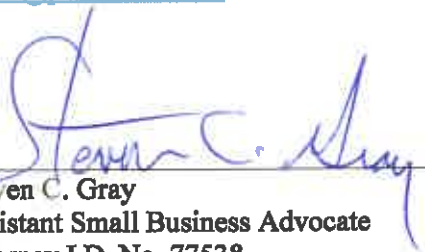
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DATE: September 26, 2017



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