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February 28, 2019

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pa PUC v. UGI Utilities, Inc. – Gas Division
Docket No. R-2018-3006814

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct energy Business Marketing, LLC's ("Direct Energy") Petition to Intervene with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Kristine E. Marsilio

KEM/lww
Enclosure

cc: Office of Administrative Law Judge w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy's Petition to Intervene upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

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Dated: February 28, 2019



Kristine E. Marsilio, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utilities Commission : Docket No. R-2018-3006814
v. :
UGI Utilities, Inc. – Gas Division :

**PETITION TO INTERVENE OF DIRECT ENERGY BUSINESS,
LLC, DIRECT ENERGY SERVICES, LLC, AND DIRECT
ENERGY BUSINESS MARKETING, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75, Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively, “Direct Energy”) petitions to intervene in the above-captioned proceeding filed on behalf of UGI Utilities, Inc. (“UGI” or the “Company”) at the Pennsylvania Public Utility Commission (the “Commission”). In support of its Petition to Intervene, Direct Energy states as follows:

1. On January 29, 2019, UGI filed Supplement No. 267 to its Tariff Gas PA PUC No. 7 and 7S (“Supplement No. 267”). In Supplement No. 267, UGI proposes to increase rates by approximately \$71.1 million per year, unified base rates and PGC rates, and various other riders and rules, including new daily balancing tolerances and modified cash-in/cash-out rules.

2. Direct Energy is a natural gas supplier (“NGS”) licensed by the Commission to provide natural gas and related services to retail customers in the UGI service territory.¹ Direct Energy is wholly owned by Direct Energy Business, LLC, which is a subsidiary of Direct Energy Services, LLC. Being part of the Direct Energy family, Direct Energy Services, LLC is wholly

¹ See PUC Docket Nos. A-125072 (Direct Energy Business, LLC), A-125135 (Direct Energy Services, LLC) and A-2013-2365792 (Direct Energy Business Marketing, LLC).

owned by its ultimate parent company: Centrica pic. Through these corporate structure, Direct Energy and its affiliated companies are one of North America's largest energy and energy-related services providers with over 4 million residential and commercial customer relationships. A subsidiary of Centrica pic, one of the world's leading integrated energy companies, Direct Energy and its affiliates operate in 46 states including the District of Columbia and 10 provinces in Canada. Direct Energy has a unique business model, and extensive experience in providing innovative gas and electricity products and services to residential, small and large commercial and industrial customers, utilities, and government entities.

3. Direct Energy's attorneys in this matter are:

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4. The Commission's regulations allow intervention where a person has an interest in the proceeding which may be directly affected and which is not adequately represented by existing parties, and as to which the person may be bound by the action of the Commission in the proceeding. 52 Pa. Code § 5.72(a)(2). Intervention is also permitted where participation of the person may be in the public interest. 52 Pa. Code § 5.72(a)(3). A "person" includes a corporation and an association. 52 Pa. Code § 1.8.

5. Direct Energy meets the standards for intervention set forth in 52 Pa. Code § 5.72(a). As an NGS in the Company's service territory and in the Commonwealth, Direct Energy satisfies the standard for intervention because Direct Energy possesses an "interest which may be

directly affected and which is not adequately represented by existing participants, and as to which the petitioner may be bound by the action of the Commission in the proceeding.” 52 Pa. Code § 5.72(a)(1).

6. Specifically, as an NGS in the Company’s service territory, Direct Energy has a direct and substantial interest in UGI’s proposals related to non-choice transportation rules, including, but not limited to, the following:

- The Company has proposed to reduce the number of regions having differing delivery requirements from twelve to five, with associated delivery requirements commencing November 1, 2020. UGI St. 12 at 10.
- The Company’s proposal requires transportation customers to make deliveries on the major interstate pipelines that deliver into its service territory. The Company also proposes that additional supply sources from local production wells, gathering systems, and other pipelines may be used to fulfill a required interstate pipeline delivery. UGI St. 12 at 11-12. Direct Energy has substantial concerns that all of the alternate delivery options are owned and operated by UGI Energy Services, an affiliate of UGI Utilities, which gives this UGI affiliate a competitive advantage over all other suppliers, including Direct Energy.
- The UGI filing contains a proposed 4.5% daily balancing tolerance. The Company does not propose any changes to the monthly balancing tolerances, which are currently set at 10%. UGI St. 12 at 12-13.
- The Company has proposed to post a list of customer account numbers and corresponding customer regions on its GIS website that would be available to NGSs after submitting their login information. UGI St. 12 at 10.
- The Company is not proposing to provide a Columbia-related cash-in or cash-out index. UGI St. 12 at 14.
- Related to capacity release to non-choice transportation customers, the proposed uniform rules essentially adopt rules prevailing in the current North Rate District and extend them to areas encompassed in the current South and Central Rate Districts as well. The Company proposes for capacity release rules to become effective upon the conclusion of the proceeding, which is expected to occur in October of 2019. UGI St. 12 at 14-17.

These proposals must be thoroughly reviewed and analyzed to determine whether they are reasonable and to ensure that they will not negatively impact the delivery of natural gas on the Company’s system or suppliers operating in the Company’s service territory and will not have an

adverse effect on the ability of UGI distribution customers to access lower priced gas and more innovative services available in the competitive market. In adopting unified non-choice transportation rules, the Commission should also consider whether additional modifications are necessary to maximize system efficiency.

7. As an NGS in the Company's service territory, Direct Energy also has a direct and substantial interest in the following proposals:

- The Company has proposed to carry-over existing choice rules, with the "strawman proposal" modifications discussed during the UGI merger collaborative. UGI St. 12 at 18-19.
- The Company proposes to adopt a unified gas supply portfolio. UGI St. 12 at 19.
- The Company proposes to upgrade its gas information system website to support the proposed consolidated transportation rules. UGI St. 12 at 21-22.
- The Company proposes a unified surety calculation for Choice suppliers. UGI St. 8 at 39.
- The Company has proposed to extend its Purchase of Receivables Program. UGI St. 8 at 40.

Direct Energy reserves the right to raise additional issues as they are discovered in the course of the proceeding. UGI's filing must be thoroughly reviewed and analyzed to determine whether the various proposals and changes are reasonable and to ensure that they will not negatively impact the delivery of natural gas on the Company's system or suppliers operating in the Company's service territory. In adopting unified choice transportation rules, the Commission should also consider whether additional modifications are necessary to obtain transparency into Choice rates and to maximize system efficiency.

8. As an NGS licensed to serve customers in the UGI service territory, Direct Energy has a substantial and direct interest in the outcome of this proceeding. Any changes to the UGI supplier tariffs, or the services provided thereunder, may affect Direct Energy's operations and

impact its ability to compete for and service customers in the UGI service territories. Further, any changes to UGI rates, or the operation or structure of any UGI programs, will have a significant effect on the level of retail competition in the Company's service territory and, thus, on the ability of Direct Energy to continue to operate as an NGS in that territory.

9. Direct Energy also has an interest in ensuring that the proposals of other parties that are advanced through testimony, legal arguments, or settlement discussions do not adversely impact Direct Energy's ability to effectively operate as an NGS in the UGI service territory.

10. Direct Energy's interests in this proceeding are unique from and not adequately represented by other parties that may seek to intervene, including individual NGSs, or other organizations interested in natural gas competition in Pennsylvania in general and in these service territories in particular. Direct Energy has a unique business model and its interests and perspective are unique. In view of Direct Energy's unique business model, Direct Energy's interests in this proceeding cannot be adequately represented by other NGSs with different business models and different customer target markets.

11. Direct Energy will be bound by the action of the Commission in this proceeding, as well as the terms and conditions related to UGI's tariff. Thus, the Commission's actions regarding the Companies' proposals may have a substantial impact on Direct Energy's future involvement in the market.

12. Direct Energy's intervention is in the public interest. As a member of the Centrica group of companies providing energy and energy related services through over 28 million customer relationships worldwide, Direct Energy has the experience and resources to aid the Commission in establishing reasonable modifications to the UGI tariff. Accordingly, Direct

Energy's participation in this proceeding is clearly in the public interest. See 52 Pa. Code § 5.72(a)(3).

13. Direct Energy reserves the right to raise and address additional issues identified through its review and analysis of the filing (and related information), or other issues raised by other parties.

WHEREFORE, Direct Energy respectfully requests that the Commission grant Direct Energy's Petition to Intervene and that Direct Energy be granted full party status in this matter.

Respectfully submitted,



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Date: February 28, 2019

Attorneys for
Direct Energy Business, LLC, Direct Energy
Services, LLC, and Direct Energy Business
Marketing, LLC

Verification

I, Kristine E. Marsilio, state that I am an Attorney of Record for Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (“Direct Energy”) and that I am authorized to make this verification on its behalf. I hereby state that the facts set forth in the foregoing Petition to Intervene are true and correct to the best of my knowledge, information and belief and that I expect Direct Energy to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to sworn falsification to authorities).

Kristine E Marsilio

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