



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

March 1, 2022

**Via Electronic Filing**

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

Re: Pennsylvania Public Utility Commission v.  
UGI Utilities, Inc. – Gas Division  
Docket No. R-2021-3030218  
**I&E Prehearing Memorandum**

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Prehearing Memorandum of the Bureau of Investigation and Enforcement (I&E)** for the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Carrie B. Wright'.

Carrie B. Wright  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 208185  
(717) 783-6156  
[carwright@pa.gov](mailto:carwright@pa.gov)

CBW/ac  
Enclosures

cc: Deputy Chief Administrative Law Judge Joel H. Cheskis (*via email*)  
Administrative Law Judge Gail M. Chiodo (*via email*)  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2021-3030218
	:	
UGI Utilities, Inc. - Gas Division	:	
Base Rates	:	

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**PREHEARING MEMORANDUM  
OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT**

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**TO ADMINISTRATIVE LAW JUDGES JOEL CHESKIS AND GAIL CHIODO:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned consolidated proceedings.

The Bureau of Investigation and Enforcement Prosecutor in these proceedings will be Carrie B. Wright. Contact information is as follows:

By mail:	Carrie B. Wright Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120
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By e-mail:	<a href="mailto:carwright@pa.gov">carwright@pa.gov</a>
By telephone:	(717) 783-6156
By fax:	(717) 772-2677

## **I. INTRODUCTION**

On January 28, 2022, UGI Utilities, Inc. - Gas Division (“UGI Gas” or “Company”) filed its proposed Tariff Gas - Pa. P.U.C. Nos. 7 and 7S Supplement No. 32, with a proposed effective date of March 29, 2022. The rates set forth in Supplement No. 32 to Tariff Nos. 7 and 7S, if approved by the Commission, would increase UGI Gas’s annual jurisdictional revenues by \$82.7 million, or by 7.8%. Supplement No. 6 also proposes additional changes to tariff rates, riders, and tariff terms and conditions as described in the filing.

I&E filed its Notice of Appearance regarding this proceeding on February 3, 2022. Also on February 2, 2022, the Office of Consumer Advocate (“OCA”) filed a Formal Complaint and Notice of Appearance in this proceeding. The Office of Small Business Advocate (“OSBA”) filed its Notice of Appearance and Public Statement on February 17, 2022.

On February 24, 2022, the Commission entered an Order suspending the implementation of proposed Supplement No. 32 to Tariffs 7 and 7S by operation of law until October 29, 2022, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained in proposed Supplement No. 32 to Tariffs 7 and 7S.

A dual-location telephonic Prehearing Conference is scheduled for March 2, 2022, at 10:00 am before Administrative Law Judges Joel Chesksis and Gail Chiodo.

## II. ISSUES

The following list represents I&E's preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Overall Rate of Return
- Cost of Debt
- Cost of Equity
- Management Performance
- Capital Structure
- Fully Projected Future Test Year
- Gas Production Expense
- Gas Supply Production Expense
- Transmission Expense
- Distribution Expense
- Customer Accounts Expense
- Uncollectible Expense
- Customer Information & Services Expense
- Sales Expense
- Administrative & General Expenses
- Amortization Expense
- Taxes Other than Income taxes
- Income Taxes
- Cash Working Capital (CWC)
- Employee Payroll Expense
- Employee Benefits
- Rate Case Expense
- Review of Get Gas main extension program
- Review of main extension policies separate from Get Gas territories
- Cross subsidization
- Plant In-Service
- Budgeted Plant Additions and Retirements
- Service Lives
- Accrued Deprecation
- Gas Inventory
- Materials and Supplies

- Customer Deposits
- Annual Depreciation Expense
- Test Year
- Rate Base
- Present Rate Revenue
- Interruptible Service Revenue
- Number of R/RT Heating Customers
- Number of N/NT Customers
- Present Rate Revenue Summary
- Proposed Rate Revenue-R/RT Class (Customer Charges)
- Proposed Rate Revenue-DS Class (No Scale Back)
- Scale Back of Rates
- Cost of Service
- Revenue - Average Use Per Customer - Usage Decline
- Energy Efficiency and Conservation Plan (EE&C)
- Cost of Service
- Rate Structure
- Rate Design
- Customer Charges
- Gradualism
- Rate Shock
- UGI Long Term Infrastructure Improvement Plan
- DIMP risk rankings and risk reduction
- Classes of leaks, leak statistics and leaks per mile
- Pipeline replacement costs including restoration costs
- Other gas safety issues

### **III. WITNESSES**

It is currently expected that I&E may call the following expert witnesses without being limited thereto:

- Anthony Spadaccio, Fixed Utility Financial Analyst
- Brian LaTorre, Fixed Utility Financial Analyst
- Joseph Kubas, Fixed Utility Valuation Engineer Supervisor
- Ethan Cline, Fixed Utility Valuation Engineer
- Esyan Sakaya, Fixed Utility Valuation Engineer
- Zachari Walker, Fixed Utility Financial Analyst
- Jessalynn Heydenreich, Pipeline Safety Engineer

The I&E witnesses may be contacted through the information listed above for Ms. Wright. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

#### **IV. EVIDENCE**

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, supplemental testimony, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

#### **V. DISCOVERY**

I&E will work with the parties to determine the appropriate discovery modifications in this proceeding.

#### **VI. SCHEDULE**

I&E will work with the parties and the ALJs to develop a schedule in this proceeding.

#### **VII. PUBLIC INPUT HEARINGS**

To the extent that public input hearings occur in this proceeding, I&E requests these hearings be held telephonically.

## VIII. SERVICE OF DOCUMENTS

The Commission's March 20, 2020 Emergency Order,<sup>1</sup> which was controlling regarding electronic service of documents, expired on September 30, 2021. In anticipation of the expiration of the March 20 Order, the Commission issued a new Order on September 15, 2021 regarding the regulations controlling service requirements.<sup>2</sup> Pursuant to the September 15 Order, the Commission recognized, for purposes of satisfying service of documents requirements:

... that some of the measures we implemented significantly benefitted the operational needs of the Commission, the public and the regulated community. Specifically, the electronic service requirements we adopted were essential to ensuring continued, uninterrupted operations, providing needed flexibility. Therefore, in order to maintain that flexibility to respond to operational demands, we will waive certain regulatory service provisions, consistent with our previous actions.<sup>3</sup>

Further, the Commission stated:

... some of the operational restraints occasioned by the pandemic remain. ... Toward this end, we will continue to permit electronic service *by* the Commission on all parties, regardless of whether a particular party has agreed to electronic service. ... Additionally, service *on* Commission staff in proceedings pending before it, whether staff is a party or otherwise, shall be exclusively electronic unless the parties agree otherwise.<sup>4</sup>

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<sup>1</sup> Docket No. M-2020-3019262, *Re: Suspension of Regulatory and Statutory Deadlines, Modification to Filing and Service Requirements* ("March 20 Order").

<sup>2</sup> Docket No. M-2021-3028321, *Re: Waiver of Regulations Regarding Service Requirements* ("September 15 Order").

<sup>3</sup> September 15 Order, p. 3.

<sup>4</sup> *Id.*, p. 6.

Therefore, for purposes of satisfying in-hand service requirements for discovery responses, prepared testimony, briefs and other documents during this proceeding, and consistent with the Commission's September 15 Order, I&E requests that electronic delivery of documents continue to satisfy the service requirements without the need to follow up with hardcopies.

#### **IX. SETTLEMENT**

I&E will maintain an open dialogue and is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright". The signature is enclosed in a thin black rectangular border.

Carrie B. Wright  
Prosecutor  
PA Attorney ID No. 208185

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120  
(717) 783-6156

Dated: March 1, 2022



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No.: R-2021-3030218
	:	
UGI Utilities, Inc. – Gas Division	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 1, 2022, in the manner and upon the persons listed below:

**Served via Electronic Mail Only**

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A handwritten signature in cursive script that reads "Carrie B. Wright". The signature is written in black ink and is positioned above a horizontal line.

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