

COMMONWEALTH OF PENNSYLVANIA



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June 13, 2024

**Via Electronic Email**

The Honorable Dennis J. Buckley  
The Honorable Alphonso Arnold III  
Office of Administrative Law Judge  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission  
v.  
UGI Utilities, Inc. - Gas Division  
Docket No. R-2024-3048828

Dear Judge Buckley and Judge Arnold:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted

/s/Emily A. Farren  
Emily A. Farren  
Assistant Consumer Advocate  
PA Attorney I.D. # 322910  
EFarren@paoca.org

Enclosures

cc: PUC Secretary Rosemary Chiavetta (Letter and Certificate of Service Only)  
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
v. : Docket No. R-2024-3048828  
UGI Utilities, Inc. – Gas Division :

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 13<sup>th</sup> day of June 2024.

SERVICE BY E-MAIL ONLY

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Date: June 13, 2024

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2024-3048828
UGI Utilities, Inc. – Gas Division	:	

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PREHEARING MEMORANDUM  
OF THE OFFICE OF CONSUMER ADVOCATE

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Before the Pennsylvania Public Utility Commission (Commission), pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in response to the June 12, 2024 Prehearing Conference Order issued by the Honorable Administrative Law Judges (ALJs) Dennis Buckley and Alphonso Arnold III in the above-captioned matter, the Office of Consumer Advocate (OCA) hereby submits this Prehearing Conference Memorandum.

**I. PROCEDURAL HISTORY**

On May 1, 2024, UGI Utilities, Inc. – Gas Division (UGI or Company) submitted its purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code §§ 53.64, 53.65. On May 31, 2024, the Company submitted its definitive filing including its annual PGC pro forma tariff supplement pursuant to 66 Pa.C.S. § 1307(f). The Commission assigned the proceeding to the Office of Administrative Law Judge (OALJ) and thereafter to ALJs Buckley and Arnold. On May 17, 2024, the OCA filed a Formal Complaint. On June 12, 2024, the OALJ issued a Notice scheduling a Call-In Telephonic Prehearing Conference for June 14, 2024. Additionally, on June 12, 2024, ALJs Buckley and Arnold issued a Prehearing Conference Order setting forth the parties’ obligations with respect to the Prehearing Conference and directing the parties to prepare and distribute prehearing memoranda by June 13, 2024.

## II. ISSUES

The Consumer Advocate intends to ensure that UGI's proposed PGC rates are consistent with a least cost fuel procurement policy and do not result in rates or charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulations or policy.

The following list sets forth a more specific identification of the issues that OCA anticipates it will investigate and may raise, in addition those discussed above:

1. Reasonableness and prudence of historic purchased gas costs, and assessment of compliance with Commission Orders in prior 1307(f) cases;
2. Reasonableness and accuracy of estimating gas costs during the interim and prospective periods;
3. Reasonableness and prudence of the Company's gas supply mix, including purchases of local gas suppliers, the use of LNG, and price volatility risk management programs and policies;
4. Reasonableness and prudence of the Company's mix of demand entitlements, storage and local production, to include an assessment of the reasonableness of the Company's estimate of design day requirements;
5. Reasonableness and prudence of contracts with pipelines and suppliers, and in particular, long-term contracts that provide for special reservation charges, minimum take commitments, or other fixed contract requirements, especially in light of any other subsidies or unreasonable discrimination between customer classes;
6. Reasonableness and prudence of the Company's use of capacity release, off-system sales and interruptible sales, and the crediting of such revenues to PGC ratepayers and UGI;

7. Assessment of the value of the purchased gas cost incentive mechanisms as components of a least cost fuel procurement policy. These may include incentive mechanisms for off-systems sales and capacity release;
8. Reasonableness of sales volumes projections;
9. Technical issues pertaining to the gas cost recovery mechanism, including computation of quarterly adjustments to purchased gas costs, treatment of supplier refunds, provision of carrying costs associated with gas in storage, interest on gas overcollections, and proper computation of the E-factor and migration riders; and
10. Reasonableness of hedging transactions and strategies entered into under the terms of previous settlements involving UGI.

The OCA anticipates that other issues may arise as its investigation into this matter continues. Therefore, the OCA specifically reserves the right to raise additional issues as this matter proceeds.

### **III. SERVICE ON THE OCA**

The OCA will be represented in this matter by Deputy Consumer Advocate Melanie Joy El Atieh and Assistant Consumer Advocate Emily A. Farren. For the purposes of the Prehearing Conference, the OCA will be represented by Melanie Joy El Atieh. Copies of all documents should be served on the OCA as follows:

Melanie Joy El Atieh, Deputy Consumer Advocate  
Emily A. Farren, Assistant Consumer Advocate  
E-Mail: [OCA1307F2024@paoca.org](mailto:OCA1307F2024@paoca.org)

### **IV. WITNESSES**

The OCA intends to present the direct, rebuttal, and surrebuttal testimony of its witness, as may be necessary. The OCA's witness will present testimony in written form and will attach

various exhibits, documents, and explanatory information to assist in the preparation of the OCA's cases. In order to expedite the resolution of this matter, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be emailed directly to the OCA's witness at the addresses below as well as counsel for the OCA.

Jerome D. Mierzwa  
Exeter Associates, Inc.  
10480 Little Patuxent Pkwy, Suite 300  
Columbia, MD 21044-3575  
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The OCA specifically reserves the right to call additional witnesses, as necessary. At the time at which the OCA determines that additional witnesses are necessary for any portion of its case, the OCA will promptly notify ALJs Buckley and Arnold and all parties of record.

#### **V. DISCOVERY**

The OCA's proposed modifications to the Commission's discovery regulations are attached as Appendix A. The OCA believes that these modifications will assist the parties in clarifying and narrowing issues and developing a complete record for the Commission. Additionally, the OCA respectfully requests that, if adopted, the proposed modifications take effect on the date of the Prehearing Conference.

#### **VI. PUBLIC INPUT HEARINGS**

The OCA is not requesting a public input hearing at this time as it has not received any requests for public input hearings as of the time of the filing of this prehearing memorandum. Should such a request be received, the OCA will promptly advise ALJs Buckley and Arnold and the parties of the same.

## VII. LITIGATION SCHEDULE

The OCA will continue to work with the other parties to agree to a procedural schedule. For the deadlines in the final schedule, the OCA requests that the dates be considered “in-hand” dates and that electronic service on the due date will satisfy the “in-hand” requirement.

The OCA requests that other parties direct testimony be due no earlier than Friday, June 28, 2024.

## VIII. SETTLEMENT

The OCA will fully participate in settlement discussions with the parties at the appropriate time during this proceeding.

Respectfully Submitted,

/s/ Emily A. Farren

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DATE: June 13, 2024

APPENDIX A  
BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2024-3048828
UGI Utilities, Inc. – Gas Division	:	

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OCA PROPOSED DISCOVERY  
RULE MODIFICATIONS

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In conjunction with its proposed schedule, the OCA proposes the following modifications to the Commission’s procedural rules regarding discovery. The OCA requests that the Presiding Officer direct that the modifications will take effect when addressed during the on the record prehearing conference and apply to all future discovery requests served as of the day of the prehearing conference.

- A. Answers to written interrogatories and requests for document production, entry for inspection, or other purposes shall be served in-hand within ten (10) calendar days of service.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within three (3) calendar days of service of the interrogatories; unresolved objections shall be served in writing to the propounding party within five (5) calendar days of service of the interrogatories and/or requests for production.
- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of written objections.
- D. Answers to motions to dismiss objections and/or answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of such motions.
- E. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.

- F. Answers to on-the-record data requests shall be served in-hand within five (5) calendar days of the requests.
- G. Any discovery or discovery-related pleadings (such as objections, motions, and answers to same) served after served after 4:30 p.m. Monday through Thursday or after 1:30 p.m. on a Friday or the day before a holiday will be deemed to have been served on the next business day for purposes of calculating the due date for any responsive filing.

After rebuttal is served, the OCA proposes that the deadlines should be reduced as follows:

- A. Answers to interrogatories and responses to requests for document production, entry for inspection, or other purposes shall be served within five (5) calendar days of service of the interrogatories or requests for production.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within two (2) calendar days of service; unresolved objections shall be served on the propounding party in writing within three (3) calendar days of service of the interrogatories and/or requests for production.
- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within two (2) calendar days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within two (2) calendar days of service of such motions.
- E. Requests for admission shall be deemed admitted unless answered or objected to within three (3) calendar days of service.
- F. Discovery requests and discovery related pleadings (such as objections, motions, and answers to same) served after 4:30 p.m. Monday through Thursday or after 1:30 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.