

COMMONWEALTH OF PENNSYLVANIA



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June 25, 2024

Via Electronic Filing

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

Re: Petition of UGI Utilities, Inc. – Electric
Division For Approval of its Default Service
Program for the Period from
June 1, 2025 through May 31, 2029
Docket No. P-2024-3049343

Dear Secretary Chiavetta:

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/ Harrison W. Breitman
Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
HBreitman@paoca.org

Enclosures

cc: The Honorable Dennis Buckley (*via email only*)
The Honorable Alphonso Arnold (*via email only*)
Certificate of Service

CERTIFICATE OF SERVICE

Petition of UGI Utilities, Inc. – Electric :
Division For Approval of its Default Service : Docket No. P-2024-3049343
Program for the Period from June 1, 2025, :
through May 31, 2029 :

I hereby certify that I have this day 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. This document was filed electronically on the Commission’s electronic filing system.

Dated this 25th day of June 2024.

SERVICE BY E-MAIL ONLY

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/s/Harrison W. Breitman
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Assistant Consumer Advocate
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Date: June 25, 2024

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Utilities, Inc. – Electric :
Division For Approval of its Default Service :
Program for the Period from : Docket No. P-2024-3049343
June 1, 2025 through May 31, 2029 :

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. Section 333, and in response to the June 13, 2024 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On May 31, 2024, UGI Utilities, Inc. – Electric Division (UGI Electric or the Company) filed a Petition (Petition) with the Pennsylvania Public Utility Commission (Commission) seeking approval of its default service program (DSP V) and procurement plans for the period June 1, 2025 through May 31, 2029.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judges (ALJs) Dennis Buckley and Alphonso Arnold for investigation and the scheduling of hearings. On June 13, 2024, the ALJs issued a Prehearing Conference Order indicating that a Prehearing Conference was scheduled for June 28, 2024. This Order also detailed the parties’ obligations with respect to the Prehearing Conference.

On June 21 2024, the OCA filed an Answer in response to the Company's Petition and its Notice of Intervention and Public Statement. The OCA submits this Prehearing Memorandum in accordance with the Prehearing Conference Order in this matter.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the DSP. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Aggregation of Small Commercial Load with Residential Load: Through the OCA's preliminary review, it has identified concerns with the aggregation of residential load with small commercial load as proposed by the Company in the General Service Rate (GSR)-1 group. Through this aggregation, residential customers may face a risk of higher costs due to the greater risk of load migration associated with the commercial load. A higher migration risk presents a higher bid price for full requirements supply contracts as potential bidders calculate that risk into their bid. However, this arrangement also presents the possible benefit of a higher load factor for residential customers, which could provide some benefit. As such, the OCA requests that this aggregation be examined to ensure that it does not result in undue harm to customers.
- Proposed Mix of Block Products and FPFPR Contracts: UGI is proposing to utilize block purchases, in addition to Fixed Price Full Requirements (FPFR) contracts to service customers. The OCA has concerns that this mix may result in excessive load fluctuation or volumetric risk for the FPFPR suppliers and may not result in the least cost over time. The OCA will examine this mix of Block Products and FPFPR contracts to ensure that the mix is prudent and will lead to least cost over time.
- Purchasing schedule: Under the Company's proposal, the GSR-1 group would be subject to the full extent of market fluctuations in a year, with the exception of the 20-Megawatt (MW) Around-the-Clock (ATC) block which would have a duration of 24 months. The OCA will examine whether the addition of 24-month contracts would protect customers from the harms of one year market fluctuations to some extent. The addition of two-year contracts may also increase bidding competition as the bids would be for a longer term. As such, the OCA will examine the proposed mix of contracts to ensure that it is prudent.
- Relative Cost Factor: The Company is proposing to apply a factor of 1.02 to the residential Price to Compare (PTC), and a factor of .93 for non-residential PTC. UGI St. 3 at 11. This adjustment is based on a study conducted as a part of DSP IV. UGI

St. 3 at 11. Through an initial review, the OCA has identified concerns with this study, as well as the resulting price factors and as such more investigation is required. The proposed relative cost factor, as well as its underlying study, will be carefully examined by the OCA to ensure that it is accurate and does not unduly shift costs.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of its witness. The OCA's witness will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be e-mailed directly to the OCA's witness at the addresses below, as well as e-mailing a copy to counsel for the OCA.

Dr. Serhan Ogur
Exeter Associates, Inc.
Suite 300
10480 Little Patuxent Parkway
Columbia, MD 21044
E-mail: sogur@exeterassociates.com

The OCA specifically reserves the right to call additional witnesses, as necessary. If the OCA determines that an additional witness or witnesses will be necessary for any portion of its case, the OCA will promptly notify the ALJs and all parties of record.

IV. SERVICE ON OCA

The OCA will be represented in this case by Assistant Consumer Advocate Harrison W. Breitman. Two copies of all documents should be served on the OCA as follows:

Harrison W. Breitman
Assistant Consumer Advocate
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In addition, the OCA requests that all electronic correspondence be copied to Ryan Marshall (RMarshall@paoca.org).

V. DISCOVERY

Due to the limited time for discovery and preparation of testimony in default service cases, the OCA anticipates that the Company will propose a series of discovery modifications in its Prehearing Memorandum. The OCA will support these modifications.

VI. PROPOSED SCHEDULE

The OCA proposes the following litigation schedule:

Prehearing Conference	June 28, 2024
Other Party Direct Testimony	August 2, 2024
Rebuttal Testimony	August 30, 2024
Surrebuttal Testimony	September 25, 2024
Hearings (including oral rejoinder)	September 30-October 1, 2024
Main Briefs	October 15, 2024
Reply Briefs	October 25, 2024

VII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will promptly notify the ALJ and request a public input hearing should circumstances warrant.

VIII. SETTLEMENT

At present, settlement discussions have not been scheduled. The OCA will participate fully in settlement negotiations at the appropriate time.

Respectfully Submitted,

/s/ Harrison W. Breitman
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Counsel for:
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Dated: June 25, 2024