

COMMONWEALTH OF PENNSYLVANIA



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Interim Acting Consumer Advocate

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February 7, 2025

**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-2024-3052716

Dear Secretary Chiavetta:

Attached for electronic filing, please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this proceeding.

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

Respectfully submitted,

/s/ Christy M. Appleby  
Christy M. Appleby  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
CApplby@paoca.org

Enclosures

cc: The Honorable Charles E. Rainey, Jr. (email only: crainey@pa.gov)  
Office of Special Assistants (email only: ra-OSA@pa.gov)  
Paul Diskin, TUS (email only: pdiskin@pa.gov)  
Darren Gill, TUS (email only: dgill@pa.gov)  
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2024-3052716  
 :  
 UGI Utilities, Inc. – Gas Division :  
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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 Formal Complaint and Public Statement, 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 7th day of February 2025.

SERVICE BY E-MAIL ONLY

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Lindsay A. Berkstresser  
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Darryl A. Lawrence  
Interim Acting Consumer Advocate

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Dated: February 7, 2025

/s/ Christy M. Appleby  
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**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Formal Complaint**

**1. CUSTOMER NAME (COMPLAINANT)**

Darryl A. Lawrence, Interim Acting Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Dauphin County  
Phone: (717) 783-5048

**2. UTILITY NAME (RESPONDENT)**

UGI Utilities, Inc. – Gas Division – Docket No. R-2024-3052716

**3. TYPE OF UTILITY**

Natural Gas

**4. COMPLAINT**

A. On January 27, 2025, UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) filed Supplement No. 55 to Tariff Gas – PA. P.U.C. Nos. 7 and 7-S (Supplement No. 55). Through Supplement No. 55, the Company proposes to increase rates to produce additional overall annual operating revenues of \$110.4 million, or an increase of 9.7% to become effective March 28, 2025. A full suspension by the Public Utility Commission (Commission) would delay the increase until September 28, 2025.

B. The Company is engaged in the business of furnishing natural gas to approximately 688,591<sup>1</sup> residential, commercial, and industrial customers in over 46 counties throughout Pennsylvania.

C. If the Company’s entire request is approved, the total bill for a residential heating customer using an average of 73.7 hundred cubic feet (CCF) per month would increase from

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<sup>1</sup> This customer count is as of September 30, 2024, per the UGI Gas filing.

\$104.47 to \$115.74 per month or by 10.8%. The OCA is investigating the basis for and calculation of the estimated bill increase to ensure that they are consistent with applicable standards and will produce just and reasonable rates.

D. The proposed natural gas rate changes noted above do not reflect the changes that will be experienced by all customers; rather they only reflect changes for customers using what UGI Gas has asserted is the “typical” usage for residential customers. In the OCA’s experience, the increases reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers.

E. The Company is proposing to allocate approximately \$83 million, or 75.3% of the proposed increase, to the residential customer class. The Company produces this result, in part, by proposing to increase the average residential monthly customer charge, which is a charge a customer pays no matter how little or how much natural gas they consume, by \$4.95, or by 33%, from \$15.00 to \$19.95.

F. In addition, the Company proposes to finalize the transition to uniform rates by taking the remaining step to unify Rates N/NT and Rate DS in this proceeding consistent with the terms set forth in the Commission’s Opinion and Orders entered at Docket Nos. R-2019-3006814 and R-2019-3015162.

G. The Company states that its proposal is driven by several factors, including a need to earn a fair return on its investments, infrastructure replacement programs, upgrades to technology and employee training resources, and employee compensation and cost increases.

H. If the Company’s request is approved by the Commission, the Company would be allowed to earn an overall rate of return of 8.42%, which includes the Company’s claim for an 11.20% return on equity. The Company’s claim for an 11.20% return on equity includes the

Company's claim for a 0.20% management performance adjustment, which the Company alleges is to reflect the Company's strong performance of management in customer service and effectiveness.

I. The Company's proposed rate of return appears to be excessive and, if accepted would result in rates that are unjust and unreasonable in violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*, sound ratemaking principles, and public policy. The proposed capital structure is also likely to be found to be excessive and, if adopted, would result in rates that are unjust and unreasonable in violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §1301, *et seq.*, sound ratemaking principles, and public policy.

J. The Company is also proposing to continue its pilot Weather Normalization Adjustment (WNA) tariff rider to normalize weather sensitive usage by customers between October and May. The WNA charges customers between these months when it is warmer than normal, and credits customers when it is colder than normal on a service rendered basis.

K. The Company claims that it intends to improve the quality and effectiveness of its management performance by improving customer service, reliability of distribution, safety, environmental programs, community service, and diversity and inclusion programs. The Company alleges that these improvements support its claimed rate of return.

L. The Office of Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission), pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*

M. A preliminary examination of the Company's Tariff and Supplement No. 55 indicates that the Company's existing and proposed changes in rates, rules and regulations may be

unjust, unreasonable, in violation of the law and will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*

N. The Office of Consumer Advocate also avers that the proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.

O. In reaching a decision on whether to grant UGI Gas's rate increase as well as its various rule and tariff changes, the Public Utility Commission must give "due consideration to the interests of consumers." 71 Pa. Stat. Ann. §309-5(2).

P. A preliminary examination of UGI Gas's general rate increase request indicates that the rates requested, including specific elements of its request, for example, but not limited to, rate of return, revenue allocation, proposed customer charges, rate design, and the WNA, may not be just and reasonable and otherwise may be in violation of the law.

Q. The Office of Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates--and any and all rate policy changes--are just and reasonable and are not unduly discriminatory or otherwise unlawful.

## **5. RELIEF**

The Office of Consumer Advocate respectfully requests that the Commission take the following actions:

A. Suspend and investigate the operation of Supplement No. 55 to Tariff Gas – PA. P.U.C. Nos. 7 and 7-S, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

B. Enter a suspension order at the next scheduled Public Meeting following the date of this Complaint, which is February 20, 2025, in order to expedite this matter being assigned to the Office of Administrative Law Judge, which would allow the commencement of necessary procedural steps for purposes of developing a reasonable procedural schedule in which the parties may litigate;

C. Direct the Office of Administrative Law Judge to use the September 11, 2025, Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;

D. Consolidate all complaints filed against the proposed increases for natural gas service;

E. Ensure that UGI Gas has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission's Regulations;

F. Hold full evidentiary hearings examining the reasonableness of UGI Gas's current rates and its proposed increases;

G. After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in UGI Gas's service territory, as well as by telephone or virtually, in order to provide UGI Gas customers with an opportunity to be heard on the record;

H. Deny any inclusion into rate base of any plant that is not reasonably projected to be used and useful within the FPFTY, deny any charges or changes contained in the proposal which would result in unjust and unreasonable rates, or cannot be fully justified by UGI Gas, or otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and

I. Grant such other relief that the Commission may deem appropriate.

**6. VERIFICATION AND SIGNATURE**

*Verification:*

*I, Darryl A. Lawrence, Interim Acting Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect 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 unsworn falsification to authorities).*

*/s/ Darryl A. Lawrence*

February 7, 2025

\_\_\_\_\_  
**(Signature)**

\_\_\_\_\_  
**(Date)**

**7. LEGAL REPRESENTATION**

Christy M. Appleby, Senior Assistant Consumer Advocate, PA Bar No. 85824  
Jacob D. Guthrie, Assistant Consumer Advocate, PA Bar No. 334367  
Katherine “Katie” Kennedy, Assistant Consumer Advocate, PA Bar No. 317237

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Office of Consumer Advocate to represent the interest of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Office of Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the proposed rate increase requested by UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) docketed at R-2024-3052716.

The Company is engaged in the business of furnishing natural gas to approximately 688,591 residential, commercial, and industrial customers in over 46 counties throughout Pennsylvania. The proposed tariff, if approved, would allow the Company an increase of approximately \$110.4 million, or 9.7%, to its annual operating revenues. The Company would also be allowed an overall rate of return of 8.42% which includes a 11.20% return on common equity. Under the Company's proposal, the total average monthly bill of a UGI Gas residential customer using 73.7 Cubic Feet (Ccf) per month would increase from \$104.47 to \$115.74 per month or by 10.8%.

The objective of the Interim Acting Consumer Advocate in filing this complaint is to protect the interests of UGI Gas's customers. The Interim Acting Consumer Advocate will seek to ensure that UGI Gas is permitted to implement only rates that are fully justified, just and reasonable, not unduly discriminatory, and otherwise consistent with sound ratemaking principles and the Public Utility Code, Commission regulations and orders, and case law. The Interim Acting Consumer Advocate submits that UGI Gas's current rates and its proposed rates may be unjustifiable and unlawful based upon information filed by UGI Gas in support of its claim and other charges and mechanisms sought by the Company are just and reasonable. The Office of

Consumer Advocate will represent the interests of UGI Gas ratepayers before the Commission and will seek to ensure that customers are not charged rates that are unjust, unreasonable, discriminatory or otherwise contrary to law.