



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

March 3, 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
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

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

Copies are being served on parties 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 'Scott B. Granger'.

Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 63641
(717) 425-7593
sgranger@pa.gov

SBC/ac
Enclosures

cc: Deputy Chief Administrative Law Judge Mark A. Hoyer (via email – mhoyer@pa.gov)
Administrative Law Judge Charece Z. Collins (via email – charcollin@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3052716
	:	
UGI Utilities, Inc. – Gas Division	:	
Base Rates	:	

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

**TO: DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER
AND ADMINISTRATIVE LAW JUDGE CHARECE Z. COLLINS**

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 proceeding.

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

By mail: Scott B. Granger
 Pennsylvania Public Utility Commission
 Bureau of Investigation and Enforcement
 Commonwealth Keystone Building
 400 North Street, 2nd Floor West
 Harrisburg, PA 17120

By e-mail: sgranger@pa.gov

By telephone: (717) 425-7593

I. INTRODUCTION

On January 27, 2025, UGI Utilities, Inc. – Gas Division (“UGI” or “UGI Gas” or the “Company”) filed Supplement No. 55 to UGI Gas Tariff – Pa. P.U.C. Nos. 7 and 7S (“Supplement No. 55”), with a proposed effective date of March 28, 2025. The rates set forth in Supplement No. 55, if approved by the Pennsylvania Public Utility Commission, would increase UGI Gas’s annual jurisdictional revenues by \$110.395 million, or by 9.7%. Supplement No. 55 also proposes additional changes to tariff rates, riders, and tariff terms and conditions, all as described in the filing.

UGI Gas argues it made this tariff filing principally: (1) to allow it to earn a fair return on investments used and useful to serve the public safely and reliably; (2) to support ongoing Commission-approved infrastructure replacement programs designed to enhance safety and reliability; (3) to enhance information technology (“IT”) systems; and (4) to recover higher levels of certain operating expenses necessary for the provision of safe and reliable gas distribution service. UGI also argues, as compared to current plant and base rate levels reflected in existing rates, UGI projects an increase of approximately \$786 million in gross plant through the Fully Projected Future Test Year ending September 30, 2026 (“FPFTY”). Accordingly, UGI argues, this revenue increase is essential to attract the investments necessary to operate and maintain safe, reliable and customer-focused natural gas distribution services.

On January 28, 2025, I&E filed a Notice of Appearance in this proceeding.

On January 30, 2025, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearances. And on February 7, 2025, the OSBA filed a Formal Complaint, and Public Statement in this base rate proceeding.

On January 30, 2025, Pennsylvania State Senator Patty Kim, 15th Senatorial District, filed a letter opposing the UGI proposed rate increase.

On February 7, 2025, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearances, a Formal Complaint, and Public Statement in this base rate proceeding.

On February 13, 2025, the Commission on Economic Opportunity (“CEO”) filed a Petition to Intervene in this base rate proceeding.

On February 18, 2025, the Coalition for Affordable Utilities Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) filed a Petition to Intervene in this base rate proceeding.

On, February 18, 2025, the Retail Energy Supply Association (“RESA”) and Shipley Choice, LLC d/b/a Shipley Energy (“Shipley”) filed a Petition to Intervene in this base rate proceeding.

Additionally, numerous individuals filed protests, oppositions, and formal complaints in response to UGI’s proposed base rate increase.

On February 20, 2025, the Commission issued an Order suspending Supplement No. 55 by operation of law until October 28, 2025, for investigation, unless permitted by Commission Order to become effective at an earlier date.

A telephonic Prehearing Conference is scheduled for Tuesday, March 4, 2025, beginning at 10:00 am before ALJs Mark A. Hoyer and Charece Z. Collins presiding telephonically.

II. WITNESSES AND ISSUES

I&E currently expects that it may call the following expert witnesses, without being limited thereto, who will address the issues listed *infra*. The 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 witnesses and issues are as follows:

Witnesses:

- Christopher Keller, Fixed Utility Financial Analyst.
- Drew Breuning, Fixed Utility Financial Analyst.
- Ethan Cline, Fixed Utility Valuation Engineer.
- Alexander Pankiw, Gas Safety Engineer
- Anthony Spadaccio, Fixed Utility, Supervisor.

Issues:

- Rate Case Expense
- Payroll Expense
- Incentive Compensation
- Employee Pensions and Benefits
- Advertising Expense
- Environmental Remediation Expense
- Materials Verification Plan
- Pipeline Contractor Costs
- Leak Survey Costs
- Taxes Other than Income
- Income Taxes
- Cash Working Capital
- Cost of Equity

- Cost of Debt
- Capital Structure
- Overall Rate of Return
- Proxy Group
- Risk Analysis
- Leverage Adjustment
- Rate Base
- Weather Normalization Adjustment (WNA)
- Present Rate Revenue
- Revenue Allocation
- Cost of Service Study
- Rate Design
- Scale Back of Rates/Gradualism
- Cost of Main Replacement and Restoration Costs
- Methane Detectors
- Long Term Infrastructure Improvement Plan (LTIP)
- Distribution Integrity Management Plan (DIMP) Risk Rankings
- Leak Statistics/Detection

The I&E witnesses may be contacted through the information listed above for Prosecutor Granger. 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 any witnesses listed above.

III. 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, answers to data requests and interrogatories, quarterly and 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.

IV. DISCOVERY

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. No modifications to the rules of discovery have been proposed by I&E. I&E will give due consideration to any discovery modifications proposed by any other party. In the past, I&E has not opposed the discovery modifications as routinely proposed by the OCA. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

V. SCHEDULE

As of this date, the parties are actively negotiating an amicable litigation schedule. I&E tentatively proposes the following schedule.

Filed	January 27, 2025
Prehearing Conference	March 4, 2025
Other Parties Direct	April 18, 2025
Rebuttal Testimony	May 16, 2025 by Noon
Surrebuttal Testimony	May 30, 2025
Written Rejoinder	June 5, 2025
Evidentiary Hearings ¹	June 9-10, 2025
Main Brief	June 27, 2025
Reply Brief	July 9, 2025

¹ Upon the rescinding of Governor Tom Wolf's Proclamation of Disaster Emergency, and the re-opening of the Keystone Commonwealth Building, if in-person Hearings are requested, I&E requests that Hearings be held in Harrisburg, PA.

VI. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand service requirements for discovery responses, prepared testimony, briefs, and other documents during this proceeding, I&E requests that electronic delivery of documents continue to satisfy the service requirements without the need to follow up with service of a hard copy of such documents.

VII. SETTLEMENT

I&E 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,



Scott B. Granger
Prosecutor
PA Attorney ID No. 63641

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120
(717) 425-7593

Dated: March 3, 2025

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