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File #: 209277

March 3, 2025

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission, et al. v. UGI Utilities, Inc. - Gas Division
Docket Nos. R-2024-3052716, et al.**

Dear Secretary Chiavetta:

Attached for filing is the Prehearing Conference Memorandum of UGI Utilities, Inc. – Gas Division in the above-referenced proceeding.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,


Garrett P. Lent

GPL/dmc
Attachments

cc: The Honorable Mark A. Hoyer (*via email; w/attachments*)
The Honorable Charece Z. Collings (*via email; w/attachments*)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA EMAIL

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Dated: March 3, 2025



Garrett P. Lent

2. UGI Gas agrees to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies be served upon Michael S. Swerling at SwerlingM@ugicorp.com, Lindsay A. Berkstesser at BerkstesserL@ugicorp.com, David B. MacGregor at dmacgregor@postschell.com, Devin T. Ryan at dryan@postschell.com, and Alice W. Wade at alice.wade@postschell.com.

II. PROCEDURAL HISTORY

3. This proceeding was initiated on January 27, 2025, when UGI Gas filed Supplement No. 55 to UGI Gas Tariff – Pa. P.U.C. Nos. 7 and 7S (“Supplement No. 55”) with the Pennsylvania Public Utility Commission (“Commission”) to be effective for service rendered on or after March 28, 2025. It proposed changes to UGI Gas’s base retail distribution rates designed to produce an increase in revenues of approximately \$110.395 million, based upon data for a fully projected future test year (“FPFTY”) ending September 30, 2026 (“2025 Base Rate Case”). The filing was made in compliance with the Commission’s regulations and contains all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

4. On January 28, 2025, the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed its Notice of Appearance.

5. On January 30, 2025, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance.

6. On February 7, 2025, the OSBA filed a Public Statement, a Formal Complaint, and a Verification in the 2025 Base Rate Case, which was docketed at Docket No. C-2025-3053306.

7. On February 7, 2025, the Office of Consumer Advocate (“OCA”) filed its Notice of Appearance, a Public Statement, and a Formal Complaint in the 2025 Base Rate Case, which was docketed at Docket No. C-2025-3053304.

8. On February 13, 2025, the Commission on Economic Opportunity (“CEO”) filed a Petition to Intervene in the 2025 Base Rate Case.

9. On February 18, 2025, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) filed a Petition to Intervene in the 2025 Base Rate Case.

10. Also on February 18, 2025, The Retail Energy Supply Association (“RESA”), and Shipley Choice, LLC d/b/a Shipley Energy (“Shipley”) (collectively “RESA/Shipley”) filed a Petition to Intervene in the 2025 Base Rate Case.

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

12. On February 25, 2025, the Commission issued a Call-In Telephone Prehearing Conference Notice. Also, on February 25, 2025, the ALJs issued a Prehearing Order. These issuances scheduled a Telephone Prehearing Conference to occur on March 4, 2025.

13. On March 3, 2025, UGI Gas filed a Motion for Protective Order. As indicated therein, the Motion for Protective Order is unopposed by UGI Gas, OCA, I&E, RESA/Shipley, CAUSE-PA, and CEO.

14. As of the date of this Prehearing Memorandum, UGI Gas has been served with the following Formal Complaints by individuals on the dates and at the docketed indicated:

- On January 28, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Steven Miller, which was docketed at Docket No. C-2025-3053105.
- On January 30, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Thomas J Nagies, which was docketed at Docket No. C-2025-3053141.

- On January 30, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Rachel Warden, which was docketed at Docket No. C-2025-3053142.
- On January 30, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Barbara Menichini, which was docketed at Docket No. C-2025-3053159.
- On February 3, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Scott Ferrin, which was docketed at Docket No. C-2025-3053200.
- On February 7, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Joseph Kubas, which was docketed at Docket No. C-2025-3053295.
- On February 11, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Adam Walter, which was docketed at Docket No. C-2025-3053338.
- On February 13, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Sarah Topper, which was docketed at Docket No. C-2025-3053384.
- On February 13, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Ben Noel, which was docketed at Docket No. C-2025-3053385.
- On February 19, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Matthew Odenthal, which was docketed at Docket No. C-2025-3053470.
- On February 27, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Carmen Campbell, which was docketed at Docket No. C-2025-3053627.
- On February 28, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by Dawn Quinones, which was docketed at Docket No. C-2025-3053671.
- On February 28, 2025, UGI Gas was served with a Formal Complaint in the 2025 Base Rate Case filed by JoAnn Pivelis, which was docketed at Docket No. C-2025-3053684.

15. Pursuant to 52 Pa. Code § 5.224(c) and the Prehearing Conference Order dated February 25, 2025, UGI Gas hereby submits this Prehearing Conference Memorandum.

III. ISSUES

16. UGI Gas will demonstrate that its request for an overall annual distribution revenue increase of approximately \$110.395 million, based on an FPFTY ending September 30, 2026, and a proposed allowed rate of return on equity of 11.20%, is just and reasonable and should be approved by the Commission.

17. One primary contributor to the Company's need for rate relief is its continued significant capital investment in its distribution system. Additionally, this case incorporates general price increases for products and services, the costs of enhanced information technology systems, business processes and personnel effectiveness, and the adoption of necessary annual wage and salary increases and compensation adjustment to attract, maintain, and promote a highly qualified work force. The combined impact of these items leaves UGI Gas without an opportunity to earn a fair rate of return on its investments at present rate levels.

18. The principal reasons for UGI Gas's request for rate relief are to establish rates that provide the Company a reasonable opportunity to earn a fair return on its investments that are used to serve the public safely and reliably. Unless UGI Gas receives the requested rate relief, those returns will continue to decline and jeopardize the Company's ability to attract the capital needed to make the system investments necessary to support and ensure continued system reliability, safety, and customer service performance.

19. UGI Gas also will demonstrate that its proposed 11.20% return on equity is the minimum required for the Company to attract the capital needed to make system investments that will enhance the reach and capacity of its distribution system and to replace older, obsolete facilities. These ongoing enhancements are prudent to ensure continued system reliability, safety, and customer service performance. The proposed 11.20% return on equity includes an additional

0.20% return on equity that UGI Gas should be granted in recognition of its strong performance in the area of management effectiveness.

IV. WITNESSES

20. UGI Gas presently intends to offer the following witnesses to testify in this proceeding on the following subject matters:

Statement No.	Witness	Subjects Addressed
1.	Hans G. Bell President UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Purpose of Testimony and Rate Filing Overview Need for Rate Relief Compensation Adjustments Cybersecurity Audit Adjustment Competitive Customer Analysis Management Effectiveness and Performance
2.	Tracy A. Hazenstab Sr. Manager – Utility Rates UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Revenue Requirement Operating Revenues and Expenses Compliance with Act 40 of 2016
3.	Vivian K. Ressler Director – Utility Financial Planning & Analysis UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Accounting Process and Historic Costs FPFTY Rate Base Budgeting Process Operating Expense Adjustments Capital Treatment of Certain IT Costs
4.	John F. Wiedmayer C.D.P. Project Manager, Depreciation and Valuation Studies Gannett Fleming Valuation and Rate Consultants, LLC 1010 Adams Avenue Audubon, PA 19403	Depreciation Net Salvage
5.	Vicky A. Schappell Sr. Manager, Capital Planning UGI Utilities, Inc. 1 UGI Drive	Capital Planning

	Denver, PA 17517	
6.	Paul R. Moul Managing Consultant P. Moul & Associates 251 Hopkins Road Haddonfield, NJ 08033-3062	Capital Structure Rate of Return
7.	Darin T. Espigh Sr. Manager – Natural Gas Tax Accounting UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Taxes and Tax Adjustments
8.	Sherry A. Epler Senior Manager, Tariff & Supplier Administration UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Test Year Sales and Revenue Tariff Changes
9.	Christopher R. Brown Vice President – Operations UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517	Natural Gas Operations Regulatory Compliance System Safety and Reliability Leak Reductions & Emergency Response Safety Initiatives Environmental Programs
10.	John D. Taylor Managing Partner Atrium Economics, LLC 10 Hospital Center Commons Suite 400 Hilton Head Island, SC 29926	Cost of Service Revenue Allocation Rate Design

UGI Gas previously filed copies of the witnesses’ written direct testimony and exhibits, which fully support UGI Gas’s proposed rate increase, allocation of that increase among the customer classes, and the design of rates to recover that increase from customers.

21. UGI Gas also reserves the right to call and present additional witnesses to address any issues that may arise during the course of the proceeding.

V. DISCOVERY

22. To date, UGI Gas has received over 330 discovery requests from parties in this proceeding and is diligently preparing responses.

23. Based on the litigation schedule to be adopted in this proceeding, UGI Gas proposes the following modifications to the standard timelines for discovery set forth in the Commission's regulations as necessary or appropriate.

- 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 five (5) business 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) business 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.

24. UGI Gas further proposes that the following modifications take effect as of the date of service of rebuttal testimony in this matter.

- 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 three (3) business 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 three (3) business 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.

25. UGI Gas's understanding is that these proposed modifications are acceptable to UGI Gas, OCA, I&E, RESA/Shipley, CAUSE-PA, and CEO.

26. UGI Gas also encourages the use of informal discovery to expedite the discovery process.

27. UGI Gas proposes that parties serving any testimony either: (a) include with each piece of testimony the electronic workpapers, cited studies, and other documents relied on by the witness; or (b) provide the parties with the same in workable electronic format within two (2) business days of the testimony being served.

28. Finally, UGI Gas began using electronic service of discovery responses. Specifically, UGI Gas will post all discovery responses to a secure file transfer portal maintained by Post & Schell, P.C. (*i.e.*, "OneDrive"), to which the parties will be given access. UGI Gas will file and serve a letter notifying the parties when the applicable discovery responses have been posted to the OneDrive website. Once posted, parties will be able to access, review, download, and/or print the discovery responses as needed, subject to any conditions in stipulated protective agreements or a protective order entered in this proceeding. Access has been provided to each party that has appeared or intervened in this matter as of the date of this prehearing memorandum.

VI. LITIGATION SCHEDULE

29. UGI Gas has discussed the schedule with the parties that have intervened in the 2025 Base Rate Case as of the time of this writing. Based on these discussions and the Reply Brief date provided in the Prehearing Conference Order, UGI Gas proposes that the following schedule be adopted:

Filing	January 27, 2025
Prehearing Conference	March 4, 2025
Direct Other Parties	April 18, 2025
Rebuttal	May 16, 2025 (12:00 p.m.)
Surrebuttal	May 30, 2025
Written Rejoinder	June 5, 2025
Hearings	June 9-10, 2025
Main Brief	June 27, 2025
Reply Brief	July 9, 2025

30. The Company’s understanding is that this schedule is acceptable to UGI Gas, OCA, I&E, RESA/Shiple, CAUSE-PA, and CEO.

31. UGI Gas is also willing to work with the parties to accommodate potential scheduling conflicts for the parties’ witnesses to attend and testify at the evidentiary hearings.

VII. PUBLIC INPUT HEARINGS

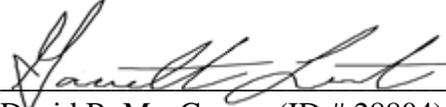
32. UGI Gas proposes that any public input hearings be telephonic and live-streamed by the Commission, rather than held on multiple dates in multiple locations throughout Gas’s service territory.

33. The Commission’s use of telephonic and live-streamed public input hearings has been successful in prior cases and promotes transparency in public proceedings.

VIII. SETTLEMENT

34. As of this time, no settlement discussions have been held. UGI Gas remains open and available for settlement discussions with the other parties and would support initiatives to begin settlement discussions at the earliest possible date.

Respectfully submitted,



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Dated: March 3, 2025

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