
Devin Ryan

dryan@postschell.com
717-612-6052 Direct
717-731-1985 Direct Fax
File #: 213037

August 8, 2025

VIA ELECTRONIC FILING

Matthew Homsher, 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 v. UGI Utilities, Inc. - Gas Division
Docket No. R-2025-3054938

Dear Secretary Homsher:

Enclosed for filing is the Joint Petition for Settlement of Section 1307(f) Rate Investigation in the above-referenced proceeding. Copies are being served as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/dmc
Attachments

cc: Honorable Alphonso Arnold III
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this filing 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 E-MAIL ONLY

Scott B. Granger, Esquire
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
E-mail: sgranger@pa.gov

Steven C. Gray, Esquire
Assistant Small Business Advocate
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
E-mail: sgray@pa.gov

Harrison W. Breitman, Esquire
Ryan Morden, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101
E-mail: hbreitman@paoca.org
E-mail: rmorden@paoca.org
E-mail: OCAUGI1307f@paoca.org

Mark Ewen
Industrial Economics, Inc.
2067 Massachusetts Avenue
Cambridge, MA 02140
E-mail: mewen@indecon.com

Maksim Malukoff
Industrial Economics, Inc.
2067 Massachusetts Avenue
Cambridge, MA 02140
E-mail: mmalukoff@indecon.com

Date: August 8, 2025



Devin T. Ryan

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2025-3054938, <i>et al.</i>
	:	
UGI Utilities, Inc. – Gas Division	:	
1307(f) Proceeding	:	

**JOINT PETITION FOR SETTLEMENT OF
SECTION 1307(f) RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE ALPHONSO ARNOLD III:

UGI Utilities, Inc. - Gas Division (“UGI Gas” or the “Company”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), and the Office of Consumer Advocate (“OCA”)¹ (hereinafter collectively referred to as the “Joint Petitioners” or “Parties”) hereby submit this Joint Petition for Settlement of Section 1307(f) Rate Investigation (“Settlement”) in the above-captioned proceeding.

The Joint Petitioners request that Administrative Law Judge Alphonso Arnold III (the “ALJ”) and the Commission: (1) approve the terms of this Settlement; (2) authorize UGI Gas to file a tariff supplement for service rendered on or after December 1, 2025, that implements, subject to updates and tariff modifications traditionally performed on December 1, the Purchased Gas Cost (“PGC”) rate of \$6.7677 per Mcf; and (3) make all associated findings required by Sections 1307(f) and 1318 of the Public Utility Code, 66 Pa. C.S. §§ 1307(f), 1318.

Statements in Support of the Settlement are attached as **Appendices A through C**.

¹The Office of Small Business Advocate (“OSBA”) does not oppose the Settlement.

I. BACKGROUND

1. UGI Gas is a natural gas distribution company with gross intrastate annual operating revenues in excess of \$40 million. Pursuant to the provisions of Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Commission’s gas cost recovery regulations at 52 Pa. Code §§ 53.61-53.69, the Company initiated this annual proceeding to propose a PGC rate to become effective on December 1, 2025.

2. On May 1, 2025, the Company made its 30-day pre-filing (“Book 1” or “UGI Gas Exhibit 1”) with the Commission (containing data related to the recovery of purchased gas costs) pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and in accordance with the Commission’s regulations at 52 Pa. Code §§ 53.64 and 53.65.

3. On May 8, 2025, the OCA filed a Notice of Appearance.

4. On May 9, 2025, the OCA filed a Formal Complaint and Public Statement.

5. On May 21, 2025, the OSBA filed a Notice of Appearance.

6. On May 22, 2025, I&E filed a Notice of Appearance, Formal Complaint, and Public Statement.

7. Also on May 22, 2025, UGI Gas filed a Notice of Entry of Appearance.

8. On May 30, 2025, UGI Gas filed its definitive PGC filing (“Book 2” or “UGI Gas Exhibit 2”), including supporting information required by the Commission’s regulations, the Company’s direct testimony and exhibits and Pro Forma Tariff Supplement reflecting actual and projected changes in natural gas costs.

9. On June 3, 2025, a Notice was issued scheduling a Telephonic Prehearing Conference for 1:00 PM on June 11, 2025.

10. Also on June 3, 2025, the ALJ issued a Prehearing Conference Order, in which the ALJ, among other things, directed the parties to file Prehearing Memoranda on or before 12:00 PM on June 10, 2025.

11. On June 5, 2025, the OSBA filed its Complaint, Public Statement, and Verification.

12. On June 10, 2025, UGI Gas, I&E, OCA, and OSBA filed their Prehearing Memoranda.

13. The Telephonic Prehearing Conference was held as scheduled on June 11, 2025.

14. On June 12, 2025, the ALJ issued a Prehearing Order, which, among other things, set forth the litigation schedule for the proceeding.

15. On June 16, 2025, the Commission issued a Notice scheduling an In-Person Evidentiary Hearing for 10:00 AM on July 18, 2025.

16. On June 24, 2025, I&E served its written direct testimony and exhibit.

17. On July 8, 2025, UGI Gas served its written rebuttal testimony and exhibits.

18. As a result of settlement discussions held in this proceeding, and the efforts of the Joint Petitioners to examine the issues raised, a full settlement in principle was achieved prior to the date for the evidentiary hearing.

19. On July 10, 2025, counsel for the Company advised the ALJ of the settlement in principle and requested that the scheduled evidentiary hearing be canceled and that the Joint Petitioners be permitted to admit their evidence by written stipulation.

20. On July 11, 2025, the ALJ advised the Parties that the evidentiary hearing would be canceled and that the Parties' written testimony and exhibits could be admitted into the record by stipulation. The ALJ also directed the Parties to file the Joint Petition for Settlement and Joint Stipulation for Admission of Evidence by the August 8, 2025 due date for Reply Briefs.

21. Later on July 11, 2025, the ALJ issued an Order Directing the Filing of Settlement Documents consistent with the directions he provided earlier that day.

22. On August 8, 2025, UGI Gas filed a Motion for Protective Order.

23. Also on August 8, 2025, the Joint Petitioners filed a Joint Stipulation for Admission of Evidence, with accompanying signed verifications of the sponsoring witnesses, to admit the testimony and exhibits into the record.

II. TERMS OF SETTLEMENT

A. DESIGN DAY

24. For the upcoming 2025-2026 winter season, the Company will be permitted to use a design day figure of 2.328 BCF, which includes 2.268 BCF of design cold firm requirements and 0.060 BCF of capacity reserve requirements for the Company’s firm core market (PGC and Choice Customer markets) needs.

B. PEAK DAY CAPACITY SUPPLY ADDITIONS

25. To address the total peak day capacity supply shortfall needs through the 2029-2030 winter season, UGI Gas will accept the following proposals:

Source	Term	Maximum Daily Quantity (Dth per day)
Supplier A (Transco AMA and Capacity Release)	2025-2037	25,254
UGIES (Transco Delivered Supply)	2025-2026	17,963
Total		43,217

26. Specifically, UGI Gas will accept the Asset Management Agreement (“AMA”) and permanent release offer from Supplier A for 25,254 Dth per day for a 12-year term to address the Company’s identified peak day capacity shortfall (as described in UGI Gas St. No. 2, the direct testimony of Jesse R. Tyahla, at pages 22-24 and also appearing on page 7 in Table 1 of his direct

testimony). UGI Gas will perform an operational release of excess capacity above the design day figure to offset costs related to the excess capacity by year.

27. UGI Gas also will accept the Transcontinental Gas Pipe Line (“Transco”) delivered supply offer from UGI Energy Services, Inc. (“UGIES”) for 17,963 Dth per day for a 1-year term beginning with the 2025-2026 winter season.

C. MOBILE LIQUEFIED/COMPRESSED NATURAL GAS (LNG/CNG) SERVICE

28. UGI Gas also will accept the offer from Supplier B for Mobile Compressed Natural Gas (“CNG”) service to Jim Thorpe, PA of 500 Dth per day for a 5-year term beginning with the 2025-2026 winter season, as specified on pages 7-8 of UGI Gas Statement No. 2-R.

D. PEAKING CONTRACT REQUESTS FOR PROPOSAL (“RFPs”)

29. UGI Gas will continue the peaking contract RFP pilot program, as agreed to in the 2023 PGC Settlement approved at Docket Nos. R-2023-3040290, et al., for another 3-year period, where the results will be reviewed in the Company’s 2028 PGC proceeding, as specified on page 2 of UGI Gas Statement No. 2-R.

E. QUARTERLY ADJUSTMENT METHODOLOGY (“QAM”)

30. The Company will continue the side-by-side analysis of the QAM 1 and QAM 2 methods until the next PGC proceeding. In the Company’s 2027 PGC filing, UGI Gas will propose criteria for use in determining when QAM1 and QAM 2 will be used prospectively to calculate the PGC rate change as agreed to in the 2023 PGC Settlement approved at Docket Nos. R-2023-3040290, et al.

III. STANDARDS AND FINDINGS

31. This proceeding involves Commission review pursuant to Sections 1307 and 1318 of the Public Utility Code. Under Section 1307(f), the Commission, after hearing, must determine what portion of the gas costs UGI Gas may recover for a previous 12-month period under the standards set forth in Section 1318. In addition, the Commission must determine whether the requirements of Section 1318 can be met. This determination must precede Commission approval of the Company's proposed rates. The historic period reviewed in this proceeding is the 12-month reconciliation period ending March 31, 2025. The proposed rates are intended to become effective December 1, 2025.

A. HISTORIC RECONCILIATION PERIOD STANDARDS

32. With respect to UGI Gas's gas purchases and gas purchasing practices during the 12-month historic reconciliation period ending March 31, 2025, the Joint Petitioners agree that UGI Gas has met the standards set forth in Section 1318 of the Public Utility Code, as required by Section 1307(f)(5) of the Public Utility Code. As a result, the Joint Petitioners request that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Joint Petitioners in this case, that during the 12-month period ended March 31, 2025, UGI Gas has pursued a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers, as required by Section 1318 of the Public Utility Code. Information submitted by UGI Gas in support of the required statutory findings can be found in the following sections of UGI Gas Exhibit 1 and UGI Gas Exhibit 2:²

² UGI Gas Exhibits 1 and 2 are fully described in the Joint Stipulation for Admission of Evidence, which was filed on August 8, 2025.

- a) FERC Participation (66 Pa. C.S. §§ 1317(a)(1), 1318(a)(1); 52 Pa. Code § 53.64(c)(4)): UGI Gas Exhibit 1, Section 3, and UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jesse R. Tyahla, Director – FP&A and Strategic Modeling for UGI Corporation.
- b) Supplier Negotiations/Renegotiations (66 Pa. C.S. §§ 1317(a)(2), 1318(a)(2); 52 Pa. Code §§ 53.64(c)(3), (c)(6)): UGI Gas Exhibit 1, Sections 1, 2 and 5, and UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jesse R. Tyahla, Director – FP&A and Strategic Modeling for UGI Corporation.
- c) Efforts to Obtain Lower Cost Supplies (66 Pa. C.S. §§ 1317(a)(3), 1318(a)(3); 52 Pa. Code §§ 53.64(c)(1), (c)(3), (c)(6)): UGI Gas Exhibit 1, Sections 1, 2, and 5, UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jesse R. Tyahla, Director – Energy Supply and Planning.
- d) Withheld Supplies (66 Pa. C.S. §§ 1317(a)(4), 1318(a)(4); 52 Pa. Code § 53.64(c)(6)): UGI Gas Exhibit 1, Section 5.
- e) Affiliated Purchases (66 Pa. C.S. §§ 1317(b), 1318(b); 52 Pa. Code § 53.65): UGI Gas Exhibit 1, Section 13.
- f) Least Cost Fuel Procurement Policy (66 Pa. C.S. §§ 1317(a), 1318(a); 52 Pa. Code §§ 53.64(c)(1), (c)(3), (c)(6)): UGI Gas Exhibit 1, Sections 1, 2 and 5, UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jesse R. Tyahla, Director – FP&A and Strategic Modeling for UGI Corporation.

- g) Calculation of PGC Rates:
 - i) UGI Gas Exhibit 2, Schedule A – Computation of Purchased Gas Cost Rate effective December 1, 2025;
 - ii) UGI Gas Exhibit 2, Schedule B (page 1) – Development of Projected Cost of Gas (C-factor);
 - iii) UGI Gas Exhibit 2, Schedule B (pages 2-13) – Projected Supply Volumes, Rates, Costs April 2025 through November 2026;
 - iv) UGI Gas Exhibit 2, Schedule C – Development of Experienced Cost of Gas (E-factor);
 - v) UGI Gas Exhibit 2, UGI Gas St. No. 1, Written Direct Testimony of Kimberly M. Bassininsky, Principal Analyst – Rates.
- h) Reliability (66 Pa. C.S. §1317(c)): UGI Gas Exhibit 1, Section 14, and UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jesse R. Tyahla, Director – FP&A and Strategic Modeling for UGI Corporation.

B. PROJECTED PERIOD FINDINGS

33. With respect to the 12-month period beginning December 1, 2025, the period of time during which the proposed rates would be in effect, the Joint Petitioners agree and request the Commission find that UGI Gas has satisfied each of the standards for a least cost procurement policy set forth in Section 1318 of the Public Utility Code, including the standards set forth in Sections 1318(a)(1)-(4) and 1318(b)(1)-(3), based upon the evidence of record in this proceeding. Nevertheless, it is expressly understood and agreed that such findings, relating to the rates to become effective December 1, 2025, are made solely for the purpose of setting prospective rates and shall be subject to further review in an appropriate future proceeding. This Section of the Settlement, Section III.B, is not intended to limit or prevent any party from challenging projected

gas purchases that actually have been made, including those made during the interim period of April 1, 2025, through November 30, 2025, and future gas purchasing practices that have been implemented, or from reviewing whether these gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318, except as provided in Section II above.

34. If in an appropriate future proceeding gas purchases and gas purchasing practices relating to the period December 1, 2025, through November 30, 2026, are challenged, the Commission's findings made pursuant to Section III.B of this Settlement shall pose no bar to the examination of such purchases and practices including, but not limited to, disallowance of or reductions to, such costs during the one-year period commencing December 1, 2025, except as provided in Section II above.

35. The Joint Petitioners also agree that future examination of the gas costs relating to the period April 1, 2025, through November 30, 2025, to determine whether UGI Gas's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, shall be permitted and that the Commission's adoption of the findings under Section III.B of this Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs, except as provided in Section II above.

IV. GENERAL PROVISIONS

36. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification, addition or deletion. If the Commission modifies the Settlement or fails to approve, by December 1, 2025, the terms and conditions of this Settlement, then any of the Joint Petitioners may elect to withdraw from this Settlement and may proceed with litigation. In such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon

all Joint Petitioners within five (5) business days after the entry of an order modifying or disapproving the Settlement.

37. If the Commission modifies or does not approve this Settlement and the proceeding continues to a hearing on the issues that are the subjects of this Settlement, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing and argument on these subjects.

38. If the ALJ approves this Settlement without modification, the Joint Petitioners waive their rights to file exceptions.

39. Except as otherwise specifically provided in this Settlement, this Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding and is made without any admission against, or prejudice to: (a) any position that any party may adopt during any subsequent litigation of this proceeding if the Commission disapproves or modifies this Settlement; or (b) any position that any party may adopt in any other proceeding.

40. It is understood and agreed among the Joint Petitioners that this Settlement is the result of compromises by all Joint Petitioners and does not necessarily represent the position(s) that would be advanced by any party in the event this proceeding were to be litigated fully.

41. This Settlement is being presented only in the context of this Section 1307(f) proceeding in an effort to resolve certain outstanding issues in a manner that is fair and reasonable. Except as otherwise specifically provided in this Settlement, the Settlement reflects compromises on all sides and is presented without prejudice to any position that any of the Joint Petitioners may have advanced and without prejudice to the positions that any of the Joint Petitioners may advance in the future on the merits of the issues.

42. The Joint Petitioners acknowledge and agree that this Settlement shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding with regard to the historic period that ended on March 31, 2025.

43. This Settlement may be executed in counterparts.

V. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judge Alphonso Arnold III and the Commission approve this Settlement, including all terms and conditions thereof;

2. That the Commission specifically approve the terms identified in Section II of the Settlement as just and reasonable, in the public interest, and consistent with UGI Gas's least cost gas purchase obligations;

3. That the Commission enter a Final Order consistent with this Settlement that: (a) finds that there is sufficient evidence in the record for this Commission to make the findings referenced in Sections III.A and III.B of this Settlement; and (b) sets forth the findings referenced in Sections III.A and III.B of this Settlement;

4. That the Commission enter a Final Order, consistent with this Settlement: (a) approving the proposed rates effective December 1, 2025, as modified to reflect updates and tariff modifications traditionally performed as part of UGI Gas's December 1 PGC compliance filing; and (b) directing UGI Gas to file a final tariff implementing such rates for gas service rendered by UGI Gas on and after December 1, 2025; and

5. That the Commission mark closed its inquiry and investigation at Docket Nos. R-2025-3054938, C-2025-3055076, and C-2025-3055608.

Respectfully submitted,



Date: August 8, 2025

Michael S. Swerling (ID # 94748)
Lindsay Berkstresser (ID #318370)
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
Phone: 610-992-3203
Phone: 610-504-9925
E-mail: swerlingm@ugicorp.com
E-mail: berkstresserl@ugicorp.com

Devin T. Ryan, Esquire
Alice A. Wade, Esquire
Pittsburgh, PA 15219
Post & Schell, P.C.
One Oxford Centre
301 Grant Street, Suite 3010
Phone: 717-612-6052
Fax: 717-731-1985
E-mail: dryan@postschell.com
E-mail: alice.wade@postschell.com

Attorneys for UGI Utilities Inc. – Gas Division

Date: _____

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105
Phone: 717-425-7593
E-mail: sgranger@pa.gov

Attorney for Bureau of Investigation & Enforcement

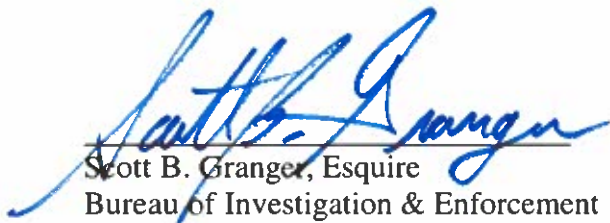
Respectfully submitted,

Date: August 8, 2025

Michael S. Swerling (ID # 94748)
Lindsay Berkstresser (ID #318370)
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
Phone: 610-992-3203
Phone: 610-504-9925
E-mail: swerlingm@ugicorp.com
E-mail: berkstresserl@ugicorp.com

Devin T. Ryan, Esquire
Alice A. Wade, Esquire
Pittsburgh, PA 15219
Post & Schell, P.C.
One Oxford Centre
301 Grant Street, Suite 3010
Phone: 717-612-6052
Fax: 717-731-1985
E-mail: dryan@postschell.com
E-mail: alice.wade@postschell.com

Attorneys for UGI Utilities Inc. – Gas Division



Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105
Phone: 717-425-7593
E-mail: sgranger@pa.gov

Attorney for Bureau of Investigation & Enforcement

Date: Aug. 8, 2025

/s/ Harrison W. Breitman

Date: August 8, 2025

Harrison W. Breitman, Esquire
Ryan Morden, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101
Phone: 717-780-4536
E-mail: hbreitman@paoca.org
E-mail: rmorden@paoca.org

Counsel for the Office of Consumer Advocate

Appendix A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2025-3054938, <i>et al.</i>
	:	
UGI Utilities, Inc. – Gas Division	:	
1307(f) Proceeding	:	

**UGI UTILITIES, INC. – GAS DIVISION’S
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT OF
SECTION 1307(f) RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE ALPHONSO ARNOLD III:

UGI Utilities, Inc. – Gas Division (“UGI Gas” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement of Section 1307(f) Rate Investigation (“Settlement”) entered into by UGI Gas, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (hereinafter collectively referred to as the “Joint Petitioners”). UGI Gas believes that the Settlement is in the best interests of the Company, its customers, and the parties to the above-captioned proceeding and, therefore, is in the public interest and should be approved.

The Settlement was achieved only after a comprehensive investigation of the Company’s gas procurement practices. UGI Gas responded to numerous formal discovery requests. The Joint Petitioners also submitted multiple rounds of testimony, including the direct testimony of UGI Gas, the direct testimony of I&E, and the rebuttal testimony of UGI Gas. In addition, the Joint Petitioners participated in constructive settlement negotiations, which ultimately led to the Settlement.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners to this proceeding. For the reasons set forth below, the Settlement is just and reasonable and should be approved in its entirety and without modification.

I. SETTLEMENT TERMS

A. DESIGN DAY

The Company's methodology for developing the firm peak-day demand and its associated capacity needs is fully described in Section III of the direct testimony of Jesse R. Tyahla, UGI Gas St. No. 2. (UGI Gas St. No. 2 at 6-12.) In its direct testimony, UGI Gas projected a firm peak-day demand and reserve requirement of 2.328 BCF for the winter 2025-2026. (UGI Gas St. No. 2 at 7.) This peak-day demand reflects 2.268 BCF of design-cold firm requirements and 0.060 BCF of capacity reserve requirements. (UGI Gas St. No. 2 at 7.)

No party challenged UGI Gas's design day needs as identified by the Company. In Settlement, the Joint Petitioners agreed to adopt the Company's projected design day figure as identified in the Company's direct testimony. (Settlement ¶ 24.) Adopting UGI Gas's projected design day figure, which was unopposed by the parties to this proceeding, is in the public interest because it provides the Company with the capacity needed to respond to the needs of its core market customers on peak winter days in accordance with its obligations as the supplier of last resort. The design day figure agreed to by the Joint Petitioners is necessary for UGI Gas to ensure reliable service under design day conditions. (UGI Gas St. No. 2 at 6-12.) The Company's projected design day figure also accounts for the experienced growth of UGI Gas's core market customers, which UGI Gas anticipates will continue. (UGI Gas St. No. 2 at 9.) If the Company did not include this expected customer growth, it would put the Company at risk of underestimating peak day demand. (UGI Gas St. No. 2 at 9.) Therefore, this Settlement term is reasonable and in the public interest and should be approved.

B. PEAK DAY CAPACITY SUPPLY ADDITIONS

In its direct testimony, UGI Gas described its analysis to determine peak day capacity and any identified capacity shortfalls for the upcoming winter of 2025-2026 through 2029-2030. (UGI Gas St. No. 2 at 17.) To address the shortfall identified by the Company's analysis, UGI Gas issued Requests for Proposals ("RFPs"). (UGI Gas St. No. 2 at 17, 22-24; UGI Gas St. No. 2-R at 3.) As a result of the RFPs, UGI Gas requested approval for two winning bids.

The first accepted bid, from Supplier A, is an asset management agreement ("AMA") that will provide a permanent Transcontinental Gas Pipe Line ("Transco") capacity release to UGI Gas with primary non-traditional deliverability to UGI Gas meters on Transco. (UGI Gas St. No. 2-R at 5.) The term of this agreement also provides future supply entitlements consistent with the 5-year planning horizon. (UGI Gas St. No. 2-R at 5.) The Company requested approval to execute the associated twelve-year AMA with Supplier A for Transco capacity totaling 25,254 Dth/day beginning on November 1, 2025. (UGI Gas St. No. 2-R at 5.) Once the permanent release is in place, the Company plans to work with Transco in an effort to amend the contract as soon as practicable to move the primary delivery point to a current "in-path" location and create primary traditional deliverability to UGI Gas in the future. (UGI Gas St. No. 2-R at 5.) Furthermore, UGI Gas intends to operationally release capacity obtained from Supplier A for any capacity beyond the Company's annual capacity requirement needs in order to offset the costs of this capacity to the PGC. (UGI Gas St. No. 2-R at 6.) As an operational release, 100% of the capacity release proceeds will flow back to the PGC, and the revenue sharing mechanism will not apply. (UGI Gas St. No. 2-R at 6.) Based on recent futures pricing, UGI Gas estimates a total capacity release value of \$15.7 million dollars over the period of November 2025 through October 2029 (versus a cost basis of \$16.3 million). (UGI Gas St. No. 2-R at 6.)

The second accepted bid, from UGI Energy Services, Inc. (“UGIES”) will provide winter-only delivered supply totaling 17,963 Dth/day beginning on November 1, 2025. (UGI Gas St. No. 2-R at 5.) The bid from UGIES was the only fully conforming bid meeting the Company’s peak day needs for the immediate winter with primary traditional receipt firm supply on Transco. (UGI Gas St. No. 2-R at 5.) This contract also provides UGI Gas with the ability to extend into future years, providing anticipated capacity coverage across the Company’s 5-year planning horizon. (UGI Gas St. No. 2-R at 5.)

No party disputed the need for additional peak day capacity for the upcoming winter, nor did they challenge UGI Gas’s request to include the winning bids in its supply portfolio. As a result, the Settlement provides that UGI Gas will accept the two winning bids and include the capacity in its supply portfolio. (Settlement ¶¶ 25-27.) It is in the public interest for UGI Gas to include the proposed capacity in its supply portfolio because the capacity is needed to satisfy the projected shortfall for the 2025-2026 winter and provides a long-term capacity solution that will be needed in future years. (UGI Gas St. No. 2 at 17, 22-24; UGI Gas St. No. 2-R at 3-7.) The requested additions to UGI Gas’s supply portfolio will enable UGI Gas to continue providing reliable service through the 2025-2026 winter by addressing the projected capacity shortfall and secures a lower cost long-term option to serve the Company’s capacity needs in years beyond the upcoming winter. Therefore, the Settlement term is reasonable and in the public interest and should be approved.

C. MOBILE LIQUEFIED/COMPRESSED NATURAL GAS (LNG/CNG) SERVICE

In 2015 and 2020, the Company acquired a mobile Liquefied Natural Gas (“LNG”) service to supply the Jim Thorpe area. (UGI Gas St. No. 2 at 26.) The service provided the Company with LNG supplies, LNG storage and vaporization equipment, and staffing to run the LNG facility.

(UGI Gas St. No. 2 at 26.) The most recent service agreement expired on March 31, 2025. (UGI Gas St. No. 2 at 26.) Accordingly, UGI Gas issued an RFP for mobile LNG service to Jim Thorpe, PA on May 20, 2025. (UGI Gas St. No. 2 at 26.) The Company received two bids for service to Jim Thorpe, PA: one bid for mobile LNG service and one bid for Compressed Natural Gas (“CNG”) service. (UGI Gas St. No. 2-R at 7; CONFIDENTIAL UGI Gas Exhibit JRT-2R.) From an operational perspective, the LNG and CNG bids are interchangeable and do not present material differences in meeting required performance levels. (UGI Gas St. No. 2-R at 7.) Therefore, UGI Gas accepted the least-cost proposal from Supplier B to provide up to 500 Dth/day in CNG supply and pressure support for the Jim Thorpe, PA system for a term of 5 years. (UGI Gas St. No. 2-R at 8.) The cost of the CNG option includes an estimated reservation charge of \$405,879 per year through 2030. (UGI Gas St. No. 2-R at 8.) The reservation charge will be reflected in rates as of the in-service date, which is anticipated to be December 2025. (UGI Gas St. No. 2-R at 8.)

No parties disputed the Company’s acceptance of Supplier B’s bid in their testimony. Under the Settlement, UGI Gas shall be permitted to accept the bid from Supplier B as set forth on pages 7-8 of UGI Gas St. No. 2-R. (Settlement ¶ 28.) This service is needed to: (1) maintain minimum system pressures during peak day conditions when the pipeline supplier’s pressure drops below 600 psig; and (2) perform pressure testing in compliance with federal requirements while sections of the 8” Hobbie transmission pipeline are taken out of service. (UGI Gas St. No. 2 at 27.) Therefore, this Settlement term is reasonable and in the public interest and should be approved without modification.

D. PEAKING CONTRACT REQUESTS FOR PROPOSAL (“RFPs”)

For peaking supplies, the Company requires prospective bidders of RFPs to submit bids that include payment terms from November through March and from December through March, in accordance with settlement terms from the 2021 PGC proceeding at Docket No. R-2021-

3025652 and the 2020 PGC proceeding at Docket No. R-2020-3019680. (UGI Gas St. No. 2 at 19.) Further, since the settlement approved in the 2021 PGC proceeding, the Company has been conducting a three-year pilot regarding the format of its peaking contract RFPs, which must clearly state that bids must include payment terms over both a four-month (December to March) and five-month (November to March) period. (UGI Gas St. No. 2 at 19.) During this pilot study, UGI Gas did not receive any bids that provided both a four-month and a five-month payment option for the same service. (UGI Gas St. No. 2 at 19.) Therefore, the Company has been unable to perform a comparison of related interest costs differences for the same product offering made in response to the RFP. (UGI Gas St. No. 2 at 19.) Due to the lack of information gained during the initial term of the pilot program to make a reasonable recommendation, UGI Gas proposed continuing the pilot program for an additional three-year period. (UGI Gas St. No. 2 at 19; I&E St. No. 1 at 9; UGI Gas St. No. 2-R at 2.)

I&E witness Keller noted his continued disagreement with including the November payment for peaking contracts. (I&E St. No. 1 at 9.) However, he was “not making a related recommendation in this proceeding” because he “accept[ed] the Company’s recommendation to continue the pilot program for another three years where the results will be reviewed in the 2018 1307(f) proceeding.” (I&E St. No. 1 at 9.)

Under the Settlement, the Company will continue the peaking contract RFP pilot program for another 3-year period, where the results will be reviewed in the Company’s 2028 PGC proceeding, as specified on page 2 of UGI Gas Statement No. 2-R. (Settlement ¶ 29.) This extension of the pilot program will provide the opportunity for UGI Gas to gather information on the differences between four-month and five-month bids and to address the issue more thoroughly

in the 2028 PGC proceeding. Based on the foregoing, this Settlement term is reasonable and in the public interest and should be approved without modification.

E. QUARTERLY ADJUSTMENT METHODOLOGY (“QAM”)

In its direct testimony, I&E witness Keller observed how under the 2017 PGC Settlement, UGI Gas “may utilize either annual sales or remaining life sales for quarterly filing to determine the PGC rate change” and how the Company “agreed to continue using the rate caps on quarterly rate changes of 15% for September 1st and 25% for the December 1st, March 1st, and June 1st quarterly filings.” (I&E St. No. 1 at 11.) Although Mr. Keller disagreed “with any proposed use of annual volumes to calculate the PGC rate change beyond the first quarter,” he was “not making a related recommendation in this proceeding because the parties agreed to the three-year study in the 2023 settlement.” (I&E St. No. 1 at 11-12.)

Under the Settlement, the Company will continue the side-by-side analysis of the Quarterly Adjustment 1 (“QAM 1”) and Quarterly Adjustment Mechanism 2 (“QAM 2”) methods until the next PGC proceeding. (Settlement ¶ 30.) In the Company’s 2027 PGC filing, UGI Gas will propose criteria for use in determining when QAM1 and QAM 2 will be used prospectively to calculate the PGC rate change as agreed to in the 2023 PGC Settlement approved at Docket Nos. R-2023-3040290, et al. (Settlement ¶ 30.) Therefore, the Settlement confirms the process by which the QAM 1 and QAM 2 methods will be studied and evaluated, which should help inform the parties’ and Commission’s positions on those methods in the next PGC proceeding. For these reasons, this Settlement provision is reasonable and in the public interest and should be approved.

II. CONCLUSION

As explained above, the Settlement is reasonable and in the public interest and should be approved. The Settlement was achieved only after considerable investigation of the Company's gas procurement practices, through both discovery and the submission of testimony. The Settlement, if approved by the Administrative Law Judge and the Commission, will reduce the amount of expense and effort that will be required by the parties and the Commission to bring this matter to a conclusion, including preparation for and participation in hearings, preparation of briefs, reply briefs, exceptions, and replies to exceptions.

UGI Gas also requests that the required statutory findings be made in this proceeding. These statutory findings are appropriate and are amply supported by the Settlement, UGI Gas's pre-filing information (UGI Gas Exhibit 1), UGI Gas's definitive PGC filing (UGI Gas Exhibit 2), and UGI Gas's testimony in this proceeding.

The Settlement is the result of compromise. To the extent that a term of the Settlement resolved a disputed issue amongst the parties, it did so fairly and without the expense and uncertainty associated with litigation. UGI Gas accordingly fully supports the Settlement and respectfully requests that Administrative Law Judge Alphonso Arnold III and the Commission approve the Settlement without modification.

Respectfully submitted,



Michael S. Swerling (ID # 94748)
Lindsay Berkstresser (ID #318370)
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
Phone: 610-992-3203
Phone: 610-504-9925
E-mail: swerlingm@ugicorp.com
E-mail: berkstresserl@ugicorp.com

Devin T. Ryan (ID # 316602)
Alice A. Wade (ID # 335228)
Post & Schell, P.C.
One Oxford Centre
301 Grant Street, Suite 3010
Pittsburgh, PA 15219
Phone: 717-612-6052
Fax: 717-731-1985
E-mail: dryan@postschell.com
E-mail: alice.wade@postschell.com

Dated: August 8, 2025

Counsel for UGI Utilities, Inc. – Gas Division

Appendix B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3054938
	:	
UGI Utilities, Inc. - Gas Division	:	
1307(f) Purchased Gas Costs	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT OF
SECTION 1307(f) RATES INVESTIGATION**

TO: ADMINISTRATIVE LAW JUDGE ALPHONSO ARNOLD, III:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through Prosecutor Scott B. Granger, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement of Section 1307(f) Rate Investigation (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, and reasonable balance of the interests of UGI Utilities, Inc. - Gas Division (“UGI Gas” “UGI” or “Company”), I&E, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”) (parties in the above-captioned proceeding and hereinafter collectively referred to as the “Parties”), and the UGI Gas customers.

I. BACKGROUND

I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E's analysis of UGI's 2025 Section 1307(f) purchased gas costs ("PGC") filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judge Alphonso Arnold, III ("the ALJ") and the Commission approve the Settlement in its entirety.

1. In September of 2018, UGI Gas received Commission approval to merge its three natural gas distribution companies ("NGDCs") into one NGDC, UGI Utilities, Inc. – Gas Division.¹

2. On May 1, 2025, UGI Utilities, Inc. - Gas Division ("UGI Gas" or Company") submitted its pre-filing preliminary information ("Book 1") in support of their annual purchased gas costs ("PGC") pursuant to 52 Pa. Code §§53.64(c) and 53.65 of the Commission's regulations and 66 Pa. C.S. §1307 of the Pennsylvania Public Utility Code.

3. UGI Gas followed that with their definitive PGC filings ("Book 2") on May 30, 2025. The proposed PGC rate is \$6.7677 per Mcf effective December 1, 2025. The current rate of \$6.6061 per Mcf became effective March 1, 2025.

¹ *Joint Application of UGI Utilities, Inc.; UGI Penn Natural Gas, Inc.; and UGI Central Penn Gas, Inc.*, Docket Nos. A-2018-3000381-30000382-30000383 (Order Entered Sept. 20, 2018).

4. On May 8, 2025, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearances, Formal Complaint, and Public Statement in this PGC proceeding.

5. On May 21, 2025, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance, Intervention, and Public Statement in this proceeding.

6. On May 22, 2025, I&E filed a Notice of Appearance in this proceeding.

7. Several UGI Gas ratepayers filed Formal Complaints to Proposed Rate Increase in this proceeding.

8. On June 11, 2025, the ALJ presided over a telephonic prehearing conference, during which the Parties agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings. As no evidence of the need for public input hearings was presented nor a request for one made, none was scheduled or held.

9. All of the Parties undertook thorough discovery in this proceeding. I&E commenced discovery shortly after the filing was made and continued to conduct discovery throughout the proceeding.

10. In accordance with the procedural schedule established at the prehearing conference, I&E served to all active parties the following one (1) piece of testimony and one (1) accompanying exhibit from one (1) I&E witness addressing the subjects of C-factor quarterly adjustments; E-factor reconciliation; peak service contract payment schedule; and quarterly PGC rate changes:

- I&E Statement No. 1 (PROPRIETARY and Non-Proprietary) and I&E Exhibit No. 1 (PROPRIETARY and Non-Proprietary), the Direct Testimony and supporting Exhibit of Christopher Keller.

11. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple telephonic settlement discussions with the Company and the other Parties to the proceeding. Following settlement negotiations and recognizing that a settlement is the result of compromises made by all Parties, the Parties in this proceeding reached a full and complete Settlement of all issues.

12. The evidentiary hearing, which was scheduled for July 18, 2025, was cancelled and the Parties agreed to waive cross examination for all witnesses and submit the written testimony into the record by joint stipulation and signed verifications of the sponsoring witnesses.

II. TERMS AND CONDITIONS OF SETTLEMENT

13. “The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”² The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”³

14. I&E submits that the Settlement in the instant proceeding balances the interests of the Company, its customers, and the Parties in a fair and equitable manner and presents a resolution for the Commission’s adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Stipulation. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement, I&E requests that

² *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

³ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

the Settlement be recommended by the ALJs and approved by the Commission, without modification.

A. Design Day (Joint Petition ¶ 24).

In the Settlement, UGI and the Parties agree the Company will be permitted to use a design day figure of 2.328 BCF, which includes 2.268 BCF of design cold firm requirements and 0.060 BCF of capacity reserves for the Company's firm core market (PGC and Choice Customer) needs.

UGI Gas witness Jesse Tyahla detailed the Company's calculation of the Company's projected firm peak-day demand, inclusive of reserve requirement, for the upcoming 2024-2025 winter season.⁴ UGI Gas also presented its total projected capacity requirement to meet firm peak day demand through the 2029-2030 winter season of 2.378 BCF.⁵ Mr. Tyahla explained "this five-year planning horizon serves as the basis for seeking long-term contract options as described further in that section of his testimony, inclusive of this intermediate-year's winter season requirements."⁶

I&E did not submit testimony regarding the design day and firm peak day demand. I&E technical staff did, however, analyze the Company's as-filed design day proposal and the supporting testimony. After a complete review of the testimony and exhibits submitted by the Parties; and after negotiations between and among the Parties; I&E supports this settled upon term as it provides regulatory certainty and a resolution of this

⁴ UGI St. No. 2, pp. 6-12.

⁵ *Id.*, p. 6.

⁶ *Id.*

issue, all of which facilitates the Commission’s stated preference favoring negotiated settlements as in the public interest.

B. Peak Day Capacity Supply Additions (Joint Petition ¶¶ 25-27).

In the Settlement, UGI and the Parties agree, in order to address its total peak day capacity supply shortfall needs through the 2029-2030 winter season, UGI Gas will accept two proposals. First, UGI Gas will accept the Asset Management Agreement (AMA) and permanent release offer from Supplier A for 25,254 Dth per day for a 12-year term to address the Company’s identified peak day capacity shortfall (as described in UGI Gas St. No. 2, the direct testimony of Jesse R. Tyahla, at pages 22-24 and also appearing on page 7 in Table 1 of his direct testimony). UGI Gas will perform an operational release of excess capacity above the design day figure to offset costs related to the excess capacity by year. Second, UGI Gas will accept the Transco delivered supply offer from UGI Energy Services, Inc. (“UGIES”) for 17,963 Dth per day for a 1-year term beginning with the 2025-2026 winter season. The Total Maximum Daily Quantity (Dth per day) will be 43,217 Dth.

Again, UGI witness Jesse Tyahla detailed the Company’s position regarding its capacity supply shortfall contracts⁷ and capacity release Asset Management Agreements.⁸ Briefly, the UGI witness noted UGI Gas reviews its peak day needs based on anticipated design cold conditions and where the Company identifies a shortfall, it then seeks firm

⁷ *Id.*, pp. 22-24.

⁸ UGI St. No. 2, pp. 24-26.

supply to address that shortfall.⁹ UGI maintains, as UGI Gas has seen significant customer growth year over year, additional peak supply is needed.¹⁰

Regarding asset management, UGI proffered an AMA is a “contractual relationship through which a party consents to manage delivery arrangements, including supply, as well as the transportation of gas, for another party.”¹¹ “In an AMA, the owner of firm interstate pipeline capacity or storage assets releases its capacity to the asset manager for a specified term.”¹² By entering into an AMA, the owner of the capacity receives an administrative fee while still benefitting from the ability to call on the operational capabilities of the capacity to fulfill system supply requirements.¹³ UGI noted further, “under UGI Gas’s incentive sharing mechanism, the administrative fee paid by an asset manager to UGI Gas is shared with PGC customers.”¹⁴ Specifically, 75% of the fee is credited to the PGC and 25% is retained by UGI Gas.¹⁵ As a result of UGI Gas securing an asset manager for its capacity, PGC customers will experience reduced PGC costs versus what would otherwise have been experienced without the AMA.¹⁶

I&E did not submit testimony regarding the Company’s capacity supply shortfall contracts and capacity release AMAs. I&E technical staff did, however, fully analyze the Company’s proposal as discussed by UGI witness Tyahla. And, after a complete review

⁹ *Id.*, p. 22.

¹⁰ *Id.*

¹¹ UGI St. No. 2, p. 24.

¹² *Id.*

¹³ *Id.*

¹⁴ UGI St. No. 2, p. 25.

¹⁵ *Id.*

¹⁶ *Id.*

of all testimony and supporting exhibits submitted by the Parties, I&E supports this settled upon term as it provides regulatory certainty and a resolution of this issue; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

C. Mobile Liquefied/Compressed Natural Gas (LNG/CNG) Service (Joint Petition ¶ 28).

In the Settlement, UGI and the Parties agree that UGI Gas also will accept the offer from Supplier B for Mobile Compressed Natural Gas (CNG) service to Jim Thorpe, PA of 500 Dth per day for a 5-year term beginning with the 2025-2026 winter season.¹⁷

Again, UGI witness Jesse Tyahla detailed the Company's issuance of an RFP seeking mobile LNG service to Jim Thorpe, PA.¹⁸ The most recent service provided the Company with LNG supplies, LNG storage and vaporization equipment, and staffing to run the LNG facility, but it expired on March 31, 2025.¹⁹

I&E did not submit testimony regarding the Company's mobile liquefied/compressed natural gas service to Jim Thorpe. I&E technical staff did, however, fully analyze the Company's proposal as discussed by UGI witness Tyahla. And, after a complete review of all testimony and supporting exhibits submitted by the UGI Gas, I&E supports this settled upon term as it provides regulatory certainty and a resolution of this issue; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

¹⁷ UGI St. No. 2-R, pp. 7-8.

¹⁸ See UGI St. No. 2, pp. 26-29.

¹⁹ *Id.*

D. Peaking Contract Requests for Proposal (RFPs) (Joint Petition ¶ 29).

In the Settlement, UGI and the parties agreed that UGI Gas will continue the peaking contract RFP pilot program, as agreed to in the 2023 PGC Settlement approved at Docket Nos. R-2023-3040290, et al., for another 3-year period, where the results will be reviewed in the Company's 2028 PGC proceeding.²⁰

I&E noted that as part of the settlement agreement in the 2021 1307(f) proceeding, I&E agreed the Company was to provide a modified RFP based on the inclusion of the November peaking contract payment and without the November peaking contract payment.²¹ The Company was also to provide an evaluation of the PGC over/under collection and PGC interest impacts based on the inclusion of the November peaking contract payment and without the November peaking contract payment in the 2025 PGC proceeding.²² This year, after three years of providing the modified RFP, the Company states that they were unable to perform a comparison of the interest impacts based on the inclusion of the November peaking contract payment because the Company did not receive any RFP which provided payment terms with the inclusion of the November peaking contract payment and without the November peaking contract payment.²³ Therefore, both UGI²⁴ and I&E²⁵ recommended continuing the pilot program for an additional period of time. I&E supports this settled upon term as it continues to reflect

²⁰ See UGI St. No. 2-R, p. 2.

²¹ I&E St. No. 1 PROPRIETARY, pp. 6-9.

²² *Id.*, p. 6.

²³ *Id.*, p. 8, *citing* UGI St. No. 2, p. 19.

²⁴ UGI St. No. 2, p. 19.

²⁵ I&E St. No. 1, pp. 9-10.

the amicable agreement of the parties in a past settlement, all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

E. Quarterly Adjustment Methodology (QAM) (Joint Petition ¶ 30).

In the Settlement, UGI and the Parties agree, the Company will continue the side-by-side analysis of the QAM 1 and QAM 2 methods until the next PGC proceeding. In the Company's 2027 PGC filing, UGI Gas will propose criteria for use in determining when QAM1 and QAM 2 will be used prospectively to calculate the PGC rate change as agreed to in the 2023 PGC Settlement approved at Docket Nos. R-2023-3040290, et al.

I&E notes that, as part of the Settlement agreement in the 2023 UGI 1307(f) proceeding, I&E agreed to UGI's use of the methodology per the settlement agreement in the 2017 1307(f) proceeding to determine the quarterly PGC rate.²⁶ Further, while I&E agreed to the terms in the 2023 1307(f) Settlement agreement, that does not constitute agreement regarding the current methodology being used.²⁷ But rather, the current methodology is still under evaluation for the three-year period where the results will be reviewed in the 2027 1307(f) proceeding.²⁸

I&E supports this settled upon term to continue with the quarterly adjustment methodology study as it continues to reflect the amicable agreement of the parties in a past settlement, all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

²⁶ I&E St. No. 1, p. 10.

²⁷ *Id.*, pp. 11-12.

²⁸ *Id.*

III. STANDARDS AND FINDINGS (Joint Petition ¶¶ 31-35).

This proceeding involves Commission review pursuant to Sections 1307 and 1318 of the Public Utility Code. Under Section 1307(f), the Commission must determine what portion of the gas costs UGI Gas may recover for a previous 12-month period under the standards set forth in Section 1318. In addition, the Commission must determine whether the requirements of Section 1318 can be met.

A. Historic Reconciliation Period (Joint Petition ¶ 32).

In the Settlement, with respect to UGI Gas's gas purchases and gas purchasing practices during the 12-month historic reconciliation period ending March 31, 2025, the Joint Petitioners agree that UGI Gas has met the standards set forth in Section 1318 of the Public Utility Code, as required by Section 1307(f)(5) of the Public Utility Code. As a result, the Joint Petitioners request that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Joint Petitioners in this case, that during the 12-month period ended March 31, 2025, UGI Gas has pursued a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers, as required by Section 1318 of the Public Utility Code.

I&E technical staff fully analyzed the Company's filing, including all testimony and exhibits. I&E supports this settlement term as it provides regulatory certainty and a resolution of the issues; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

B. Projected Period (Joint Petition ¶¶ 33-35).

In the Settlement, with respect to the 12-month period beginning December 1, 2025, the period of time during which the proposed rates would be in effect, the Joint Petitioners agree and request the Commission find that UGI Gas has satisfied each of the standards for a least cost procurement policy set forth in Section 1318 of the Public Utility Code, including the standards set forth in Sections 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2), and 1318(b)(3), based upon the evidence of record in this proceeding. Nevertheless, it is expressly understood and agreed that such findings, relating to the rates to become effective December 1, 2025, are made solely for the purpose of setting prospective rates and shall be subject to further review in an appropriate future proceeding. Further, this Section of the Settlement, Section III.B, is not intended to limit or prevent any party from challenging projected gas purchases that actually have been made, including those made during the interim period of April 1, 2025 through November 30, 2025 and future gas purchasing practices that have been implemented, or from reviewing whether these gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318, except as provided in Section II of the Joint Petition.

Also, the Joint Petitioners agree that future examination of the gas costs relating to the period April 1, 2025 through November 30, 2025, to determine whether UGI Gas's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, shall be permitted and that the Commission's adoption of the findings under Section III.B of this

Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs, except as provided in Section II of the Joint Petition.

I&E technical staff fully analyzed the Company's filing, including all testimony and exhibits. I&E supports this settlement term as it provides regulatory certainty and a resolution of the issues; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest. I&E believes these agreed upon Settlement terms reflect an amicable agreement among the parties.

IV. GENERAL PROVISIONS (Joint Petition ¶¶ 36-43).

15. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and negotiations with the Company or are incorporated or considered in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Parties have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this Section 1307(f) filing complete.

16. I&E further submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense

for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all the Parties agree benefits their discrete interests and is in the public interest.

17. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Party.

18. This Settlement is being presented only in the context of this Section 1307(f) proceeding to resolve certain outstanding issues in a manner that is fair and reasonable. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any other Parties to the Settlement. Furthermore, the Settlement reflects compromises on all sides, and is presented without prejudice to the positions that any of the parties may advance in future UGI proceedings on the merits of the issues.

19. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ

in his Recommended Decision. Further, I&E does not waive the right to file Replies in the event any other party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of Section 1307(f) Rates Investigation as being in the public interest and respectfully requests that Administrative Law Judge Alphonso Arnold, III recommend, and the Commission approves, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,

A handwritten signature in cursive script that reads "Scott B. Granger".

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
sgranger@pa.gov

Dated: August 8, 2025

Appendix C

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	
	:	
v.	:	Docket No. R-2025-3054938
	:	
UGI Utilities, Inc. – Gas Division	:	

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF SETTLEMENT

The Pennsylvania Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of UGI Utilities, Inc. – Gas Division (UGI or Company) Gas Cost Rate (GCR) proceeding (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On May 1, 2025, UGI Utilities, Inc. – Gas Division (UGI or the Company) submitted its 30-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64, 53.65. The Company’s filing was assigned to the Office of Administrative Law Judge (OALJ) and further assigned to Administrative Law Judge (ALJ) the Honorable Alphonso Arnold III for investigation and scheduling of hearings to determine whether UGI’s purchased gas costs comply with the standards set forth in the Public Utility Code.

On May 8, 2025, the OCA filed a Notice of Appearance. On May 9, 2025, the OCA filed a Formal Complaint and Public Statement. On May 21, 2025, the Office of Small Business

Advocate (OSBA) filed a Notice of Appearance. On May 22, 2025, the Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. Also on May 22, 2025, Post & Schell P.C. filed a Notice of Entry of Appearance for counsel on behalf UGI.

On May 30, 2025, the Company submitted its definitive filing pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f).

On June 3, 2025, the ALJ issued an Order setting the date and time for the prehearing conference in this matter for Wednesday, June 11, 2025, at 1:00 P.M. On June 5, 2025, OSBA filed a Formal Complaint and Public Statement.

The OCA retained Jerome D. Mierzwa¹ to provide technical assistance and to review the Company's gas purchasing practices and operations. Mr. Mierzwa reviewed the Company's preliminary and definitive filings in this matter. In addition, the OCA served discovery on the Company and reviewed all Company responses.

Subsequently, in accordance with the Pennsylvania Public Utility Commission's (Commission) Rules and Regulations at 52 Pa. Code Section 5.321, the parties undertook discussions in an attempt to reach settlement. On July 10, 2025, the Company informed the ALJ that the parties reached a settlement in principle of all issues in the proceeding. The terms and conditions of the settlement agreement reached by the Joint Petitioners (UGI, OCA, I&E, and OSBA) are now embodied in the Settlement that accompanies this instant Appendix/Statement in Support. The OCA submits that the Company has met the requirements of 66 Pa. C.S. Sections 1307(f) and 1318, and that the Settlement is in the public interest for the reasons set forth below.

¹ Mr. Mierzwa is a Principal with and Vice President of Exeter Associates, Inc. ("Exeter"). Since joining Exeter in 1990, he has specialized in evaluating the gas purchasing practices and policies of natural gas distribution companies ("NGDCs"), utility class cost of service and rate design analysis, sales and rate forecasting, performance-based incentive regulation, revenue requirement analysis, the unbundling of utility services and the evaluation of customer choice natural gas transportation programs.

II. LEGAL STANDARDS

The Commission encourages parties in contested, on-the-record proceedings to settle cases. *See* 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement suits the public interest. *Pa. PUC v. CS Water and Sewer Associates*, 74 Pa. PUC 767, 711 (1991). When the settling parties submitted their joint settlement petition for approval, the principal issue for the Commission is whether the agreement serves the public interest. *Pa. PUC v. Philadelphia Electric Company*, 60 Pa. PUC 1, 21 (1985).

III. TERMS AND CONDITIONS OF SETTLEMENT

Following the OCA's review of UGI's filing and discovery responses, the OCA did not identify issues that would require the OCA to submit testimony in this proceeding. In reaching its determination to settle, the OCA examined several aspects of the Company's filing.

First, OCA witness Mierzwa examined the reasonableness and prudence of the Company's mix of demand entitlements and storage, including an assessment of the reasonableness of the Company's estimate of design day requirements. OCA Prehearing Memo at 3. Mr. Mierzwa reviewed the Company's design day forecast model(s) and daily data relied upon to determine the design day temperature in each of UGI's service territories through discovery. OCA witness Mierzwa determined that there were no issues with UGI's design day methodology.

Next, OCA witness Mierzwa reviewed the workpapers, calculations and supporting documentation developing UGI's projected total design firm peak day demand for the 2025-2026 winter season, as well as the design peak day demands of PGC and end-user firm transportation customers through discovery. Mr. Mierzwa determined that there were no significant issues with UGI's workpapers, calculations, and supporting documentation that necessitated filing testimony.

As Mr. Mierzwa did not identify any issues necessitating testimony, the OCA did not file testimony in this matter.

Under the terms of the Settlement, for the upcoming 2025-2026 winter season, the Company will be permitted to use a design day figure of 2.328 BCF, which includes 2.268 BCF of design cold firm requirements and 0.060 BCF of capacity reserve requirements for the Company’s firm core market (PGC and Choice Customer markets) needs. Settlement ¶ 24.

The Joint Petitioners also specifically agreed to the following provisions contained in Settlement:

To address the total peak day capacity supply shortfall needs through the 2029-2030 winter season, UGI Gas will accept the following proposals:

Source	Term	Maximum Daily Quantity (Dth per day)
Supplier A (Transco AMA and Capacity Release)	2025-2037	25,254
UGIES (Transco Delivered Supply)	2025-2026	17,963
Total		43,217

Specifically, UGI Gas will accept the AMA and permanent release offer from Supplier A for 25,254 Dth per day for a 12-year term to address the Company’s identified peak day capacity shortfall (as described in UGI Gas St. No. 2, the direct testimony of Jesse R. Tyahla, at pages 22-24 and also appearing on page 7 in Table 1 of his direct testimony). UGI Gas will perform an operational release of excess capacity above the design day figure to offset costs related to the excess capacity by year.

UGI Gas also will accept the Transco delivered supply offer from UGI Energy Services, Inc. (“UGIES”) for 17,963 Dth per day for a 1-year term beginning with the 2025-2026 winter season.

Settlement ¶ 25.

Additionally, the Settlement requires that UGI continue the peaking contract Request for Proposal (RFP) pilot program, as agreed to in the 2023 PGC Settlement approved at Docket Nos. R-2023-3040290, et al., for another 3-year period, where the results will be reviewed in the

Company's 2028 PGC proceeding. UGI St. 2R at 2. Settlement ¶ 29. The OCA reviewed the peaking contract RFP pilot program in UGI's PGC filing for 2023, and in support of the 2023 settlement, noted that the agreed upon provision resolved any concerns. *Pa. PUC v. UGI Utilities Inc. - Gas Division*, Docket No. R-2023-3040290, Joint Petition for Settlement, App. C at 6 (Oct. 9, 2023). After reviewing the same matter in the above-captioned proceeding, the OCA agrees that the continuation of the peaking contract RFP pilot program as outlined in Settlement is reasonable and in the public interest.

Additional terms of the Settlement agreement include UGI accepting a Compressed Natural Gas (CNG) contract for service to Jim Thorpe, PA and a continuation of the Company's methodology for calculating quarterly adjustments. Settlement ¶¶ 29-30. The OCA reviewed all testimony and discovery responses and determined that with the Settlement provisions discussed above, all issues in this proceeding are resolved.

IV. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Settlement are in the public interest and in the interest of UGI's ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the Commission should approve the proposed Settlement without modification.

Respectfully Submitted,

/s/ Ryan Morden

Ryan Morden
Assistant Consumer Advocate
PA Attorney I.D. # 335679

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: 717-783-5048
Fax: 717-783-7152

Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
OCAUGI1307f@paoca.org

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Counsel for:
Darryl A. Lawrence
Consumer Advocate