

COMMONWEALTH OF PENNSYLVANIA



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February 6, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
vs.
UGI Utilities, Inc. – Gas Division

Docket No. R-2025-3059523

Dear Secretary Homsher:

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

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

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby, Esq.
Senior Assistant Consumer Advocate
PA Attorney I.D. # 81617
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Enclosures

cc: The Honorable Charles E. Rainey, Jr. (email only: crainey@pa.gov)
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Paul Zander, TUS (email only: pzander@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2025-3059523
 :
 UGI Utilities, Inc. - Gas Division :
 :

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 6th day of February, 2026.

SERVICE BY E-MAIL ONLY

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Dated: February 6, 2026

Counsel for:
Darryl A. Lawrence
Consumer Advocate

PENNSYLVANIA PUBLIC UTILITY COMMISSION

FORMAL COMPLAINT

1. COMPLAINANT INFORMATION

Darryl Lawrence, Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: 717-783-5048

2. FULL NAME OF UTILITY COMPANY:

UGI Utilities, Inc. – Gas Division
Docket No. R-2025-3059523

3. TYPE OF UTILITY:

Natural Gas

4. COMPLAINT:

- A. On January 28, 2026, UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) filed Supplement No. 63 to UGI Gas Tariff – PA. P.U.C. Nos. 7 and 7S to become effective March 29, 2026. A full suspension by the Public Utility Commission (Commission) would delay the increase until October 29, 2026. Through this filing, UGI Gas requests that the Commission approve rate increases to its natural gas rates pursuant to Sections 1308 and 1330 of the Public Utility Code. 66 Pa. C.S. §§ 1308, 1330. UGI Gas proposes to increase rates to produce additional overall annual operating revenues of \$99.368 million, or an increase of 8.05% overall, based on a fully projected future test year (FPFTY) ending September 30, 2027.
- B. As of September 20, 2025, the Company furnishes natural gas to approximately 706,000 residential, commercial, and industrial customers in 46 counties throughout Pennsylvania.
- C. The Company furnishes natural gas in portions of Adams, Bedford, Berks, Blair, Bradford, Bucks, Carbon, Centre, Chester, Clarion, Clearfield, Clinton, Columbia, Cumberland, Dauphin, Delaware, Forest, Franklin, Fulton, Huntington, Juniata, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, McKean, Mifflin,

Monroe, Montour, Northampton, Northumberland, Perry, Pike, Potter, Schuylkill, Susquehanna, Tioga, Union, Venango, Wayne, Wyoming, and York counties.

- D.** According to the customer notices included in the Company’s filing, the total bill for a residential heating customer using an average of 68.7 cubic feet (CCF) per month would increase from \$113.64 to \$123.55 per month or by \$9.91 or 8.7%.
- E.** The OCA is investigating the basis for, and calculation of, estimated bill increases to ensure that they are consistent with applicable standards and will produce just and reasonable rates.
- F.** The proposed natural gas rate changes noted above do not reflect the changes that will be experienced by all customers; rather they only reflect changes for customers using what UGI Gas has asserted is the “typical” usage for residential customers. In the OCA’s experience, the increases reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers.
- G.** The Company is proposing to allocate approximately \$74.67 million, or 75.15% of the proposed increase to the residential customer class. The Company produces this result, in part, by proposing to increase the average monthly residential customer charge, which is a charge a customer pays no matter how little or how much natural gas they consume, by \$6.75, or by 41.5%, from \$16.25 to \$23. The Company justifies this increase by stating that its calculations support a monthly residential customer charge of \$54.
- H.** For ratemaking purposes, UGI Gas proposes a return on equity of 10.75% resulting in an overall rate of return of 8.20%.
- I.** The proposed rates of return appear to be excessive and, if accepted, would result in rates that are unjust and unreasonable in violation of chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*, sound ratemaking principles, and public policy. The proposed capital structure is also likely to be found to be excessive and, if adopted, would result in rates that are unjust and unreasonable in violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*, sound ratemaking principles, and public policy.
- J.** The Company states that its general increase proposal is driven by several factors, including allowing it to earn a fair return on investments, supporting ongoing infrastructure replacement programs, enhance information technology systems, recover operating expenses necessary for the provision of safe and reliable gas distribution service, to extend its Weather Normalization Pilot, and to incorporate a ten-year normal weather calculation in its rate design.

- K.** For the depreciation study, UGI used the straight line and remaining life basis methods of depreciation and utilized the average service life procedure for plant installed prior to 1982 and the equal life group procedure for 1982 and subsequent vintages.
- L.** The Company is proposing to extend its pilot Weather Normalization Adjustment (WNA) tariff rider to normalize weather sensitive usage by customers between October and April for a second five-year period. The WNA charges customers between these months when it is warmer than normal, and credits customers when it is colder than normal on a service rendered basis. As part of the extended pilot, and consistent with the settlement agreement approved in Docket Nos. R-2025-3052716 et al., UGI Gas is proposing to utilize a 10-year weather history to establish its Normal Heating Degree Days instead of the 15-year weather history utilized in the original pilot.
- M.** UGI Gas is also proposing several changes to its Universal Services Program (USP) Rider, Rider F, by adding language to allow the Company to charge a USP Rate XD customers on a negotiated basis that is no greater than the rate charged to Rate R and Rate RT customers, by adding language to specify the USP rate for Rate R and Rate RT customers, and removing the specified number of 25,404 and updating the applicability date from September 30, 2025 to September 30, 2026.
- N.** The Company also resets both Rider A, State Tax Adjustment Surcharge, and Rider I, Distribution System Improvement Charge, to 0.00%.
- O.** A preliminary examination of the Company’s general rate increase request indicates that the rates requested, including specific elements of its request, for example, but not limited to, the inclusion of certain plant in rate base, expense claims, rate of return, revenue allocation, proposed customer charges, rate design, and alternative ratemaking requests, may not be just and reasonable and otherwise may be in violation of the law.
- P.** Whether rates are just and reasonable is inextricably intertwined with the quality of service provided. *Nat’l Utils. v. Pa. PUC*, 709 A.2d 972, 973 (Pa. Cmwlth. 1998). Therefore, all issues pertaining to the adequacy and reasonableness of a utility’s service and facilities are relevant to whether a utility’s existing or proposed rates are just and reasonable. 66 Pa. C.S. §§ 1301, 1501.
- Q.** The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the General Assembly, as amended, 71 P.S. Sections 309-1, *et seq.*

- R.** In reaching a decision on whether to grant UGI Gas’s rate increase as well as its various rule and tariff changes, the Public Utility Commission must give “due consideration to the interests of consumers.” 71 Pa. Stat. Ann. § 309-5(2).
- S.** A preliminary examination of the Company’s filed Supplement No. 63 to UGI Gas Tariff – PA. P.U.C. Nos. 7 and 7S and request for a general rate increase indicates that:
1. The proposed changes and increase in rates, proposed rate schedule modifications and transfers, and proposed changes in rate policy, rules and regulations contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*;
 2. The proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. Sections 1301 and 1304, *et seq.*, and are otherwise contrary to sound ratemaking principles and public policy.
 3. The Company’s existing rates, rules, and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles. 66 Pa. C.S. § 1301 *et seq.*
 4. The character of service and facilities furnished and maintained by the Company may not be adequate, efficient, safe, reasonable, reasonably continuous, or without unreasonable interruptions or delay, in violation of Section 1501 of the Public Utility Code. 66 Pa. C.S. § 1501. The character of service and facilities may not be in conformity with Commission regulations or orders. 66 Pa. C.S. § 1501. Additionally, the Company may have failed to make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. 66 Pa. C.S. § 1501.
- T.** The Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company’s (1) existing and proposed rates are just, reasonable, and are not unduly discriminatory or otherwise unlawful, and (2) service and facilities are adequate, efficient, safe, reasonable, reasonably continuous, without unreasonable interruptions or delay, and in conformity with Commission regulations and orders.

5. RELIEF

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

- A.** Suspend and investigate the operation of the proposed Supplement No. 63 to UGI Gas Tariff – PA. P.U.C. Nos. 7 and 7S pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. Section 1308(d);
- B.** Enter a suspension order at the next scheduled Public Meeting following the date of this Complaint, which is February 19, 2026, in order to expedite this matter being assigned to the Office of Administrative Law Judge, which would allow the commencement of necessary procedural steps for purposes of developing a reasonable procedural schedule in which the parties may litigate;
- C.** Direct the Office of Administrative Law Judge to use the October 22, 2026 Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;
- D.** Consolidate all complaints filed against the proposed general rate increase request;
- E.** Ensure that UGI Gas has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission’s Regulations;
- F.** Hold full evidentiary hearings examining the reasonableness of UGI Gas’s current and proposed rates and its proposed increases;
- G.** After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in the UGI Gas’s service territory, as well as by telephone or virtually, in order to provide customers with an opportunity to be heard on the record;
- H.** Deny any inclusion into rate base of any plant that is not reasonably projected to be used and useful within the fully projected future test year, deny any charges or changes contained in the proposal which would result in unjust and unreasonable rates, or cannot be fully justified by the UGI Gas, or otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- I.** Deny the proposed changes and increase in rates, proposed rate schedule modifications and transfers, proposed changes in rate policy or pilot programs, and proposed changes in rules and regulations contained in the proposed Tariff where the Commission finds they are not just and reasonable, unreasonably discriminatory, contrary to sound ratemaking principles, or inconsistent with or in violation of Commission regulations or orders. 66 Pa. C.S. §§ 1301, 1304.
- J.** After reasonable notice, as raised by consumer testimony in public input hearings or a party’s written direct or supplemental direct testimony, and after hearing of the

same, make findings as to whether the service or facilities of any public utility are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory, or otherwise in violation of the Public Utility Code. 66 Pa. C.S. § 1505(a).

- K.** Consider, in addition to all other relevant evidence of record, the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates. 66 Pa. C.S. § 523. On the basis of the Commission’s consideration of such evidence, give effect to it by making such adjustments to specific components of the utility’s claimed cost of service as it may determine to be proper and appropriate, on the basis of specific findings upon evidence of record, which findings shall be set forth explicitly, together with their underlying rationale, in the final order of the Commission. 66 Pa.C.S. § 523.
- L.** Reject, in whole or in part, a public utility’s request to increase its rates where the Commission concludes, after hearing, that the service rendered by the public utility is inadequate in that it fails to meet quantity or quality for the type of service provided. 66 Pa. C.S. § 526.
- M.** Where the Commission finds that service or facilities of the public utility are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory, or otherwise in violation of the Public Utility Code, determine and prescribe, by regulation or order, the reasonable, safe, adequate, sufficient, service or facilities to be observed, furnished, enforced, or employed, including all such repairs, changes, alterations, extensions, substitutions, or improvements in facilities as shall be reasonably necessary and proper for the safety, accommodation, and convenience of the public. 66 Pa. C.S. § 1505(a).
- N.** Grant such other relief that the Commission may deem appropriate.

6. VERIFICATION AND SIGNATURE

I, Darryl Lawrence, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Darryl A. Lawrence
Signature

February 6, 2026
Date

7. Legal Representation

Christy M. Appleby, Senior Assistant Consumer Advocate, PA Bar No. 85824
Jacob D. Guthrie, Assistant Consumer Advocate, PA Bar No. 334367
Katherine “Katie” Kennedy, Assistant Consumer Advocate, PA Bar No. 317237
Johnathan Longhurst, Assistant Consumer Advocate, PA Bar No. 338157
Crystal M. Zook, Assistant Consumer Advocate, PA Bar No. 334159

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Dauphin County

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

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. Section 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in the proceedings before the Commission involving the proposed general rate increase by increase requested by UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) docketed at R-2025-3059523.

On January 28, 2026, UGI Gas filed a general rate increase request seeking the Commission's approval to increase its overall operating revenue by \$99.368 million, or 8.05%, over the amount of annual revenues at present rates. UGI Gas would also be allowed an overall rate of return of 8.20%, which includes a 10.75% return on common equity. Under the Company's proposal, the total average monthly bill of a UGI Gas residential customer using 68.7 Cubic Feet (Ccf) per month would increase from \$113.64 to \$123.55 per month or by \$9.91 or 8.7%.

The objective of the Consumer Advocate in filing this complaint is to protect the interests of Company's customers in paying just and reasonable rates and receiving adequate, efficient, safe, and reasonable utility service.

First, the Consumer Advocate will seek to ensure that UGI Gas is permitted to implement only rates that are fully substantiated, just and reasonable, not unduly discriminatory, and otherwise consistent with the Public Utility Code, Commission regulations and orders, case law, and sound ratemaking principles. The Consumer Advocate submits that UGI Gas's existing rates and its proposed rates may be unjust and unreasonable and otherwise unlawful based upon

information filed by the Company in support of its ratemaking claims and overall general rate increase request. 66 Pa. C.S. §§ 1301, 1304.

Additionally, the Consumer Advocate will seek to ensure that the character of utility service and facilities furnished and maintained by the Company are adequate, efficient, safe, reasonable, reasonably continuous, without unreasonable interruptions or delay, and in conformity with Commission regulations or orders. 66 Pa. C.S. § 1501. Where service or facilities are found to be inadequate, the Consumer Advocate will seek to ensure that the Commission consider such findings in granting or denying the requested rate relief, in whole or in part, and in determining and prescribing the character of service or facilities to be furnished or maintained by the Company. 66 Pa. C.S. §§ 523, 526, 1505(a).

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2025-3059523

UGI Utilities, Inc. - Gas Division

:

VERIFICATION

I, Darryl A. Lawrence, hereby state that the facts above set forth in the OCA's Complaint and Public Statement, are true and correct to the best of my knowledge, information, belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: February 6, 2026

Signature: /s/ Darryl A. Lawrence
Darryl A. Lawrence

Address: 555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923