
Lindsay A. Berkstresser

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File #: 219168

September 17, 2026

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v. UGI Utilities, Inc. - Gas Division
Docket No. R-2026-3062192, et al.

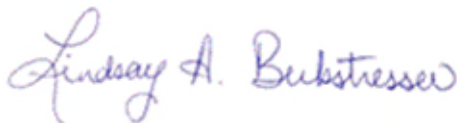
Dear Secretary Homsher:

Attached for filing is the Pre-Served Testimony, Exhibit and Verification on behalf of UGI Utilities, Inc. – Gas Division in the above-referenced proceeding. The following documents were admitted into the record via Administrative Law Judges Alphonso Arnold III and Barbara Shadie Nause's Order Granting Joint Stipulation and Admitting Evidence which was issued on August 24, 2026.

Zachary J. Shirk: UGI Gas Statement No. 1-R
UGI Gas Exhibit ZJS-IR
Verification.

Copies of this letter are being served on parties per the attached Certificate of Service. Should you have any questions please do not hesitate to contact me.

Respectfully submitted,



Lindsay A. Berkstresser

LAB/sll
Attachment

Matthew L. Homsher, Secretary
September 17, 2026
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cc: Administrative Law Judge Alphonso Arnold III (*via email; Letter and COS only*)
Administrative Law Judge Barbara Shadie Nause (*via email; Letter and COS only*)
Certificate of Service (*via email; Letter and COS only*)

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 E-MAIL

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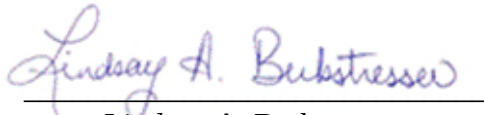
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Date: September 17, 2026


Lindsay A. Berkstresser

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC
UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

:
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:
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:
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Docket No. R-2026-3062192

REBUTTAL TESTIMONY
OF
ZACHARY J. SHIRK

UGI GAS STATEMENT NO. 1-R

Dated: July 15, 2026

1 **I. Introduction**

2 **Q. Please state your name and address.**

3 A. My name is Zachary Shirk. My business address is UGI Utilities, Inc., 1 UGI Drive,
4 Denver, PA 17517.

5
6 **Q. Did you previously submit direct testimony in this proceeding?**

7 A. Yes, I submitted direct testimony, UGI Gas Statement No. 1, as part of the UGI Utilities,
8 Inc. – Gas Division’s (“UGI Gas” or the “Company”) Book 2 filing on June 1, 2026.

9
10 **Q. What is the purpose of your rebuttal testimony?**

11 A. My rebuttal testimony addresses the direct testimony submitted by Christopher Keller on
12 behalf of the Public Utility Commission’s (“Commission”) Bureau of Investigation and
13 Enforcement (“I&E”) (I&E Statement No. 1).

14
15 **Q. Are you sponsoring any exhibits?**

16 A. Yes, I am sponsoring UGI Gas Exhibit ZJS-1R.

17
18 **Q. Would you please summarize Mr. Keller’s direct testimony submitted on behalf of**
19 **I&E?**

20 A. Mr. Keller addresses three topics: (1) the Company’s peak service contract payment
21 schedule; (2) the Quarterly Adjustment Methodology (“QAM”) used by UGI Gas to
22 calculate its quarterly Purchased Gas Cost (“PGC”) rate changes; and (3) the February 17,

1 2026 *Ex Parte* Petition for Emergency Order¹ (“Petition”) filed by UGI Gas. Ultimately,
2 Mr. Keller: (1) declines to make a recommendation with regard to the Company’s peaking
3 contracts and quarterly PGC rate methodology, as both of those issues are subject to
4 ongoing settlement commitments, and (2) recommends that the difference in the interest
5 resulting from the Petition (i.e., the difference in interest on the undercollection that would
6 have occurred without the Petition versus the interest generated by the Petition when the
7 rate cap was lowered from 25% to 10% in the March 1, 2026 quarterly filing per the
8 Commission’s approval of the Petition) be absorbed by the Company.
9

10 **Q. Do you have any response to these positions expressed by Mr. Keller?**

11 A. Yes, I will respond to each of these items in the following sections of my rebuttal testimony.
12

13 **II. UGI Gas’s Peak Service Contract Payment Schedule**

14 **Q. I&E Witness Keller indicates he disagrees with the inclusion of November payment**
15 **terms for peaking contracts. (I&E St. No. 1 at 8.) Do you have a response to this?**

16 A. Yes. Pursuant to the 2025 UGI Gas PGC Settlement (“2025 PGC Settlement”), and as
17 acknowledged by Mr. Keller in direct testimony, “I&E agreed the Company was to provide
18 a modified RFP based on the inclusion of the November peaking contract payment and
19 without the November peaking contract payment.” (I&E St. No. 1 at 8.) While he expresses
20 his opposition to November peaking payment terms, Mr. Keller does not make a
21 recommendation given that UGI Gas has complied with the 2025 PGC Settlement. (I&E

¹ *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, Docket No. P-2026-3060521 (filed Feb. 17, 2026.)

1 St. No. 1 at 8.) The Company will continue to comply with the terms agreed to in the 2025
2 PGC Settlement, which provides that the agreed upon methodology will be evaluated in
3 the Company's 2028 Section 1307(f) proceeding. Therefore, there should be no change to
4 the way the Company handles payment for its peaking contracts in this case.
5

6 **III. Quarterly Rate Changes**

7 **A. Current Methodology**
8

9 **Q. Please summarize I&E Witness Keller's position on how UGI Gas calculates its PGC**
10 **rate changes.**

11 A. In his testimony, I&E Witness Keller accurately describes UGI Gas's quarterly PGC rate
12 changes, including the rate caps of 15% for September and 25% for the December, March,
13 and June updates. He also describes how UGI Gas uses either the annual sales or remaining
14 life sales for each quarterly filing. (I&E St. No. 1 at 9.) While this discretion applies to the
15 Company's June and September quarterly changes, in the settlement agreement in the
16 Company's 2023 PGC proceeding at Docket No. R-2023-3040290, UGI Gas committed to
17 the following tariff language revision for its March quarterly filings:

18 The Joint Petitioners agree that UGI Gas will revise its tariff language on page No.
19 52, in the section entitled "Quarterly Adjustments" to read as follows:
20

21 When making the December 1, March 1, June 1 and September 1 quarterly
22 C-factor adjustments, the Company will refund or recover all actual and
23 projected incremental over or under collections from December 1 through
24 November 30 over either remaining PGC year sales volumes or annual PGC
25 year sales volumes, however the March 1 adjustment for projected over or
26 under collections shall only utilize the remaining PGC year sales volumes.
27 Any quarterly PGC rate change on December 1, March 1 and June 1 will be
28 capped at 25% of the then-current PGC rate, with any amounts above this
29 cap being brought forward for inclusion in the calculation of subsequent
30 quarterly C-factor adjustments. Any quarterly PGC rate change on

1 September 1 will be capped at 15% of the then-current PGC rate, with any
2 amounts above this cap being brought forward for inclusion in the
3 calculation of subsequent quarterly C-factor adjustments. The Company is
4 authorized, at its sole discretion, to waive the quarterly cap on rate decreases
5 only.²
6

7 Mr. Keller, however, disagrees with the use of annual sales to calculate the rate change
8 beyond the first quarter and instead advocates for the remaining life methodology. (I&E
9 St. No. 1 at 11.)
10

11 **Q. Does I&E Witness Keller make any recommendation regarding the current**
12 **methodology to calculate the quarterly PGC rate?**

13 A. No. I&E agreed to UGI Gas's methodology pursuant to the settlement agreement in the
14 2023 PGC Settlement. (I&E St. No. 1 at 8.)
15

16 **Q. Do you have any observations regarding the commitments UGI Gas made as part of**
17 **the 2023 PGC Settlement?**

18 A. UGI Gas believes that being able to use either annual sales or remaining life sales offers
19 flexibility to choose which methodology will best provide price stability for customers.
20 However, UGI Gas continues to comply with the 2023 PGC Settlement by conducting the
21 agreed upon study, which will be presented in next year's Section 1307(f) proceeding.
22

23 **B. Temporary Rate Cap Reduction**

² *Pa PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2023-3040290, Joint Petition for Settlement of Section 1307(f) Rate Investigation (“2023 PGC Settlement”), ¶21 (filed Aug. 16, 2023) (approved by Order entered Oct. 19, 2023) (emphasis in original).

1 **Q. Does I&E Witness Keller address I&E’s opposition to UGI Gas’s Petition filed on**
2 **February 17, 2026?**

3 A. Yes.

4
5 **Q. Why did UGI Gas file the Petition?**

6 A. As described in the Petition, in the 2023 PGC Settlement at Docket No. R-2023-3040290,
7 UGI Gas agreed to cap quarterly PGC rate changes at 25% of the current PGC rate and to
8 bring forward amounts over this cap for inclusion in subsequent quarterly adjustments.
9 (Petition, ¶3.) This approach was reaffirmed in the 2025 PGC Settlement at Docket No. R-
10 2025-3054938. (Petition, ¶3.) During the winter months of 2025-2026, the Company
11 experienced natural gas commodity prices above what was forecasted in its December 1
12 PGC rate. (Petition, ¶4.) The Company noted that it would not be able to fully reflect the
13 gas costs incurred since December 1, 2025, even at the 25% cap, and that increasing the
14 PGC rate to that level would present affordability challenges to customers who had already
15 experienced a cold winter with high consumption at higher than anticipated gas prices.
16 (Petition, ¶¶5-6.)

17 To address these concerns, the Company sought a temporary modification to its
18 QAM for the rates effective March 1, 2026, to support PGC customer affordability during
19 the peak winter heating season. Specifically, UGI Gas requested permission to lower the
20 25% PGC rate cap for the QAM to 10%, which made the PGC increase for the average
21 residential customer effective on March 1, 2026, a 4.2% increase, rather than a 10.5%
22 increase. (Petition, ¶7.) The Company noted that granting this request would be in the

1 public interest as it would protect customers from financial hardship following a cold
2 winter. (Petition, ¶10.)
3

4 **Q. Did the Commission approve the Company's request?**

5 A. Yes. The Commission granted the Petition, finding:

6 . . .UGI has established an immediate need for relief, while also
7 establishing irreparable injury in the absence of such relief. In
8 particular, implementation of a PGC at the 25% cap will likely result
9 in affordability issues for affected customers. Immediate need for
10 relief was established by the fact that UGI's next PGC quarterly
11 adjustment is due to occur on February 27, 2026, thus approval of
12 this request is required prior to that date to avoid harm to affected
13 customers. Further, the granting of the request will not be injurious
14 to the public. The Company avers that it has notified the Office of
15 Consumer Advocate, which indicated it does not oppose the
16 petition. Lowering the QAM cap to 10% serves the public interest
17 and will protect customers from immediate financial hardship
18 during the winter heating season as costs [sic] recovery will be over
19 a longer period of time and a lower bill impact. Cost recovery for
20 costs incurred over the cap may be addressed in the Company's
21 upcoming PGC proceeding.³
22

23 **Q. I&E Witness Keller indicated that I&E asked the Commission to deny this Petition.**

24 **Why did I&E oppose this Petition?**

25 A. According to Mr. Keller, I&E was concerned that the lower cap would result in an
26 undercollection, resulting in high bills for ratepayers in December 2026. (I&E St. No. 1 at
27 13.)
28

29 **Q. Has there been an undercollection?**

³ *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, Docket No. P-2026-3060521 (“Ex Parte Emergency Order”) (Ex Parte Emergency Order issued February 19, 2026) (Ratification Order entered March 12, 2026).

1 A. Yes, however, the undercollection did not result solely from the reduction in the cap. The
2 Company entered the PGC period beginning on December 1, 2025 undercollected by
3 \$32,764,472. As shown in the response to I&E-I-6, a significant portion of the
4 undercollection occurred in January 2026 when commodity prices reached unusually high
5 levels due to Winter Storm Fern. As discussed by Witness Keller, citing the Company's
6 response to I&E-I-6,⁴ the undercollection was ultimately higher due to the Petition than it
7 would have been without lowering the cap. (I&E St. No. 1 at 14.) While increasing the
8 PGC rate by 25% would have resulted in a smaller undercollection, UGI Gas would have
9 still projected to be approximately \$62 million undercollected, which would be carried
10 forward in the December 2026 E-Factor. The difference between the 10% cap and the 25%
11 cap was \$24,887,859 in undercollection (undercollection of \$62,262,061 at 25% versus
12 \$87,149,920 at 10%), and \$1,656,172 in interest (interest of \$5,347,181 at 25% versus
13 \$7,003,353 at 10%). It is the difference in the interest, only, that I&E opposes.

14
15 **Q. I&E Witness Keller states that the undercollection is further exacerbated by the**
16 **Company's peaking contracts beginning in November. Is this accurate?**

17 A. No. Undercollections are not the product of contract pricing. They are the product of a
18 reconciliation of the forecasted volumes and costs when compared to the actual
19 experienced volumes and costs. This winter, commodity costs and volumes were
20 consistently higher than those projected in the December 1, 2025 PGC rate, leading to a
21 chronic undercollection. Then the Company incurred significant storm related costs at the
22 end of January that caused the undercollection to balloon. Having the peaking contracts

⁴ I&E Exhibit No. 1, Schedule 3.

1 begin in December instead of November only serves to move the charges to the C-Factor
2 calculation period (December 2026 – November 2027) rather than be included in the E-
3 Factor. Further, by moving the payment to months with a higher interest weighting,
4 customers end up paying more in interest. Mr. Keller’s position would therefore result in
5 customers paying a higher PGC rate.
6

7 **Q. What issues might customers have faced if the cap remained at 25%?**

8 A. As described in the Petition, UGI Gas’s customers experienced larger than normal winter
9 heating bills due to colder than normal weather throughout the winter, and particularly
10 during Winter Storm Fern, that led to higher gas consumption. Further, the commodity
11 cost of gas was higher this winter because of higher gas demand, exacerbating affordability
12 concerns (i.e., customers both used more gas and the cost of each unit of gas was higher).
13 Keeping the cap at 25% would have significantly increased the cost for customers coming
14 out of the winter season, further exacerbating bill affordability just before the termination
15 season begins in April. Customers may have seen their bills increase even as their usage
16 decreased, which could confuse customers and discourage them from trying to lower their
17 bills through conservation in the future.
18

19 **Q. What recommendations does I&E Witness Keller make?**

20 A. I&E Witness Keller recommends that the Company not be permitted to collect the
21 difference in interest that resulted from lowering the rate cap from 25% to 10%. (I&E St.
22 No. 1 at 15.) As I noted previously, that amount is \$1,656,172. He also recommends that
23 UGI Gas provide extended payment plans and no termination provisions for customers that

1 will be affected by “what will probably be much higher gas costs” in the coming winter
2 due to the higher E-Factor. (I&E St. No. 1 at 17.)
3

4 **Q. Do you have a response to these recommendations?**

5 A. I do not agree with Mr. Keller’s recommendations. UGI Gas filed the Petition to directly
6 address the issue of affordability after customers experienced high heating bills during an
7 unusually cold period this past winter. The Commission approved the Petition and rejected
8 I&E’s concerns by not allowing time for I&E to respond, even though I&E requested the
9 opportunity to do so. Specifically, the Commission’s order stated: “UGI has established an
10 immediate need for relief, while also establishing irreparable injury in the absence of such
11 relief.”⁵ The Commission’s action allowed UGI Gas to proceed in a manner that created an
12 undercollection of approximately \$87.1 million, rather than an undercollection of \$64.2
13 million. UGI Gas is permitted to collect interest on undercollections (and pay interest on
14 overcollections) at the prime rate for commercial borrowing in effect 60 days prior to its
15 Book 2 filing of June 1, 2026.⁶ I&E Witness Keller’s position would deprive UGI Gas of
16 the full amount of interest due to it by statute, even though UGI Gas’s actions were
17 sanctioned by the Commission. As I will address below, Mr. Keller’s argument that his
18 adjustment is based on customer affordability concerns, is not sufficient to contravene law,
19 and the anticipated impact of the difference in interest on customer bills will not raise
20 affordability concerns.
21

⁵ Ex Parte Emergency Order at 3.

⁶ 66 Pa.C.S. § 1307(f)(5).

1 **Q. Have you calculated the bill impact on an average customer basis as a result of**
2 **temporarily lowering the cap pursuant to approval of the Company's Petition?**

3 A. Yes, UGI Gas Exhibit ZJS-1R shows the calculation of the bill impact per Mcf and on the
4 average residential heating, commercial heating, and industrial customer.
5

6 **Q. Please explain the bill impacts.**

7 A. As shown in UGI Gas Exhibit ZJS-1R, the incremental interest resulting from the 10% rate
8 increase cap compared to the 25% increase cap is \$1.656 million. The additional interest
9 increases the per Mcf charge by approximately 3 cents. An average residential heating
10 customer using 6.87 Mcf per month would see an impact of \$0.189 per month, or \$2.27
11 per year (0.16% of their total annual bill). An average commercial heating customer using
12 26.82 Mcf per month would see an impact of \$0.739 per month, or \$8.87 per year (0.20%
13 of their total annual bill). An average industrial customer using 54.58 Mcf per month would
14 see an impact of \$1.505 per month, or \$18.05 per year (0.21% of their total annual bill).
15

16 **Q. Given the average bill impacts, do you agree with I&E Witness Keller's**
17 **recommendation that the Company implement a no termination provision and**
18 **extended payment plans for customers?**

19 A. No, I do not. As stated above, the incremental interest paid by customers is small. Further,
20 the projected rate change for December 1, 2026, is presented in UGI Gas Book 2, Schedule
21 A, Page 1, showing that with the current projected undercollection of \$86.3 million
22 following the 10% rate cap for the March 1, 2026 quarterly update, the average residential
23 heating customer bill is projected to only increase by 1.9%. In addition, it is not clear how

1 UGI Gas could identify that a customer was struggling to pay their bill due to higher gas
2 costs, thereby qualifying for the treatment proposed by Mr. Keller, versus having general
3 bill payment concerns that would be subject to the Company's existing customer assistance
4 programs. Similarly, Mr. Keller's testimony does not identify how his proposal would
5 work in conjunction with the Company's existing customer assistance programs that
6 already provide comprehensive assistance to customers struggling with affordability.
7 Therefore, Mr. Keller's recommendations are unfounded and should be rejected.

8
9 **Q. I&E Witness Keller argues that if the Company was really concerned about**
10 **affordability, it would not have sought to push recovery of a portion of the**
11 **undercollection until the start of the next heating season. What is your response?**

12 A. I&E Witness Keller's position ignores the impact that increasing rates by 25% following a
13 colder than normal winter would have had on customers who had already experienced high
14 heating bills. When filing the Petition, UGI Gas recognized affordability concerns and the
15 need for immediate rate relief for affected customers – a sentiment shared by the Office of
16 Consumer Advocate and the Commission. Decreasing the quarterly rate change cap to 10%
17 provided the immediate relief necessary to benefit customers and allows the increased
18 commodity costs to be collected over an extended period of time, preventing rate shock.
19 This action saved the average residential heating customer approximately \$7.57 per month
20 in the quarter following an unusually cold winter. Also, as noted previously, even with the
21 full impact of the undercollection, the total projected rate change for an average residential
22 heating customer for December 2026 is less than 2% (i.e., substantially lower than the
23 10.5% bill increase identified in the Petition of the 25% cap (Petition, ¶7.)).

1

2 **Q. Does this conclude your rebuttal testimony?**

3 A. Yes.

UGI Utilities, Inc. - Gas Division
Interest on Undercollection

Interest (Dec '25 - Nov '26)	\$	7,003,353
Interest @ 25% Rate Cap	\$	5,347,181
Difference	\$	1,656,172
Projected Sales (Mcf)		60,079,068
Incremental Interest Per Mcf	\$	0.028
Additional Monthly Charge -Average Residential Heating Customer (Using 6.87 Mcf Per Month)	\$	0.189
Additional Monthly Charge - Average Commercial Heating Customer (Using 26.82 Mcf Per Month)	\$	0.739
Additional Monthly Charge - Average Industrial Customer (Using 54.58 Mcf Per Month)	\$	1.505

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2026-3062192 <i>et al.</i>
	:	
UGI Utilities, Inc. – Gas Division	:	
1307(f) Proceeding	:	

VERIFICATION

I, Zachary J. Shirk, being Principal Analyst – Rates for UGI Utilities, Inc., hereby state that the testimony set forth in UGI Gas Statement No. 1 and UGI Gas Statement No. 1-R is true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth therein. I further state that I am sponsoring certain portions of the Company’s 2026 1307(f) filing (Book 2), the preliminary supporting information filed on May 1, 2026 (Book 1), as shown on the Table of Contents and Witness Index and described in UGI Gas Statement No. 1, and UGI Gas Exhibits ZJS-1 and ZJS-1-R and hereby state that they are true and correct to the best of my knowledge, information and belief.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: August 19, 2026

DocuSigned by:

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Zachary J. Shirk