



COMMONWEALTH OF PENNSYLVANIA

February 16, 2017

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission v. UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030**

Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steven C. Gray".

Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: The Honorable Mary D. Long
Mr. Robert D. Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:
	:
v.	:
	:
UGI PENN NATURAL GAS, INC.	:
	:
	: DOCKET NO. R-2016-2580030

**PREHEARING MEMORANDUM
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven C. Gray. Please address all correspondence in that matter as follows:

Steven C. Gray, Esquire
Assistant Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
sgray@pa.gov

II. FILING BACKGROUND

UGI Penn Natural Gas, Inc. (“UGI PNG” or the “Company”) filed Tariff Gas – Pa. P.U.C. Nos. 9 and 9-S on January 19, 2017. The proposed Tariffs, if approved by the Commission, would increase UGI PNG’s annual revenue by \$21.7 million per year.

The OSBA filed a Complaint on February 15, 2017.

III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by UGI PNG, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. Whether the Company’s proposed overall rate of return, cost of debt, cost of common equity, and capital structure are just and reasonable.
2. Whether the Company’s proposed cost allocation methodologies, its proposed revenue allocation, and its proposed tariff design and customer charges are just and reasonable.
3. Whether the Company’s proposed capital expenditure forecast and fully projected future test year (“FPFTY”) rate base is accurate, just, and reasonable.

4. Whether the Company's use per customer, load and revenue forecasts for the FPFTY are just and reasonable.

5. Whether the Company's expense forecasts for the FPFTY are just and reasonable.

6. Whether the Company's proposed Energy Efficiency and Conservation Program for residential and commercial customers is just and reasonable.

7. Whether the Company's proposed Technology and Economic Development Rider for commercial customers is just and reasonable.

8. Whether the Company's GET Gas program is operating as advertised, and whether it imposes unreasonable costs on existing customers.

9. Whether the Company's proposal to require Rate DS transportation customers to accept released upstream firm capacity from UGI PNG is reasonable.

10. Whether costs that will not be incurred until beyond the FPFTY and load reductions that will not occur until beyond the FPFTY should reasonably be included in the FPFTY revenue requirement.

11. Whether the Company's annualization of certain revenues and costs is appropriate for regulation under a FPFTY.

The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

The OSBA requests that all parties serve a hard copy of any document filed upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings and briefs, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party.

V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. DISCOVERY

At the time of this writing, the OSBA understands that the parties have reached an agreement on certain discovery modifications. Those modifications should be set forth in detail in the Office of Consumer Advocate prehearing memo.

VII. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the OSBA understands that the parties have reached an agreement on a proposed procedural schedule. That proposed schedule should be set forth in detail in UGI PNG's prehearing memo.

In light of the Governor's restriction on travel for those offices under his jurisdiction, the OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,



Steven C. Gray, Esq.
Assistant Small Business Advocate
Attorney ID # 77538

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300 North Second Street, Suite 202
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Dated: February 16, 2017

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
:
v. : **Docket No. R-2016-2580030**
:
UGI Penn Natural Gas, Inc. :

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Mary D. Long
Administrative Law Judge
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malong@pa.gov

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DATE: February 16, 2017

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