BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al.,

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V.

Docket No. R-2016-2580030

UGI Penn Natural Gas, Inc.

Prehearing Memorandum

On February 9, 2017, a Prehearing Conference Order was issued by Administrative Law Judge Mary D. Long setting a telephonic prehearing conference for Friday, February 17, 2017 at 10:00am, and requiring parties to file a Prehearing Memorandum no later than 12:00 pm on Thursday, February 16, 2017. In response, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), through its counsel at the Pennsylvania Utility Law Project, hereby files this Prehearing Conference Memorandum.

I. Background

On January 19, 2017, UGI Penn Natural Gas, Inc. (UGI or UGI PNG) submitted a rate filing, Tariff Gas PA PUC Nos. 9 and 9-S, proposing to increase rates by approximately \$21.7 million per year, or 10.4%, effective March 20, 2017. (UGI St.1 at 5). According to UGI, its proposal would increase the bill of an average residential customer (using 91.2 ccf/month) from \$78.53 to \$86.87 - or 10.6% each month. (See UGI Notice of Proposed Rate Changes).

On February 9, 2017, the Commission entered a Suspension and Investigation Order suspending the UGI tariff by operation of law, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained therein. (S&I Order).

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II. Issues to be Presented

In addition to complying with sound rate making principles, including the requirement that rates be just and reasonable, UGI must also ensure that its rates and tariff comply with universal service requirements. In turn, the Commission must ensure that universal service programs assist low-income customers to afford natural gas service, and that these programs are appropriately funded, promoted, and available in each natural gas distribution territory. 66 Pa. C.S. § 2203(8).

In the event that the Commission approves any natural gas distribution rate increase, the Commission should condition approval on UGI's agreement to perform such actions as are necessary to assure compliance with applicable sections of the Public Utility Code, Commission regulations and guidelines, and settlement agreements.

CAUSE-PA has conducted an initial review of UGI's proposed tariff changes and testimony, and it opposes UGI's request on the grounds that the proposed rate increase and tariff changes may result in unjust and unreasonable rates that would impose severe hardship on low and moderate income residential customers. CAUSE-PA identifies the following specific issues of concern which must be addressed in this proceeding, though it reserves the right to raise additional issues which may arise through the course of this proceeding:

- i. The conformity to law and the effect of UGI's rate filing and proposed rate increase on low income households.
- ii. The effect of UGI's rate filing and proposed rate increase on low income households enrolled in or eligible for UGI's Universal Service Programs and the continued adequacy of those programs in delivering universal service to eligible populations.

III. Witnesses and Testimony

CAUSE-PA reserves the right to present the following witness to testify in this matter, as well as the right to call additional witnesses as may be warranted upon proper notice to Your Honor and the parties:

Mitchell Miller
Mitch Miller Consulting LLC
60 Geisel Road
Harrisburg, PA 17112
717-903-2196
Mitchmiller77@hotmail.com

Mr. Miller will address the issues identified above and any other issues that may arise in the course of this proceeding.

IV. <u>Proposed Schedule</u>

CAUSE-PA supports the proposed schedule set forth by UGI in its Prehearing Memorandum, but notes that our witness, Mitchell Miller, is not available to testify on June 8, 2017, which is the date proposed for the last day of hearings. He is available the first two proposed hearing dates, June 6 and 7, 2017. Counsel for UGI, I&E, and OCA have agreed to accommodate this scheduling constraint when it comes time to develop a cross-examination matrix and propose an order for witness presentation.

V. <u>Discovery</u>

CAUSE-PA supports the discovery modifications requested by the Office of Consumer Advocate (OCA) in its Prehearing Memorandum.

VI. <u>Public Input Hearings</u>

CAUSE-PA does not oppose the scheduling of public input hearings, but is not presently requesting that any be scheduled.

VII. Settlement

CAUSE-PA is willing and ready to engage in settlement discussions in an attempt to resolve or narrow the issues in this proceeding, with any and all parties, and encourages the parties to engage in settlement early in the process.

VIII. Service on CAUSE-PA

CAUSE-PA is represented by the attorneys at the Pennsylvania Utility Law Project. Electronic service and one hard copy of all documents should be served on CAUSE-PA as follows:

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WHEREFORE, CAUSE-PA respectfully submits this Prehearing Conference Memorandum.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

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February 16, 2017

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Certificate of Service

I hereby certify that I have this day served copies of the **Prehearing Memorandum of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

VIA FIRST CLASS MAIL AND/OR EMAIL

The Honorable Mary D. Long Administrative Law Judge

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February 16, 2017