

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 7, 2020

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

Re: Petition of UGI Utilities, Inc. – Electric Division for  
Approval of a Default Service Plan for the Period of  
June 1, 2021 through May 31, 2025  
Docket No. P-2020-3019907

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ David T. Evrard  
David T. Evrard  
Assistant Consumer Advocate  
PA Attorney I.D. # 33870  
E-Mail: DEvrard@paoca.org

Enclosures:

cc: The Honorable Dennis J. Buckley (**email only**)  
Certificate of Service

\*291597

CERTIFICATE OF SERVICE

Re: Petition of UGI Utilities, Inc. – Electric Division :  
for Approval of a Default Service Plan for the : Docket No. P-2020-3019907  
Period of June 1, 2021 through May 31, 2025 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Prehearing Memorandum, 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 7<sup>th</sup> day of July 2020.

**SERVICE BY E-MAIL ONLY**

Richard A. Kanaskie, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

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/s/ David T. Evrard

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Phone: (717) 783-5048  
Fax: (717) 783-7152  
Dated: July 7, 2020  
\*291595

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Utilities, Inc. – Electric	:	
Division for Approval of a Default	:	
Service Plan for the Period June 1, 2021	:	Docket Nos. P-2020-3019907
Through May 31, 2025	:	

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. Section 333, and in response to the April 8, 2020 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

**I. INTRODUCTION**

On May 26, 2020, UGI Utilities, Inc. – Electric Division (UGI Electric or the Company) filed a Petition (Petition) with the Pennsylvania Public Utility Commission (Commission) seeking approval of its default service program (DSP IV) and procurement plans for the period June 1, 2021 through May 31, 2025.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Dennis Buckley for investigation and the scheduling of hearings. On June 30, 2020, ALJ Buckley issued a Prehearing Conference Order indicating that a Prehearing Conference was scheduled for July 8, 2020. This Order also detailed the parties’ obligations with respect to the Prehearing Conference.

On June 30, 2020, the OCA filed an Answer in response to the Company's Petition and its Notice of Intervention and Public Statement. The OCA submits this Prehearing Memorandum in accordance with the Prehearing Conference Order in this matter.

## **II. ISSUES AND SUB-ISSUES**

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the DSP. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Residential Default Service Supply Mix: UGI proposes to procure 50% of the estimated annual requirement for all default service customers from a full requirement load-following service in two tranches. The Company proposes to acquire two equal tranches for this combined group, with one tranche procured in the September/October period, and the other during the March/April period. The remaining 50% of the estimated annual requirement will be procured in blocks and spot purchases from and into the PJM market in a staggered 6 month schedule. The OCA will review the Company's supply plan to ensure that it meets the requirements of Act 129 of 2008, and the Commission's Regulations, to ensure that customers receive reasonable, affordable, and stably-priced service.
- Procurement Classes: UGI proposes to continue its current practice of combining the residential customer class with small commercial classes for procurement purposes. The OCA will review this practice to ensure that it remains reasonable going forward.
- Purchasing schedule: Under the Company's proposal, UGI would procure all default energy for service for each upcoming year in two auctions, held in the fall and spring leading up to June 1 delivery. The OCA will review the impact of the proposed procurement schedule on rate stability.
- Retail Market Enhancements: The Company has proposed to continue its current Retail Market Enhancements. The Company has acknowledged that there are currently no retail marketers offering to serve UGI's residential customers under a Standard Offer Program. The OCA will review the proposed Retail Market Enhancements to ensure that the costs of any programs are reasonable. This is particularly important in this proceeding given UGI's small customer base over which the Company intends to recover the Retail Market Enhancement costs. In addition, the OCA will review the Company's filing to ensure that appropriate customer protections remain in place.
- Reconciliation mechanism: The Company proposes to reconcile and true-up default

service costs on a quarterly basis. The OCA submits that quarterly reconciliations have the potential to increase rate volatility, and that the Company's proposal must be reviewed thoroughly to ensure that such volatility is kept to a minimum.

### **III. WITNESSES**

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of its witness. The OCA's witness will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be e-mailed directly to the OCA's witness at the addresses below, as well as e-mailing a copy to counsel for the OCA.

Dr. Serhan Ogur  
Exeter Associates, Inc.  
Suite 300  
10480 Little Patuxent Parkway  
Columbia, MD 21044  
E-mail: [sogur@exeterassociates.com](mailto:sogur@exeterassociates.com)

The OCA specifically reserves the right to call additional witnesses, as necessary. If the OCA determines that an additional witness or witnesses will be necessary for any portion of its case, the OCA will promptly notify Administrative Law Judge Buckley and all parties of record.

### **IV. SERVICE ON OCA**

The OCA will be represented in this case by Senior Assistant Consumer Advocate Aron J. Beatty, and Assistant Consumer Advocate David T. Evrard. Two copies of all documents should be served on the OCA as follows:

David T. Evrard  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut St., 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048 or (717) 599-8960  
Email: [devrard@paoca.org](mailto:devrard@paoca.org)

In addition, the OCA requests that all electronic correspondence be copied to Aron J. Beatty ([abeatty@paoca.org](mailto:abeatty@paoca.org)) and Lauren R. Myers ([lmyers@paoca.org](mailto:lmyers@paoca.org)).

## **V. DISCOVERY**

Due to the limited time for discovery and preparation of testimony in default service cases, the OCA anticipates that the Company will propose a series of discovery modifications in its Prehearing Memorandum. The OCA will support these modifications.

## **VI. PROPOSED SCHEDULE**

The OCA is working with the Company and other parties to arrive at a schedule that is mutually agreeable to all.

## **VII. PUBLIC INPUT HEARINGS**

At present, the OCA has not received a request for a public input hearing. The OCA will promptly notify the ALJ and request a public input hearing should circumstances warrant.

## **VIII. SETTLEMENT**

At present, settlement discussions have not been scheduled. The OCA will participate fully in settlement negotiations at the appropriate time.

Respectfully Submitted,

/s/ David T. Evrard

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Dated: July 7, 2020  
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