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July 7, 2020

**VIA ELECTRONIC FILING**

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 (DSP IV) for the Period of June 1, 2021 through May 31, 2025;  
Docket Nos. P-2020-3019907 and G-2020-3019908**

Dear Secretary Chiavetta:

Enclosed for filing, please find the Prehearing Memorandum of UGI Utilities, Inc. – Electric Division in this proceeding. Copies of this filing have been served upon the persons indicated on the attached certificate of service.

Very truly yours,

/s/ Michael S. Swerling

Michael S. Swerling

Counsel for UGI Utilities, Inc. – Electric Division

Enclosure

cc: Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Utilities, Inc. – Electric :  
Division for Approval of a Default : Docket Nos. P-2020-3019907  
Service Plan (DSP IV) for the Period of : G-2020-3019908  
June 1, 2021 Through May 31, 2025 :

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**PREHEARING MEMORANDUM OF  
UGI UTILITIES, INC. – ELECTRIC DIVISION**

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**BEFORE ADMINISTRATIVE LAW JUDGE DENNIS J. BUCKLEY:**

**I. INTRODUCTION AND BACKGROUND**

On May 26, 2020, UGI Utilities Inc. – Electric Division (“UGI Electric” or the “Company”) filed the above-captioned petition with the Pennsylvania Public Utility Commission (“Commission”) requesting approval of its fourth Default Service Plan (“DSP IV”) to establish the terms and conditions under which UGI Electric will acquire Default Service supplies, including Alternative Energy Portfolio Standards (“AEPS”) credits, from June 1, 2021 through May 31, 2025 (“DSP IV Term”).

DSP IV is largely identical to the Company’s DSP III plan with limited changes. Similar to DSP III, the Company seeks to implement its DSP IV plan over a four-year term (i.e., between June 1, 2021 and May 31, 2025). Procurements for DSP IV will apply to the same GSR-1 and GSR-2 customer groupings that were utilized in DSP III (i.e., based on rate classifications and registered peak electric demand). UGI Electric also proposes to keep the same procurement methodology as approved by the Commission in DSP III. Specifically, UGI Electric proposes to acquire 50% of the estimated annual requirement for default service GSR-1 customers through full requirements load-following bids. The other 50% of the estimated annual requirement for default

service GSR-1 customers will be acquired through energy block bids. Consistent with DSP III, differences between scheduled and actual hourly GSR-1 load will continue to be reconciled in the PJM spot market. As was done in DSP III, the Company proposes to continue acquiring default supplies for GSR-2 Group customers through hourly purchases from the PJM spot market. In addition, default service procurements will continue to include AEPS credits, and generation purchases from the Allegheny Electric Cooperative, Inc. (“Allegheny”) and net metering customers.

The Rate Design and Retail Enhancement Programs for DSP IV will mirror those used in DSP III. Moreover, the Supply Procurement Schedules for DSP IV will mirror those used in DSP III with one very minor change. The Fall 2024 procurement will be for 12 months, instead of 6 months, which will ensure no procurement gaps exist between the end of DSP IV and the beginning of DSP V.

The following parts of DSP IV have minor variations from DSP III. While four sections in DSP IV will be revised, in actuality, there are only two proposed changes to the plan (as described in the following table).

DSP IV Plan Section Titles	DSP IV Plan Section Numbers	Proposed Change
Procurement Schedules and Technical Bid Requirements	II.B of the Petition	The Company is revising its Edison Electric Institute (“EEI”) Master Service Agreement and RFP instructions to require that bidders provide documentation during the RFP process demonstrating its good standing with PJM and its requirements.
Compliance with RTO's Legal and Technical Requirements	II.D of the Petition	
Agreements and Forms Used to Procure Electric Supply	II.F of the Petition	
Contingency Plans	II.E of the Petition	If default supplies cannot be secured for 50% of the Company’s GSR-1 load-following service, UGI Electric will use block procurements if time permits. However, if time does not permit, the Company will address the load-following shortfall by making purchases in the spot market.*

\*DSP III planned to address this situation by using block procurements. Additionally, within a commercially reasonable period, UGI Electric would initiate an interim bid process seeking full-requirement supplies to address the shortfall. The interim bids would account for contingent block purchases secured under the contingency plan.

In its DSP IV Petition, UGI Electric also requested that the Commission grant approval for affiliated interest transactions with UGI Electric's affiliate(s) in the event such an affiliate(s) submits a winning bid under the default service program's proposed Request for Proposal ("RFP") process. UGI Electric further requested the Commission grant any waivers required to implement the default service program as set forth in the petition.

Along with its DSP IV Petition, UGI Electric filed a Pro Forma Master Power Purchase & Sale Agreement ("EEI Agreement"), a form of Corporate Guarantee, Pro Forma Default Service Tariff Pages, the Direct Testimony of Angelina M. Borelli (UGI Electric St. No. 1) and the Direct Testimony of Stephen F. Anzaldo (UGI Electric St. No. 2).

On June 8, 2020, a Prehearing Conference Notice issued informing parties that an Initial Telephonic Prehearing Conference would be held on July 8, 2020 at 10:00 a.m. On June 11, 2020, the Office of Small Business Advocate ("OSBA") filed its Answer, Notice of Intervention and Public Statement.

Notice of UGI Electric's Default Service Plan filing was published in the Pennsylvania Bulletin on June 20, 2020, setting a deadline of July 10, 2020 for the filing of Interventions, Answers or Protests to the DSP IV Petition.

On June 30, 2020, the Office of Consumer Advocate ("OCA") filed its Answer, Notice of Intervention and Public Statement.

Also, on June 30, 2020, Administrative Law Judge Dennis J. Buckley (the "ALJ") issued a Prehearing Order setting forth certain rules and procedures for the proceeding and advising the

parties to file and serve prehearing memoranda on or before July 7, 2020. UGI Electric hereby files its Prehearing Memorandum pursuant to the ALJ's Prehearing Order.

## **II. COUNSEL**

UGI Electric will be represented by the following counsel in this proceeding:

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UGI Electric requests that Anthony D. Kanagy be entered on the service list to this proceeding as the Company's counsel. UGI Electric's counsel is authorized to receive copies of all documents served in this proceeding. The Company requests that electronic copies of all documents and correspondence in this proceeding be copied to Michael S. Swerling (swerlingm@ugicorp.com) and Anthony D. Kanagy (akanagy@postschell.com). In addition, UGI Electric agrees to receive service of documents electronically in this proceeding.

## **III. WITNESSES AND ISSUES**

UGI Electric's interpretation of the issues in this proceeding is set forth in the direct testimony and exhibits that the Company filed with its default service petition. The names, addresses and area of testimony for each witness that presented testimony are provided below:

<b>Witness</b>	<b>Testimony</b>	<b>Subject</b>
Angelina M. Borelli Director – Gas and Electric Supply UGI Utilities, Inc. 1 UGI Drive Denver, PA 17517 Phone: (610) 796-3431	UGI Electric Statement No. 1	Procurement Methodology  Meeting Alternative Energy Portfolio Standard Requirements  Standard Offer Program Administrative Costs
Stephen F. Anzaldo Director – Rates and Regulatory Planning 1 UGI Drive Denver, PA 17517 Phone: (610) 796-3528	UGI Electric Statement No. 2	Rate Design and Cost Recovery Mechanisms

The subject matters listed above, as further supported by the testimony and exhibits; represent UGI Electric’s statement of the issues in this proceeding. Further description of the issues will be developed by the parties during the course of this proceeding. UGI Electric reserves the right to call additional witnesses to present testimony on additional issues and subject matters that may arise during the course of this proceeding.

The main issue in this proceeding is whether DSP IV employs a prudent mix of electric supplies (e.g., spot market purchases, short-term contracts, and long-term contracts) obtained through competitive bid solicitation processes (e.g., auctions, requests for proposals and/or bilateral agreements) such that the Company’s default service customers will receive adequate and reliable service at the least cost over time.

**IV. EVIDENCE**

In this proceeding, the Company will provide evidence to demonstrate that its DSP IV plan will: 1) procure a competitive mix of default service supplies (through block, load-following and spot market purchases) and related AEPS credits over the 4-year DSP IV Term (i.e., 2021-2025);

2) implement a procurement schedule designed to obtain these supplies at the least cost; 3) issue RFPs seeking default supply in accordance with the agreements and forms included with the DSP IV Petition; 4) adopt a contingency plan<sup>1</sup> that addresses any procurement target shortfalls; 5) recover all incurred default service costs (on a full and current basis) through a specified rate design; and 6) continue the retail enhancement programs adopted in DSP III.

**V. SCHEDULE**

The Company has consulted with counsel for the other parties to develop an acceptable procedural schedule for this case. The Company understands that the following schedule is acceptable to the other parties:

Other party direct testimony	August 6, 2020
Rebuttal testimony	August 31, 2020
Surrebuttal testimony	September 15, 2020
Hearings (including oral rejoinder)	September 23, 2020
Initial briefs	October 13, 2020
Reply briefs	October 23, 2020

**VI. DISCOVERY**

The Company has received interrogatories from OSBA in this proceeding and is in the process of responding to them. The Company will post its responses to discovery requests on a password-protected website for parties interested in receiving responses in this manner.

Additionally, UGI Electric is willing to respond to informal discovery requests in this case. To facilitate the discovery response process in this proceeding, UGI Electric proposes the following revised discovery rules.

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<sup>1</sup> A default service plan must contain contingency plans to address situations where a wholesale generation supplier does not meet its contractual obligation to provide electric supply to default service providers. 52 Pa. Code § 54.185(d)(5).

(1) Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service of the interrogatories, provided that, if receipt of the interrogatorie occurs after 12:00 noon on either a Friday or the day preceding a holiday, service shall be deemed to have occurred on the next business day;

(2) Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories, provided that, if receipt of the interrogatories occurs after 12:00 noon on either a Friday or the day preceding a holiday, service shall be deemed to have occurred on the next business day. Unresolved objections to written interrogatories shall be served in writing on the propounding party within five (5) calendar days of service of the interrogatories, as defined above;

(3) Motions to compel answers to written interrogatories that have been objected to in writing and answers to such motions to compel shall be filed and served within three (3) calendar days of service of the written objections or motions to compel, provided that, if receipt of the objections or motion to compel occurs after 12:00 noon on either a Friday or the day preceding a holiday, service of these documents shall be deemed to have occurred on the next business day.

(4) Rulings over motions shall be issued, if possible, within seven (7) calendar days of filing of the motion, consistent with the above-mentioned rule changes;

(5) Responses or objections to requests for document production, entry for inspection, or other purposes shall be served in hand within ten (10) calendar days of service of the request, provided that, if receipt of the request occurs after 12:00 noon on either a Friday or the day preceding a holiday, service shall be deemed to have occurred on the next business day; and

(6) Requests for admission shall be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service of the requests, provided that, if receipt of the request occurs after 12:00 noon on either a Friday or the day preceding a holiday, service shall be deemed to have occurred on the next business day.

(7) Parties providing testimony must either include with such testimony electronic workpapers, cited studies and other documents relied on, or provide such documents in workable electronic format within two (2) business days of the testimony submission date to all parties.



**VII. SETTLEMENT**

UGI Electric is willing to work with the parties in an effort to resolve all issues in this proceeding through settlement.

**VIII. PUBLIC INPUT HEARINGS**

UGI Electric has not had any request for public input hearings regarding this proceeding. Moreover, the Company is not aware of any substantial customer interest with respect to the Company's DSP IV filing. Therefore, the Company does not propose any public input hearings be held absent substantial customer interest.

Respectfully submitted,

/s/ Michael S. Swerling  
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Date: July 7, 2020

Attorneys for UGI Utilities, Inc. –  
Electric Division

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Division for Approval of a Default : Docket Nos. P-2020-3019907  
Service Plan (DSP IV) for the Period of : G-2020-3019908  
June 1, 2021 Through May 31, 2025 :

**CERTIFICATE OF SERVICE**

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I hereby certify that I have, this 7<sup>th</sup> day of July 2020, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

**VIA ELECTRONIC AND FIRST CLASS MAIL:**

The Honorable Dennis J. Buckley  
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/s/ Michael S. Swerling  
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Michael S. Swerling