

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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February 2, 2016

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Re: Pa. Public Utility Commission  
v.  
UGI Utilities, Inc. – Gas Division  
Docket No. R-2015-2518438

Dear Secretary Chiavetta:

Attached for electronic filing please find the Formal Complaint and Public Statement of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Lauren M. Burge".

Lauren Burge  
Assistant Consumer Advocate  
PA Attorney I.D. 311570

Attachment

cc: Office of Special Assistants  
Office of Administrative Law Judge  
Bureau of Technical Utility Services  
Certificate of Service

216666

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Formal Complaint**

**1. CUSTOMER NAME (COMPLAINANT)**

Tanya J. McCloskey, Acting Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Dauphin County  
Phone: (717) 783-5048

**2. UTILITY NAME (RESPONDENT)**

UGI Utilities, Inc. – Gas Division – Docket No. R-2015-2518438

**3. TYPE OF UTILITY**

Natural Gas

**4. COMPLAINT**

A. On January 19, 2016, UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) filed Tariff Gas – PA. P.U.C. Nos. 6 and 6-S. In proposed Tariff Gas – PA. P.U.C. Nos. 6 and 6-S, the Company proposes to increase rates to produce additional annual operating revenues of \$58.56 million, or by 17.5%. The proposed rate increase would become effective on March 19, 2016.

B. The Company is engaged in the business of furnishing natural gas to approximately 388,000 residential, commercial and industrial customers in over 16 counties throughout Pennsylvania.

C. The Company has proposed to allocate more than \$43 million of the \$58.56 million increase to the residential customer class, which is 74% of the total increase requested. For the residential class Rate Schedule R/RT, the Company is proposing a 22.8% increase in

overall annual operating revenues. In residential distribution only service rates, the Company is proposing a 26.6% increase.

D. The Company has proposed to increase the residential monthly customer charge from \$8.55 to \$17.50, an increase of nearly 105%.

E. Under the Company's proposed increase, the monthly bill of a residential customer using 57.3 ccf per month would increase from \$51.77 to \$61.97 per month, or by 19.7%.

F. If the Company's entire request is approved by the Commission, the Company would also be allowed an overall rate of return of 8.17% which includes an 11.00% return on common equity.

G. The Company is proposing a new Energy Efficiency and Conservation Program for residential and commercial customers and a new natural gas Technology and Economic Development Rider for Commercial customers.

H. The Company is proposing to utilize a Fully Projected Future Test Year ending on September 30, 2017.

I. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*

J. A preliminary examination of the Company's filed Tariff Gas – PA. P.U.C. Nos. 6 and 6-S indicates that the proposed changes and increase in rates, proposed rate schedule modifications and transfers, and proposed changes in rate policy, rules and regulations contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and will or may

produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*

K. The Acting Consumer Advocate also avers that the proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.

L. A preliminary examination and review by the OCA of the Company's existing rates, rules and regulations indicates that certain rates, rules and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles. 66 Pa. C.S. § 1301 *et seq.*

M. The Acting Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates--and any and all rate policy changes--are just and reasonable, and are not unduly discriminatory or otherwise unlawful.

## **5. RELIEF**

The Acting Consumer Advocate respectfully requests that Your Honorable Commission take the following actions:

A. Suspend and investigate the operation of Tariff Gas – PA. P.U.C. Nos. 6 and 6-S, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

B. Consolidate all complaints filed against proposed Tariff Gas – PA. P.U.C. Nos. 6 and 6-S;

C. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increases in rates;

D. After providing the public with adequate notice, hold public input hearings in the Company's service territory in order to provide customers with an opportunity to be heard on the record, and hold those hearings as early in the case as feasible;

E. Deny any increase or change in the Company's rates that is unjust, unreasonable, discriminatory or inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;

F. Determine the justness and reasonableness of the Company's current and proposed rates and tariff; and

G. Grant such other relief it deems appropriate.

## 6. VERIFICATION AND SIGNATURE

***Verification:***

*I, Tanya J. McCloskey, Acting Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).*

\_\_\_\_\_  
(Signature)

February 2, 2016  
(Date)

## 7. LEGAL REPRESENTATION

Darryl A. Lawrence, Senior Assistant Consumer Advocate, PA Bar No. 93682  
Lauren M. Burge, Assistant Consumer Advocate, PA Bar No. 311570  
Amy E. Hirkakis, Assistant Consumer Advocate, PA Bar No. 310094

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interest of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the proposed rate increase requested by UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) docketed at R-2015-2518438.

The Company is engaged in the business of furnishing natural gas to approximately 388,000 residential, commercial, and industrial customers in over 16 counties throughout Pennsylvania. The proposed tariff, if approved, would allow the Company an increase of \$58.56 million, or 17.5%, to its annual operating revenue. The Company would also be allowed an overall rate of return of 8.17% which includes an 11.00% return on common equity. A residential customer receiving service under Rate Schedule R/RT and using 57.3 ccf per month would see an increase from \$51.77 to \$61.97 per month or by 19.7%.

The Company's is also proposing a new Energy Efficiency and Conservation Program for residential and commercial customers and a new natural gas Technology and Economic Development Rider for Commercial customers.

The Acting Consumer Advocate files this Complaint to ensure that the rate increase and other charges and mechanisms sought by the Company are just and reasonable. The Acting Consumer Advocate will represent the interests of UGI – Gas ratepayers before the Commission and seek to ensure that customers are not charged rates that are unjust, unreasonable, discriminatory or otherwise contrary to law.

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2015-2518438  
 :  
 UGI Utilities, Inc. – Gas Division :

I hereby certify that I have this day served a true copy of the foregoing document, Formal Complaint and Public Statement of the Office of Consumer Advocate, 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 2<sup>nd</sup> day of February 2016.

SERVICE BY E-MAIL and INTEROFFICE MAIL

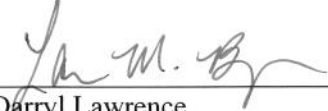
Scott B. Granger, Prosecutor  
Bureau of Investigation & Enforcement (I&E)  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Kent Murphy, Esquire  
Danielle Jouenne, Esquire  
UGI Corporation  
460 North Gulph Road  
King of Prussia, PA 19406

Paul J. Szykman, VP  
UGI Utilities Inc.  
2525 North 12th Street  
Suite 360  
Reading, PA 19612-2677

John Evans, Small Business Advocate  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North Second Street  
Harrisburg, PA 17101

  
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