

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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Harrisburg, Pennsylvania 17101-1923
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consumer@paoca.org

February 6, 2018

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. – Electric Division
Docket No. R-2017-2640058

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hayley E. Dunn".

Hayley E. Dunn
Assistant Consumer Advocate
PA Attorney I.D. #324763
E-Mail: HDunn@paoca.org

Attachment

cc: Office of Special Assistants (email only: ra-OSA@pa.gov)
Office of Administrative Law Judge
Bureau of Technical Utility Services
Certificate of Service

244019

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2017-2640058
UGI Utilities, Inc. – Electric Division :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Formal Complaint and Public Statement, 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 6th day of February 2018.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Allison C. Kaster, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Paul J. Szkyman
UGI Utilities, Inc.
2525 North 12th Street
Suite 360
Reading, PA 19612

Mark C. Morrow, Esquire
Danielle Jouenne, Esquire
UGI Utilities, Inc.
460 North Gulph Road
King of Prussia, PA 19406

David B. MacGregor, Esquire
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808

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607 14th Street NW
Suite 600
Washington, DC 20005-2006

Garrett P. Lent, Esquire
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601

John Evans
Small Business Advocate
Office of Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Retail Energy Supply Association
7159 Red Top Road
Hummelstown, PA 17036

/s/ Hayley E. Dunn

Hayley E. Dunn

Assistant Consumer Advocate

PA Attorney I.D. #324763

E-Mail: HDunn@paoca.org

Aron J. Beatty

Senior Assistant Consumer Advocate

PA Attorney I.D. # 86625

E-Mail: ABeatty@paoca.org

Counsel For:

Office of Consumer Advocate

555 Walnut Street

5th Floor, Forum Place

Harrisburg, PA 17101-1923

Phone: (717) 783-5048

Fax: (717) 783-7152

Dated: February 6, 2018

*244020

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey, Acting Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County
Phone: (717) 783-5048
Fax: (717) 783-7152

2. UTILITY NAME (RESPONDENT)

UGI Utilities, Inc. – Electric Division
Docket No. R-2017-2640058

3. TYPE OF UTILITY

Electric

4. COMPLAINT

- A. On January 26, 2018, UGI Utilities, Inc. – Electric Division (UGI Electric or the Company) filed Tariff Electric – Pa. P.U.C. Nos. 6 and 2S. In Tariff Electric – Pa. P.U.C. Nos. 6 and 2S, the Company proposes to increase rates by \$9.254 million, or 10.4% on a total annual revenue basis. The proposed rate increase would become effective on March 27, 2018.
- B. UGI Electric is engaged in the business of furnishing electric service to 61,832 residential, commercial, and industrial customers in portions of Luzerne County and Wyoming County, Pennsylvania.
- C. The Company proposes to increase its residential monthly customer charge from \$5.50 to \$14.00, an increase of over 150%.
- D. Under the proposed Tariff, the monthly bill of a residential customer using 1,000 kilowatt-hours (kWh) per month and receiving default service from UGI Electric would increase from \$112.28 to \$125.56, or by 11.8%. In comparison, small commercial customers would experience no increase and industrial customers would experience a 1.4% increase.

- E. The Company's proposed Tariff, if approved in its entirety, would produce a 10.95% return on common equity, which includes 0.20% in recognition of the Company's management effectiveness.
- F. The Company proposes a new Storm Expense Rider (SER) as well as a Universal Service Program (USP) Rider to replace its Customer Assistance Program (CAP) Rider for residential customers. The Company also proposes a new Rate EV (Electric Vehicle Services) intended for electric vehicle charging stations for non-residential customers.
- G. The Company proposes to utilize a Fully Projected Future Test Year ending on September 19, 2019.
- H. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission), pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*
- I. A preliminary examination of UGI Electric's filing indicates that the proposed increase in rates for residential customers, rate schedule modifications, and changes in the policies, 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.*
- J. The Acting Consumer Advocate avers that the proposed tariff changes, revenue allocations, 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.
- K. The Acting Consumer Advocate avers that the Company's current rates may also be unjust, unreasonable, in violation of the law, and do or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*
- L. The Acting Consumer Advocate files this Formal Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates and all rate policy changes are unjust, unreasonable, unduly discriminatory, or otherwise unlawful.

5. RELIEF

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

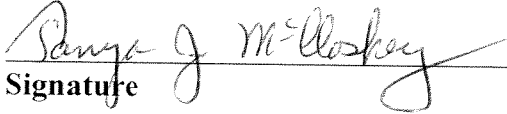
- A. Suspend and investigate the operation of the proposed Tariff pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

- B. Consolidate all complaints filed against the proposed Tariff;
- C. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increase in rates;
- D. After providing the public with adequate notice, hold public input hearings in the Company's service territory, as early as feasible, in order to provide customers with an opportunity to be heard on the record;
- E. Deny any increase or change in the Company's rates that cannot be fully justified by the Company or that is unjust, unreasonable, unduly discriminatory, or otherwise contrary to 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 grant such other relief that the Commission deems necessary.

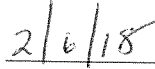
6. VERIFICATION AND SIGNATURE

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



Date

7. LEGAL REPRESENTATION

Aron J. Beatty, Senior Assistant Consumer Advocate, PA Attorney I.D. #86625
 Hayley E. Dunn, Assistant Consumer Advocate, PA Attorney I.D. #324763

555 Walnut Street
 5th Floor, Forum Place
 Harrisburg, PA 17101-1923
 Dauphin County
 Phone: (717) 783-5048
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 HDunn@paoca.org

**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 interests 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. – Electric Division (UGI Electric).

On January 26, 2018, the Company filed Tariff Electric – Pa. P.U.C. Nos. 6 and 2S with the Commission at Docket No. R-2017-2640058. The Company proposes to increase rates by \$9.254 million, or 10.4% on a total revenue basis. The Company proposes to increase its residential monthly customer charge from \$5.50 to \$14.00, an increase of over 150%. Under the proposed Tariff, a residential customer using 1,000 kilowatt-hours (kWh) per month and receiving default service from UGI Electric would experience a monthly bill increase from \$112.28 to \$125.56, or 11.8%. In comparison, small commercial customers would experience no increase and industrial customers would experience a 1.4% increase. If the Company's proposal is approved in its entirety, UGI Electric would be allowed a 10.95% return on common equity, which includes 0.20% in recognition of the Company's management effectiveness.

In addition, the Company proposes a new Storm Expense Rider (SER) as well as a Universal Service Program (USP) Rider to replace its Customer Assistance Program (CAP) Rider for residential customers. The Company also proposes a new Rate EV (Electric Vehicle Services) intended for electric vehicle charging stations for non-residential customers.

The Acting Consumer Advocate files this Formal Complaint to ensure that the rate increase and charges as well as other mechanisms sought by UGI Electric are just and

reasonable. The Acting Consumer Advocate will seek to ensure that the Company is permitted to implement only a level of rates that is fully justified and in accordance with sound ratemaking principles. The Acting Consumer Advocate will represent the interests of UGI Electric's customers and further seek to ensure that customers are not charged rates that are unjust, unreasonable, unduly discriminatory, or otherwise contrary to law.