

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 11, 2018

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

Re: Pa. Public Utility Commission  
v.  
UGI Penn Natural Gas, Inc. 1307(f)  
Docket No. R-2018-3001632

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,

/s/ Lauren M. Burge  
Lauren M. Burge  
Assistant Consumer Advocate  
PA Attorney I.D. # 311570  
E-Mail: [LBurge@paoca.org](mailto:LBurge@paoca.org)

Attachment

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

\*248783

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :  
v. : Docket No. R-2018-3001632  
UGI Penn Natural Gas, Inc. 1307(f) :

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 11th day of May 2018.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

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

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

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

Paul J. Szykman  
UGI Utilities, Inc.  
2525 North 12<sup>th</sup> Street, Suite 360  
PO Box 12677  
Reading, PA 19612-2677

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

Anthony Kanagy, Esquire  
Devin Ryan, Esquire  
Post & Schell, P.C.  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601

/s/ Lauren M. Burge  
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Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152  
Dated: May 11, 2018  
\*248797

**FORMAL COMPLAINT**  
**BEFORE THE**  
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**1. 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

Fax – (717) 783-7152

**2. UTILITY NAME**

UGI Penn Natural Gas, Inc.

**3. TYPE OF UTILITY**

Gas

**4. COMPLAINT**

A. On May 1, 2018, pursuant to Sections 53.64 and 53.65 of the Commission’s Rules and Regulations, UGI Penn Natural Gas, Inc. (PNG or the Company) submitted its pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates. On or about June 1, 2018, PNG will submit its definitive, annual PGC filing, pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f).

B. PNG’s pre-filed information does not indicate the anticipated effect of the annual PGC reconciliation on existing rates.

C. The Public Utility Commission provides that no rates of a natural gas distribution utility shall be deemed just and reasonable unless the Commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility’s obligation to provide safe,

adequate and reliable service to customers. 66 Pa. C.S. § 1318. The Commission must find, among other things, that the utility has: (1) fully and vigorously represented ratepayer interests before the Federal Energy Regulatory Commission; (2) taken all prudent steps to negotiate favorable gas supply contracts and to relieve its obligations under contracts that may be adverse to ratepayer interests; (3) taken all reasonable steps to obtain lower cost gas supplies; and (4) not withheld or caused to be withheld gas supplies that should have been utilized as part of a least cost fuel procurement policy.

D. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended. 71 Pa.Stat.Ann. §§ 309-1 et seq. (Purdon's Supp. 1990).

E. After initial review of PNG's filing, the Acting Consumer Advocate files this Formal Complaint in order to ensure that the Company's proposed purchased gas cost rates are consistent with a least cost fuel procurement policy and do not result in rates and charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulation or policy.

## **5. RELIEF**

The Acting Consumer Advocate respectfully requests that the Public Utility Commission:

A. Hold evidentiary hearings as mandated by Section 1307(f) of the Public Utility Code;

B. Hold public input hearings in PNG's service territory, if consumer interest arises;

C. Deny any rate or tariff changes which are not the result of a least cost fuel procurement policy as defined by the standards set forth in Section 1318 of the Public Utility Code, and as defined by other applicable ratemaking standards;

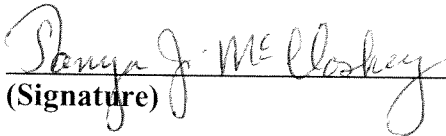
D. Deny any rate or tariff changes which result from costs which should be borne in whole or in part by interruptible sales customers or transportation customers; and

E. Grant any other relief deemed necessary.

**6. VERIFICATION AND SIGNATURE**

***Verification:***

*I, Tanya J. McCloskey, 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)

May 11, 2018  
(Date)

**7. LEGAL REPRESENTATION**

Aron J. Beatty  
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Senior Assistant Consumer Advocate

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Assistant Consumer Advocate

Counsel for:

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Acting Consumer Advocate

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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. Section 309-2, as enacted July 9, 1976, authorizes the Office of Consumer Advocate (OCA) to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC or Commission). In accordance with Act 161, and for the following reasons, the OCA determined to file a Formal Complaint and participate in proceedings before the Commission involving UGI Penn Natural Gas, Inc. (PNG or the Company).

On May 1, 2018, pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations, PNG submitted its pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates. The OCA expects that on or about June 1, 2018, the Company will submit its definitive PGC annual filing which will include any anticipated increases or decreases in the existing PGC rates.

The OCA has filed this Complaint with the Commission to ensure that each element of PNG's purchased gas cost rate is scrutinized. A thorough analysis and review are appropriate because Section 1318 of the Public Utility Code mandates that purchased gas costs cannot be determined to be just and reasonable unless such rates result from a least cost fuel procurement policy. That section of the Public Utility Code also specifies certain findings which must be made before such costs are determined to be lawful. The OCA, therefore, will seek to ensure that only those purchased gas costs which meet the requirements of Section 1318 will be paid by PNG's ratepayers.

In addition, the OCA also will seek to ensure that the rates approved by the Commission are otherwise just and reasonable, and not unduly discriminatory or excessive.