

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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February 7, 2019

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

Re: Pa. Public Utility Commission
v.
UGI Utilities, Inc. – Gas Division
Docket No. R-2018-3006814

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 black ink that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CApplby@paoca.org

Enclosures:

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

*265132

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2018-3006814
 :
 UGI Utilities, Inc. – Gas 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 7th day of February 2019.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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

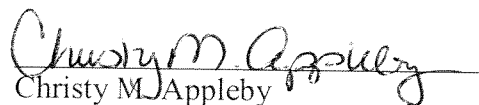
Kent Murphy, Esquire
Mark C. Morrow, Esquire
Danielle Jouenne, Esquire
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406

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

David B. MacGregor, Esquire
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John R. Evans
Office of Small Business Advocate
300 North Second Street
Commerce Building, Suite 202
Harrisburg, PA 17101-1303

Paul J. Szykman, VP
UGI Utilities, Inc.
1 UGI Drive
Denver, PA 17517



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Phone: (717) 783-5048
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Dated: February 7, 2019
*265221

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Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

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

2. UTILITY NAME (RESPONDENT)

UGI Utilities, Inc. – Gas Division – Docket No. R-2018-3006814

3. TYPE OF UTILITY

Natural Gas

4. COMPLAINT

A. On January 28, 2019, UGI Utilities, Inc. – Gas Division (UGI Gas or the Company) filed Tariff Gas – PA. P.U.C. Nos. 7 and 7-S. In Tariff Gas – PA. P.U.C. Nos. 7 and 7-S, the Company proposes to increase rates across the Company’s UGI Gas South, UGI Gas North, and UGI Central rate districts to produce additional annual operating revenues of \$71.1 million, or an increase of 8.9%. The proposed rate increase would become effective on March 29, 2019.

B. The Company is engaged in the business of furnishing natural gas to approximately 639,000 residential, commercial, and industrial customers in over 45 counties throughout Pennsylvania.

C. The Company proposes to increase the residential monthly customer charge for UGI Gas South residential customers by \$7.25 from \$11.75 to \$19.00, or by 61.7%; for UGI Gas

North residential customers by \$5.75 from \$13.25 to \$19.00, or by 43.3%; and for UGI Gas Central residential customers by \$4.40 from \$14.60 to \$19.00, or by 30.1%.

D. Under the Company's proposal, the total average monthly bill of a UGI Gas South residential customer using 62.3 ccf per month would increase from \$62.45 to \$72.93 per month, or by 16.8%. Under the Company's proposal, the total average monthly bill of a UGI Gas North residential customer using 90.6 ccf per month would increase from \$89.72 to \$97.37 per month, or by 8.5%. Under the Company's proposal, the total average monthly bill of a UGI Gas Central residential customer using 77.3 ccf per month would decrease from \$93.68 to \$85.91, or by (8.3%).

E. The Company also proposes to create uniform rates by rate class, including base rates, purchased gas cost (PGC) charges, and other rider charges, for the UGI Gas South, North and Central Rate Districts, and establish uniform choice and non-choice transportation programs applicable to all customers and natural gas suppliers. The Company's proposal to create uniform PGC rates would decrease the PGC rate for the average UGI Gas South residential customer by 3.4%; increase the PGC rate for the average UGI Gas North residential customer by 3.3%; and increase the PGC rate for the average UGI Gas Central residential customer by 3.2%.

F. The Company has proposed an extension of the existing temporary federal tax credit for a twelve month period following the effective date of new rates, further decreasing the new rates by 4.5% for the 12-month period.

G. If the Company's entire request is approved by the Commission, the Company would also be allowed an overall rate of return of 8.30%, which includes an 11.25% return on common equity.

H. The Company is proposing to utilize a Fully Projected Future Test Year ending on September 30, 2020.

I. The Company proposes to extend its Growth Extension Tariff (GET Gas) pilot program for an additional five-year term.

J. The Company also is proposing to extend its current UGI Gas South and North Rate District Technology and Economic Development Rider and its Energy Efficiency Conservation Plan to the Central Rate District.

K. 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.*

L. A preliminary examination of the Company's filed Tariff Gas – PA. P.U.C. Nos. 7 and 7-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.*

M. 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.

N. 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.*

O. 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:

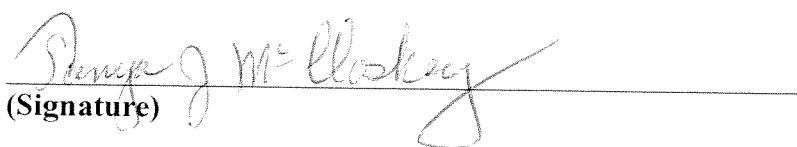
- A. Suspend and investigate the operation of Tariff Gas – PA. P.U.C. Nos. 7 and 7-S, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B. Consolidate all complaints filed against proposed Tariff Gas – PA. P.U.C. Nos. 7 and 7-S;
- C. Hold full evidentiary hearings examining 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 territories 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 7, 2019
(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
Christy M. Appleby, Assistant Consumer Advocate, PA Bar No. 85824
David T. Evrard, Assistant Consumer Advocate, PA Bar No. 33870

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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-2018-3006814.

The Company is engaged in the business of furnishing natural gas to approximately 639,000 residential, commercial, and industrial customers in over 45 counties throughout Pennsylvania. The proposed tariff, if approved, would allow the Company an increase of \$71.1 million, or 8.9%, to its annual operating revenues. The Company would also be allowed an overall rate of return of 8.30% which includes an 11.25% return on common equity. Under the Company's proposal, the total average monthly bill of a UGI Gas South residential customer using 62.3 ccf per month would increase from \$62.45 to \$72.93 per month, or by 16.8%. Under the Company's proposal, the total average monthly bill of a UGI Gas North residential customer using 90.6 ccf per month would increase from \$89.72 to \$97.37 per month, or by 8.5%. Under the Company's proposal, the total average monthly bill of a UGI Gas Central residential customer using 77.3 ccf per month would decrease from \$93.68 to \$85.91, or by (8.3%).

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.