

BOOK IV

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UGI UTILITIES, INC. – GAS DIVISION

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Information Submitted Pursuant to

Section 53.51 et seq of the Commission's Regulations

UGI GAS STATEMENT NO. 7 – ROBERT R. STOYKO

UGI GAS STATEMENT NO. 8 – THOMAS N. LORD

UGI GAS STATEMENT NO. 9 – HANS G. BELL

UGI GAS STATEMENT NO. 10 – NICOLE M. MCKINNEY

UGI GAS STATEMENT NO. 11 – THEODORE M. LOVE

ORIGINAL TARIFF

UGI UTILITIES, INC. – GAS DIVISION – PA P.U.C. NO. 6

DOCKET NO. R-2015-2518438

Issued: January 19, 2016

Effective: March 19, 2016

UGI GAS STATEMENT NO. 7 – ROBERT R. STOYKO

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Docket No. R-2015-2518438

UGI Utilities, Inc. – Gas Division

Statement No. 7

**Direct Testimony of
Robert R. Stoyko**

Topics Addressed: **Technology & Economic Development
Rider
Large Customer Usage Projections
Bypass Risk
Universal Service
Customer Service
Energy Efficiency & Conservation Plan**

Dated: January 19, 2016

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Robert R. Stoyko and my business address is 2525 North 12th Street,
4 Reading, PA 19612-2677.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by UGI Utilities, Inc., (“UGI”) as Vice President – Marketing and
8 Customer Relations. UGI has two separate operating divisions: UGI Utilities, Inc. - Gas
9 Division (“UGI Gas” or the “Company”), a natural gas distribution company (“NGDC”),
10 and UGI Utilities, Inc. - Electric Division (“UGI Electric”), an electric distribution
11 company (“EDC”).

12

13 **Q. What are your responsibilities as Vice President – Marketing and Customer
14 Relations?**

15 A. In this position, I have overall responsibility for Marketing, Sales and Customer Service
16 for UGI, including UGI Gas and UGI Electric, and its wholly-owned NGDC subsidiaries,
17 UGI Penn Natural Gas, Inc. (“PNG”) and UGI Central Penn Gas, Inc. (“CPG”). In my
18 testimony, UGI Gas, UGI Electric, PNG, and CPG will be referred to collectively as the
19 “UGI Distribution Companies.”

20

21 **Q. Please describe your educational background and work experience.**

22 A. They are set forth in my resume attached as UGI Gas Exhibit RRS-1 to my testimony.

23

1 **Q. Have you presented testimony in proceedings before a regulatory agency?**

2 A. Yes. In 2013, I presented testimony in a proceeding before the Pennsylvania Public
3 Utility Commission (“Commission) in support of the Joint Petition of the UGI
4 Distribution Companies for approval to implement the Growth Extension Tariff (“GET
5 Gas”) Pilot Programs, at Docket No. P-2013-2356232.

6
7 **Q. What is the purpose of your testimony?**

8 A. In my testimony, I will address UGI Gas’s (1) proposed Technology and Economic
9 Development (“TED”) Rider, (2) changes to its Large Customer/Industrial Sales Budget,
10 (3) adoption of the universal service program recovery mechanism of CPG and PNG, (4)
11 customer service performance, and (5) the implementation of its Energy Efficiency and
12 Conservation (“EE&C”) Plan, which is proposed with this filing.

13
14 **Q. Are you sponsoring any exhibits in this proceeding?**

15 A. Yes, I am sponsoring the following exhibits: UGI Gas Exhibit RRS-1, UGI Gas Exhibit
16 RRS-2, and UGI Gas Exhibit RRS-3. I am also sponsoring certain responses to the
17 Commission’s standard filing requirements as indicated on the master list accompanying
18 this filing.

19
20 **Q. Were these exhibits and filing requirements prepared by you or by persons under
21 your direct supervision or control?**

22 A. Yes.

23

1 **Q. Are they true and correct to the best of your information and belief?**

2 A. Yes.

3

4 **II. TECHNOLOGY AND ECONOMIC DEVELOPMENT RIDER**

5 **Q. What is the core function of UGI Gas's distribution system?**

6 A. The core function is to transport and distribute natural gas from sources of supply to end-
7 use customers. In the case of UGI Gas, these sources of supply have primarily been
8 delivery points, or the so-called "city gates", of interstate pipeline systems that connect
9 UGI Gas's distribution system to upstream sources of supply, such as gathering systems
10 connecting gas wells to interstate pipeline systems or gas storage facilities. Other sources
11 of supply include liquefied natural gas and propane air peaking facilities connected to
12 UGI Gas's system. Certain natural gas pipeline systems are or may be constructed
13 through or in close proximity to the UGI Gas distribution system and may also be
14 potential sources of future supply. These sources of supply can also serve as sources of
15 supply to current or potential UGI customers who may elect to bypass UGI's distribution
16 system and receive gas directly from these sources.

17

18 **Q. What are some of the core characteristics of the natural gas distribution business?**

19 A. Two important features of the business are (1) it is very capital intensive, which is to say
20 that it requires substantial capital to extend natural gas distribution facilities to connect
21 new customers, and (2) unlike some other utility services, there are no uses for natural
22 gas for which there are not alternative substitute forms of energy.

23

1 **Q. What are some of the consequences of these characteristics?**

2 A. As a result of the capital intensive nature of the business, it has been recognized since the
3 early days of the industry that the public interest is often best served if NGDCs are
4 granted exclusive service territories so that system costs can be shared by the widest
5 possible customer base in a geographic area. In return for being the sole service provider
6 within a geographic area, however, NGDC rates are subject to rate regulation by the
7 Commission.

8 Also, as a result of the capital intensive nature of the business, as well as the
9 general nature of rate regulation, Pennsylvania NGDCs, in accordance with Commission
10 policies, have established provisions in their tariffs incorporating economic tests for the
11 extension of NGDC facilities. Under these tariff provisions, applicants for utility service
12 must pay for the costs of line extensions deemed not to be economic primarily to prevent
13 undue cost shifting to existing customers under traditional ratemaking policies. For some
14 customers, these line extension rules may result in a requirement to make a large up-front
15 payment, or a contribution in aid of construction (“CIAC”), for the extension of facilities.
16 Since some customers may not be willing or able to pay large up-front contributions in
17 return for potential long-term savings, this could create a barrier to the expansion of
18 NGDC systems. UGI Gas’s GET Gas pilot program was designed to try to address this
19 problem for some of the applicants for UGI Gas distribution service while protecting the
20 interests of existing customers.

21

22

1 **Q. Does the fact that UGI Gas is the sole entity authorized by the Commission to**
2 **provide natural gas distribution service in most of its service territories mean that it**
3 **can dictate the costs under which it will extend its facilities or provide distribution**
4 **service to all customers?**

5 A. No. UGI Gas is subject to Commission oversight and regulation as well as competitive
6 market forces to a larger degree than other public utilities, such as water or electric
7 utilities. NGDC must recognize that applicants and customers have alternative options to
8 natural gas. Businesses may choose to locate new or expanding operations elsewhere if
9 the energy costs are attractive enough. Customer characteristics and circumstances, such
10 as tolerance for large up-front contributions, can also vary considerably. UGI Gas will
11 lose the applicant's or customer's business and the potential for long-term contributions
12 towards system fixed costs if it does not have the flexibility to adjust contribution and/or
13 distribution rates to reflect the applicant's or customer's competitive alternatives.

14
15 **Q. How has the Commission historically recognized and made provision in its rate-**
16 **making policies for the competitive forces UGI Gas faces?**

17 A. The Commission has, amongst other things, afforded UGI Gas substantial latitude in
18 negotiating contributions for extensions costing over \$10,000 for non-residential
19 applicants and customers, and has permitted the negotiating of firm XD and LFD rates
20 and all interruptible rates within certain parameters. However, UGI Gas does not
21 currently have such rate flexibility for firm DS and NT rates.

22

1 **Q. Has such rate flexibility served the public interest and the interests of UGI Gas's**
2 **customers?**

3 A. Yes. UGI Gas has had an excellent track record of customer growth. This growth is
4 attributable in part to UGI Gas's ability to adjust its rates within tariff-specified
5 boundaries to meet changing competitive conditions and customer preferences. This
6 flexibility has contributed to the expansion of UGI Gas's distribution system and the
7 recovery of fixed costs from a larger customer base. The expansion of UGI Gas's
8 distribution system also benefits the environment since customer conversion to natural
9 gas generally displaces the use of less environmentally friendly energy sources.

10
11 **Q. Looking forward, do you see the need for additional rate flexibility to attract new**
12 **customers?**

13 A. Yes. For example, UGI Gas is beginning to see an increased demand for service to
14 compressed natural gas ("CNG") vehicle refueling stations. These stations may start out
15 as low volume customers, but carry the prospect for steady incremental growth as
16 vehicles are replaced. Often, the applicant or customer will be making a significant
17 capital investment in vehicles and refueling equipment, and may have a low tolerance for
18 large up-front contributions for line extensions, but would be willing to pay a higher
19 distribution rate over time. It is also possible that UGI Gas will see the spread of smaller
20 scale fuel cell, cogeneration facilities or gas-fired heat pump technologies that will
21 require rate flexibility to meet competitive conditions.

22

1 **Q. How does UGI Gas propose to provide this flexibility?**

2 A. UGI Gas is proposing (1) a new rate mechanism, the “Technology & Economic
3 Development” or “TED” Rider and (2) changes to its line extension rules for smaller
4 volume commercial and industrial customers.

5

6 **Q. Please describe the TED Rider and associated line extension rule changes.**

7 A. The TED Rider would permit UGI Gas and an applicant or customer to negotiate a
8 mutually acceptable rider, which could either be (1) an incremental rate over the
9 otherwise applicable NT or DS firm service rates or an incremental rate to LFD
10 maximum rates, or (2) a rate discount from otherwise applicable NT, DS firm service or
11 maximum LFD rates. The flexibility within the TED Rider will allow for either (i) a
12 larger up-front customer contribution combined with lower negotiated rates, or (ii) a
13 lower up-front customer contribution combined with higher negotiated rates. UGI Gas
14 also proposes to revise its line extension rules to permit the negotiation of line extension
15 terms for all non-residential customers.

16

17 **Q. Can you provide an example of how the TED Rider might be applied?**

18 A. Yes. Say a company plans to convert its fleet of vehicles to CNG vehicles over time but
19 initially only plans to install compression facilities sufficient to serve a small number of
20 vehicles. This service location initially would be best served under rate NT, which does
21 not offer rate flexibility. If the company wants a line extension constructed that will be
22 capable of serving its future needs but does not have the budget to make a large up-front
23 payment for the line extension, the project may not proceed. Under the proposed TED

1 Rider, UGI Gas and the applicant could agree to an incremental rate on top of the NT rate
2 and a reduced CIAC to accommodate the applicant's planned CNG project.

3 In another instance, a transit agency contemplating a conversion to a CNG fleet
4 might receive a grant that can cover any required CIAC and would qualify for service
5 under Rate DS, but might need a discount off of the DS rate to make the project
6 economically viable. Under the proposed TED rider, UGI Gas and the applicant could
7 agree to a higher CIAC and an incremental rate reduction of the DS rate to accommodate
8 the applicant's planned CNG project.

9
10 **Q. Would the TED Rider be used to make un-economic investments?**

11 A. No. The TED Rider will be determined and applied using an economic test consistent
12 with UGI Gas's new business extension tariff.

13
14 **Q. Are there any limits on the TED Rider?**

15 A. Yes. The TED Rider will be applicable by request of the applicant and with approval by
16 the company, and would be subject to the following criteria:

- 17 1. The Rider is applicable to usage associated with new gas load at competitive
18 risk only.
- 19 2. The Rider will be applicable for a defined period outlined in the customer's
20 TED Rider service agreement.
- 21 3. The Rider will be determined and applied using an economic test consistent
22 with UGI Gas's new business extension tariff.

1 **Q. Are TED Rider customers included in the fully projected test year revenue**
2 **calculations?**

3 A. No. However, due to the elimination of Rate CDS, there are two customers who will be
4 assigned a TED Rider adjustment consistent with the rates and terms of their existing
5 Rate CDS service agreements.

6
7 **III. LARGE CUSTOMER BUDGET ADJUSTMENTS**

8 **Q. Has UGI Gas made any adjustments to its large customer budget numbers in**
9 **developing its revenue requirement in this proceeding?**

10 A. Yes, the budgeted revenue numbers have been adjusted to reflect the annualization of
11 midyear customer additions and deletions, as well as customer data unknown at the time
12 the 2017 budget was prepared. These adjustments are reflected in the sales and revenue
13 exhibits included in the direct testimony of David E. Lahoff (UGI Gas Statement No. 6).

14
15 **IV. UNIVERSAL SERVICE PROGRAM RECOVERY MECHANISM**

16 **A. OVERVIEW OF UNIVERSAL SERVICE PROGRAMS**

17 **Q. What universal service and low-income energy conservation programs does UGI**
18 **Gas currently offer to its customers?**

19 A. UGI Gas offers the following universal service programs: (1) the Customer Assistance
20 Program (“CAP”), (2) the Low-Income Usage Reduction Program (“LIURP”), (3)
21 Operation Share Energy Fund (hardship fund), and (4) the Customer Assistance and
22 Referral Evaluation Services (“CARES”) program, which includes outreach for the Low
23 Income Home Energy Assistance Program (“LIHEAP”).

24

1 **Q. Has UGI Gas’s universal service and low-income energy conservation plan been**
2 **approved by the Commission?**

3 A. Yes. The UGI Distribution Companies jointly filed a Universal Service and Energy
4 Conservation Plan (“USECP”) for the Three-Year Period of January 1, 2014 through
5 December 31, 2016 at Docket No. M-2013-2371824. The USECP was approved by the
6 Commission by three related orders entered on January 15, 2015, June 11, 2015, and
7 September 3, 2015.

8
9 **Q. Is UGI Gas proposing any changes to its Commission-approved Universal Services**
10 **Programs?**

11 A. No. UGI Gas is not proposing any changes to any of its Commission-approved universal
12 service programs. As explained below, UGI Gas is only proposing to modify the
13 recovery mechanism for these universal service programs.

14
15 **Q. How are UGI Gas CAP costs currently recovered?**

16 A. The Commission-approved settlement of UGI Gas’s last base rate case at Docket No. R-
17 00953297 provided, in pertinent part:

18 [t]he revenue allowance includes \$315,000 in administrative costs and
19 approximately \$400,000 current bill shortfall associated with the Company’s pilot
20 Low Income Self Help Program (“LISHP”). UGI shall be permitted to include
21 arrearages forgiven and written off under the LISHP pilot in developing its
22 uncollectible accounts expense in future proceedings if such write-offs fall within
23 the period used to develop uncollectible accounts expense.

1 Thereafter, in a Commission-approved Stipulation in Settlement (the “Universal Service
2 Restructuring Settlement”) in UGI Gas’s restructuring proceeding at Docket No. R-
3 00994786 (Order entered March 14, 2001), UGI Gas agreed to ramp-up its targeted CAP
4 participation level to 4,000 participants, and was authorized to recover \$1.5 million per
5 year in addition to its base rate allowance through a combination of available Other Post-
6 Employment Benefits (“OPEB”) funding and, if necessary, base rate increases, to cover
7 incremental costs, subject to certain specified reductions if CAP targets were not met.

8 Thereafter, in an Order at Docket No. P-00052190 entered on December 1, 2005,
9 the Commission authorized UGI Gas to increase its LISHP participation cap to 8,000
10 customers, to increase its LISHP discount limit from \$840 to \$1,146, and to establish its
11 current LISHP Rider. As the Commission explained in its December 1, 2005 Order, CAP
12 costs for the first 4,000 CAP participants will first be funded through the redirection of all
13 available OPEB and LIHEAP funding, and thereafter through a LISHP tariff rider. For
14 the initial 4,000 participants, the LISHP Rider only recovers (1) the difference between
15 \$1.5 million and available OPEB funding, to the extent available OPEB funding is less
16 than \$1.5 million, and (2) the difference between the residential sales service rate
17 (excluding CAP customer GET Gas charges) and the LISHP rate that is in excess of \$752
18 per CAP participant. The amount of \$752 per CAP participant is a fixed amount that
19 represents the average discount of all CAP participants at the time the LISHP Rider was
20 implemented. For all CAP participants over 4,000, the LISHP Rider only recovers the
21 discounts granted to CAP participants and external agency application fees for these
22 additional participants.

1 **Q. Please explain how LIURP costs are recovered by UGI Gas.**

2 A. Pursuant to the Commission's Order entered June 11, 2015, at Docket No. M-2013-
3 2371824, the UGI Gas annual LIURP budget was increased, as of January 1, 2016, from
4 the proposed \$650,000, based on 0.2 percent of jurisdictional revenues for UGI Gas, to a
5 fixed \$1.1 million. UGI Gas is precluded from recovering LIURP spending at or below
6 \$600,000 via its LISHP Rider, and is permitted to recover 50% of LIURP expenditures in
7 excess of \$600,000 up to 0.2 percent of jurisdictional revenue. However, UGI Gas is
8 permitted to recover – subject to the \$600,000 floor - all LIURP expenditures in excess of
9 0.2 percent of jurisdictional revenue up to the new \$1.1 million budget cap.

10

11 **Q. How does UGI Gas fund and recover costs associated with the Operation Share
12 Energy Fund?**

13 A. Most of Operation Share's funding comes from sources external to UGI Gas. However,
14 as set forth in the 2014-2017 USECP, UGI Gas is making an annual contribution of
15 \$38,500 to the Operation Share Energy Fund and is making available another \$38,500 in
16 matching funds, whereby UGI Gas will contribute one dollar for every two dollars
17 donated by a customer, employee, or outside source. Currently, the administrative costs
18 of the UGI Gas Operation Share Energy Fund are included in the UGI Gas general
19 operating budget. There currently is no reconcilable cost recovery mechanism in place.

20

21 **Q. Briefly explain the CARES program, including funding of the program.**

22 A. UGI also manages a CARES program. This program evaluates customers who are either
23 participating or are being evaluated for participation in any one of our Low Income

1 Programs to identify customers in need of additional services, including services not
2 offered by UGI Gas. Those customers identified are referred to other programs that
3 could be beneficial to the customer. In addition to UGI Gas's CAP program, the CARES
4 program ensures we are equipped to refer to external agencies, such as the Office of
5 Aging and Department of Human Services when that need is identified.

6
7 **B. UNIVERSAL SERVICE PROGRAM RECOVERY MECHANISM**

8 **Q. Is UGI Gas proposing any changes to the way it recovers the costs of its universal
9 service programs?**

10 A. Yes. UGI Gas is proposing to adopt a Universal Service Plan ("USP") Rider similar to
11 that approved by the Commission in the most recent PNG and CPG base rate
12 proceedings. The USP Rider would address UGI Gas's cost recovery for its CAP,
13 LIURP, and the Operation Share Energy Fund.

14
15 **Q. Please explain how the PNG and CPG USP Riders recover the costs of those
16 companies' universal service programs.**

17 A. Pursuant to the Commission-approved settlement in PNG's last base rate proceeding at
18 Docket No. R-2008-2079660, PNG is permitted to recover costs for the following
19 programs under its USP Rider with an annual reconciliation for costs and recoveries: (1)
20 CAP shortfall, pre-program arrearages and external administrative costs; (2) LIURP in an
21 annual amount of \$850,000; and (3) Hardship funds in an annual amount of \$5,000 (for
22 administrative costs).

23 Pursuant to the Commission-approved settlement in CPG's last base rate
24 proceeding, at Docket No. R-2008-2079675, CPG is permitted to recover costs for the

1 following programs under its USP Rider with an annual reconciliation for costs and
2 recoveries: (1) CAP shortfall, pre-program arrearages and external administrative costs;
3 (2) LIURP in an annual amount of \$500,000; and (3) Hardship funds in an annual amount
4 of \$3,000 (for administrative costs).

5 For both CPG and PNG there is an offset for CAP credits and pre-program
6 arrearages for customers receiving shortfall credits above the enrollment projected in
7 each of those base rate cases.

8
9 **Q. Would any of UGI Gas's funding of its universal service programs change from its**
10 **recently-approved 2014-2017 USECP?**

11 A. No. UGI Gas's funding of its universal service programs would be unchanged from its
12 recently-approved USECP. Only the recovery mechanism would change, so that each
13 UGI Gas, CPG, and PNG would each have the same USP Rider and surcharge
14 mechanism, with the only variations being the differing funding levels for each NDGC
15 set by the Commission in the USECP.

16
17 **Q. Do you have a projection for UGI Gas's CAP enrollment for the end of the fully-**
18 **projected future test year?**

19 A. Yes. I project that UGI Gas's CAP enrollment at September 30, 2017 will be 10,000.
20 This projection is based on a steady increase in enrollment that we have observed since
21 the CAP program change in September 2014 provided customers with the option to set
22 their CAP payment at their average bill in lieu of a percentage of income.

1 **Q. Is UGI Gas proposing an offset to CAP credits and pre-program arrearages for**
2 **customers receiving shortfall credits above the projected enrollment of 10,000?**

3 A. Yes. UGI Gas is proposing to calculate an offset to CAP credits and pre-program
4 arrearages in the same manner as CPG and PNG.

5

6 **Q. What are the projected costs of the UGI Gas's USECP at the end of the FPFTY that**
7 **must be accounted for in the USP Rider surcharge?**

8 A. These are reflected in UGI Gas Exhibit RRS-2. The direct testimony of David E. Lahoff
9 (UGI Gas Statement No. 6) explains in greater detail how these costs will be incorporated
10 in the surcharge applicable to non-CAP customers through the USP Rider.

11

12 **V. QUALITY OF SERVICE PERFORMANCE**

13 **Q. How does UGI Gas evaluate its customer service performance?**

14 A. There are several ways that UGI Gas evaluates its customer service performance. One
15 way is through the collection of data on performance goals set by the Commission's
16 Bureau of Consumer Services ("BCS"), which are reported annually to the Commission
17 and published in a comprehensive report. Based on these metrics, over the past three
18 years UGI Gas's quality of customer service has met or exceeded the Commission's
19 requirements and, based on our information to date, 2015 metrics are also expected to
20 meet or exceed the Commission's requirements.

21

1 **Q. Are there any surveys by which UGI Gas measures its customer service**
2 **performance?**

3 A. Yes. UGI Gas participates in the JD Power Gas Utility Residential Customer Satisfaction
4 Study.

5

6 **Q. Please explain the Gas Utility Residential Customer Satisfaction Study.**

7 A. JD Power is a global market research company. 2015 marks the fourteenth year of its
8 Gas Utility Residential Customer Satisfaction Study, an online survey that measures
9 residential customer satisfaction with gas utility brands across the following six factors,
10 in order of importance: billing and payment; price; corporate citizenship;
11 communications; customer service; and field service. Satisfaction is calculated on a
12 1,000-point scale.

13

14 **Q. How does JD Power evaluate customer satisfaction with gas utility brands?**

15 A. JD Power contracts with several consumer survey panels to complete the survey, with
16 online interviews conducted for 83 gas utilities across four quarterly fielding periods for
17 four US regions (East, Midwest, South and West), each consisting of large and mid-sized
18 utility categories. UGI Gas is in the “Large East” region for the study. This region
19 consists of 11 gas utilities with more than 400,000 households.

20

21 **Q. How is UGI Gas judged in comparison to similarly-situated gas utilities?**

22 A. UGI Gas is considered together with its affiliate NGDCs CPG and PNG so customer
23 satisfaction is reported on a collective basis. The collective UGI NGDCs were the

1 highest ranked in their region in 2013 and 2014 and were named the JD Power Award
2 winner for this study. The UGI NGDCs came in second place in 2015. UGI Gas Exhibit
3 RRS-3 consists of charts that depict the 2013, 2014, and 2015 customer satisfaction
4 rankings for the 11 natural gas utilities that make up the Large East region.

5
6 **Q. Are there any other ways that UGI Gas evaluates its customer service performance?**

7 A. Yes. UGI Gas is required to report to the Commission the results of telephone
8 transaction surveys of residential and small business customers that have recently
9 contacted the company. The purpose of these surveys is to assess the customer's
10 perception of the interaction with UGI Gas and fulfill reporting requirements for quality
11 of service benchmarks and standards pursuant to Commission regulations. All EDCs and
12 major NGDCs utilize a common survey which was developed collaboratively with the
13 Commission. Metrix Matrix, a research firm used by all EDCs and major NGDCs for
14 this purpose, contacts individual consumers until it meets a monthly quota of completed
15 surveys for each company. Each year Metrix Matrix completes approximately 700
16 surveys for each participating utility, including UGI Gas.

17 In addition, each month UGI Gas randomly selects a sample of transaction
18 records for consumers who have contacted them within the past 30 days. The following
19 chart represents UGI Gas survey results since 2012, using a scale of 1 to 10:

1

	Customer Satisfaction Survey Results		
Calendar Year	Overall Satisfaction	Call Rep Satisfaction	Field Rep Satisfaction
2012	8.89	9.35	9.48
2013	8.95	9.37	9.57
2014	8.82	9.38	9.48
2015 to date	8.93	9.38	9.5

2

3

Our customer satisfaction survey results demonstrate excellent performance on the part of our call center staff, which is consistent with our high marks from JD Power.

4

5

6

Q. Is UGI Gas engaged in any programs anticipated to further improve its customer service performance?

7

8

A. Yes. UGI has undertaken UGI’s Next Information Technology Enterprise (“UNITE”) Project. The UNITE Project is a multi-year, multi-phased information system modernization project. Phase 1 of the Project entails the development and implementation of a new customer information system (“CIS”) to replace our two legacy mainframe CIS systems. This new CIS will harmonize the two systems and provide increased functionality and improved customer service. The development and implementation of this plan is discussed in the direct testimony of Thomas N. Lord (UGI Gas Statement No. 8).

9

10

11

12

13

14

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16

1 **VI. ENERGY EFFICIENCY AND CONSERVATION PLAN IMPLEMENTATION**

2 **Q. Has UGI Gas proposed an Energy Efficiency and Conservation (“EE&C”) Plan in**
3 **this filing?**

4 A. Yes.

5

6 **Q. Please describe the Plan.**

7 A. The full contents of the EE&C Plan are described in detail in the direct testimony of
8 Theodore M. Love (UGI Gas Statement No. 11), senior analyst with Green Energy
9 Economics Group, Inc. The EE&C Plan is a comprehensive portfolio of energy
10 efficiency and conservation programs that was designed to assist customers save energy
11 through various cost- effective measures. The EE&C Plan Rider is discussed in the direct
12 testimony of David E. Lahoff (UGI Statement No. 6).

13 The following six natural gas energy efficiency programs are proposed for the
14 five-year timeframe that will run from Fiscal Year 2017 through Fiscal Year 2021:

- 15 • Residential Prescriptive (RP)
- 16 • Nonresidential Prescriptive (NP)
- 17 • New Construction (NC)
- 18 • Residential Retrofit (RR)
- 19 • Nonresidential Retrofit (NR)
- 20 • Behavior and Education (BE)

21 An additional Combined Heat and Power (“CHP”) program is also being proposed as a
22 separate fuel-switching program in addition to the six programs that comprise the EE&C
23 Plan.

1 **Q. How will the EE&C Plan be marketed to customers?**

2 A. The EE&C Plan will be marketed to current and prospective customers with the intent of
3 providing relevant, cost-effective communications that will drive awareness and
4 education regarding the UGI Gas EE&C Plan. The marketing efforts will be
5 implemented and managed by both UGI Gas Staff and qualified Conservation Service
6 Providers (“CSPs”). The EE&C Plan will be marketed in various ways, which may
7 include the following:

8 1) Company website - Utilize UGI.com to inform customers of energy efficiency
9 and conservation tips, along with applicable programs and associated customer
10 rebates. In addition to web content, UGI may decide to leverage “how to” videos
11 through mediums such as YouTube, etc.

12 2) Social media - Leverage social media (e.g. Twitter, Facebook, etc.) to
13 communicate energy efficiency and conservation messages.

14 3) Media advertising - Broadcast within the UGI Gas service territory to inform
15 customers of the benefits of energy efficiency and conservation. Advertising may
16 include the following tactics:

17 a. Television

18 b. Radio

19 c. Newspaper/Billboards

20 d. Event sponsorship and trade shows

21 4) Bill inserts/Newsletters - Distribute energy efficiency and conservation tips to
22 customers at a minimum on a quarterly basis. Topics may include:

23 a. Seasonal energy conservation tips

1 b. Information on low-income assistance programs

2 c. Specific rebates available to Residential, Commercial, and Industrial
3 customers

4 5) CSPs - Once the request for proposal (“RFP”) process is finalized, UGI will
5 partner with hired CSPs that specialize in promoting and administering energy
6 efficiency programs. The CSPs will help identify market opportunities, promote
7 applicable customer programs and rebates, and assist with developing
8 relationships with various trade allies.

9

10 **Q. Does that conclude your testimony?**

11 A. Yes, it does.

12

UGI GAS EXHIBIT RRS-1

UGI CORPORATION

LEADERSHIP BACKGROUND PROFILE

Name Robert Stoyko
 DOB 4/11/60
 DOE 8/15/83
 Current Position – Vice President Marketing and Customer Relations
 Tenure Current Position – 3 ½ years

Date 1/7/16

PROFILE

- Diverse background in Marketing, Operations and general management within the ED, PNG, CPG & GUD.
- Managerial leadership experience in both Area Operations, Marketing and other functional departments
- Strong analytical, team building and interpersonal skills

EXPERIENCE

UGI Utilities

<i>Vice President – Marketing and Customer Relations</i>	2012 - Present
<i>Vice President – Northern Region/Northern Operations</i>	2007-2012

UGI Utilities – Electric Division

<i>Vice President – Electric Distribution</i>	2004-2007
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UGI Utilities – Gas Division

<i>Marketing Manager</i>	2002-2004
<i>Manager – Customer Accounting Services</i>	2001-2002
<i>Lancaster Area Manager</i>	1998-2001
<i>Customer Relations Manager - Lehigh</i>	1991-1998
<i>Residential Supervisor – Reading Area</i>	1988-1991
<i>Financial and Cost Analyst - Rates</i>	1984-1988
<i>Industrial/Commercial Marketing Representative - Lancaster</i>	1983-1984

EDUCATION

St. Joseph’s University: MBA - Finance	1986-1990
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Received Graduate Business Award for finishing first in the graduating class with a 4.0 GPA

Kutztown University: B.S. Business Administration	1981-1983
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Graduated Cum Laude

Other :	Various
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AGA Sustainable Growth Committee ; Energy Solutions Center Board of Directors ; United Way Ready, Set, Read Board of Directors

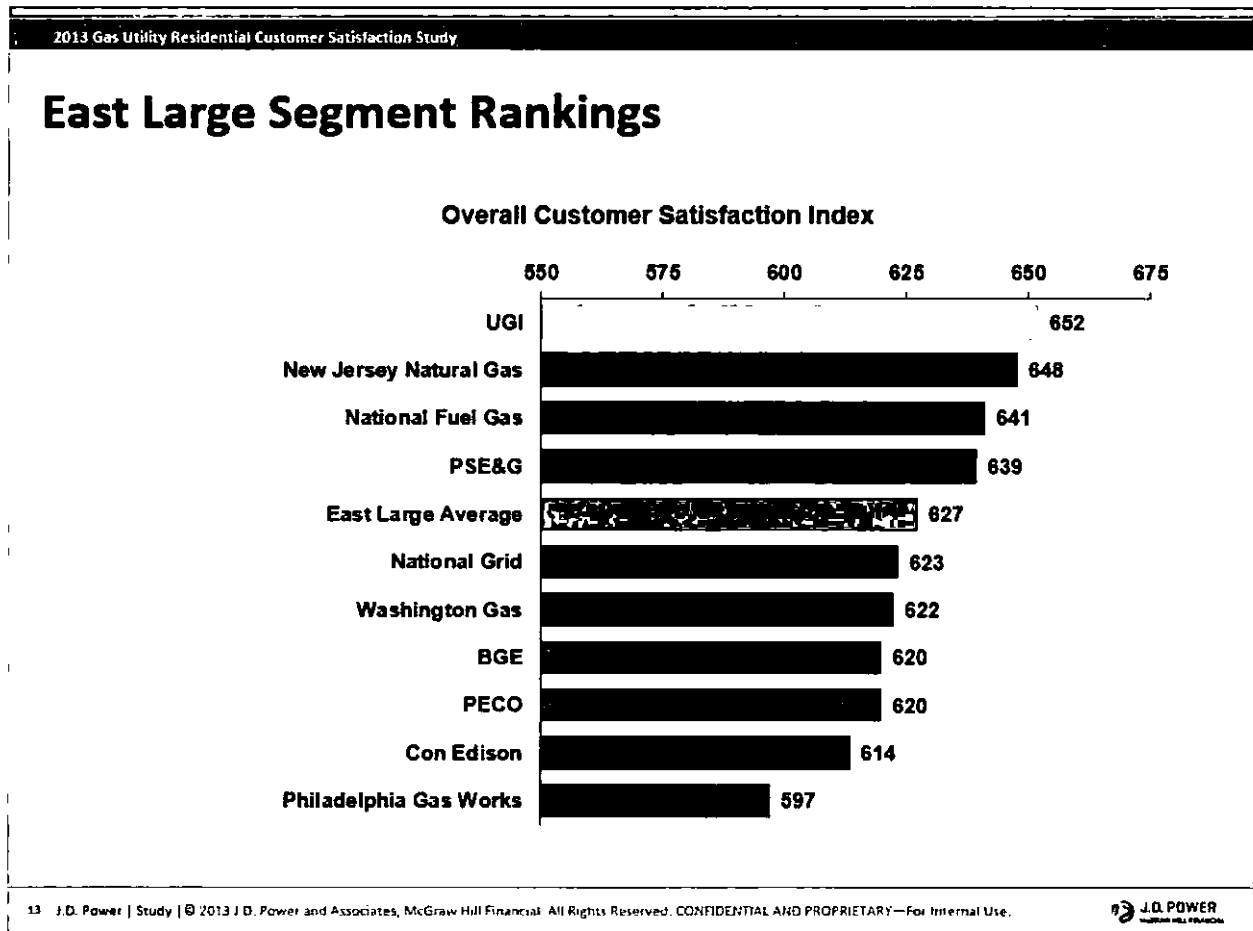
UGI GAS EXHIBIT RRS-2

<u>UGI GAS</u>	FY 15	FY 16	FY 16 BRC	FY 17 BRC
	ACTUAL	BUDGET	Forecast	Forecast
CAP CREDIT	\$ 3,319,960	\$ 1,816,271	\$ 3,644,703	\$ 4,009,173
CAP ADMIN	\$ 294,131	\$ 348,000	\$ 323,544	\$ 355,899
LIURP	\$ 401,077	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
HARDSHIP	\$ 7,260	\$ 10,200	\$ 7,970	\$ 8,767
PPA	\$ 930,949	\$ 1,000,000	\$ 1,130,949	\$ 1,530,949

UGI GAS EXHIBIT RRS-3

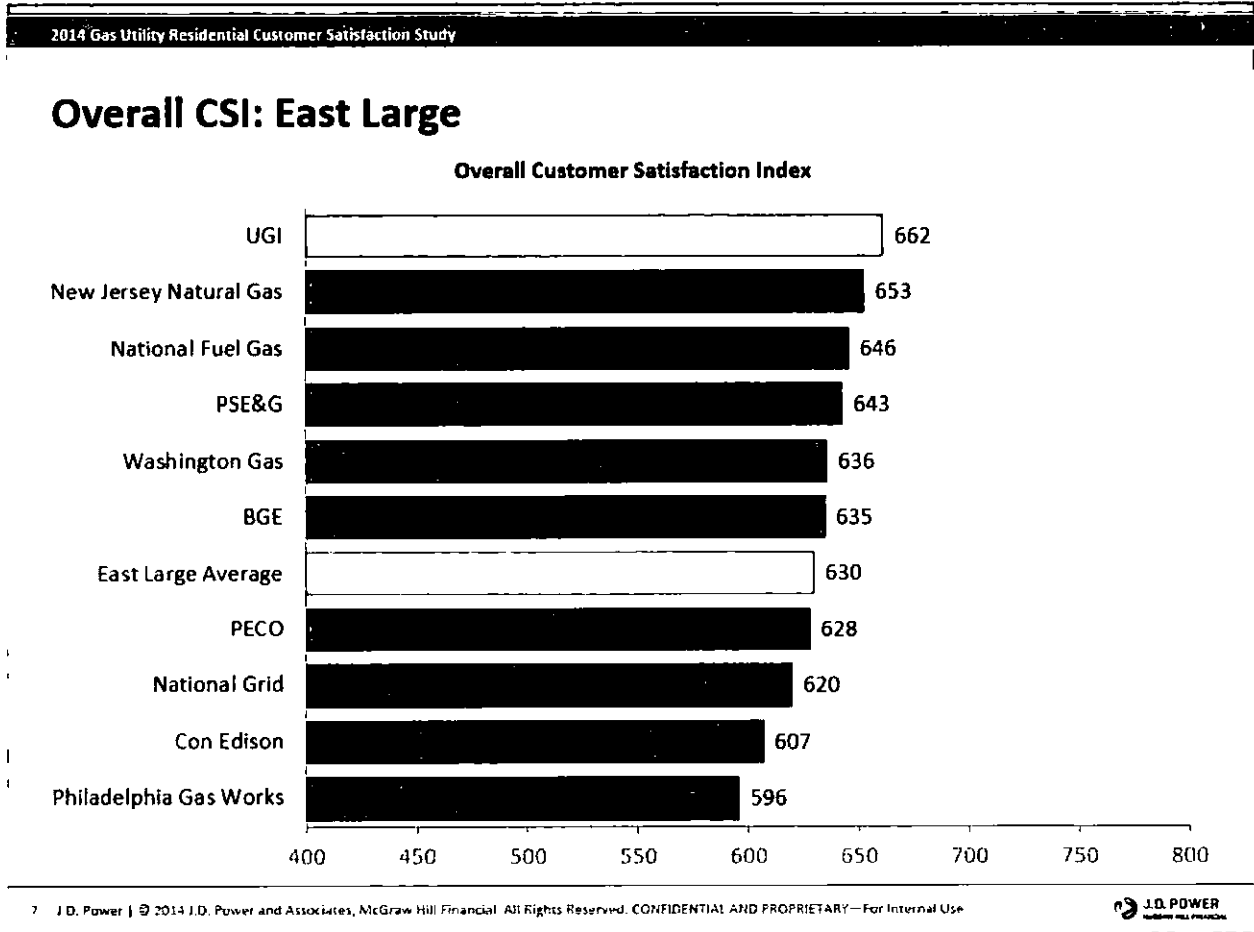
JD Power Gas Utility Residential Customer Satisfaction Study Results 2013-2015

2013



JD Power Gas Utility Residential Customer Satisfaction Study Results 2013-2015

2014



JD Power Gas Utility Residential Customer Satisfaction Study Results 2013-2015

2015

