

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF UGI UTILITIES, INC. – ELECTRIC DIVISION
FOR APPROVAL OF ITS
ENERGY EFFICIENCY AND CONSERVATION PLAN**

DOCKET NO. M-2010-_____

**TESTIMONY
OF
BRIAN J. FITZPATRICK**

UGI ELECTRIC STATEMENT NO. 1

November 9, 2010

1 **Q. Please state your full name and business address.**

2 A. My name is Brian J. Fitzpatrick and my business address is UGI Utilities, Inc., 2525
3 N. 12th Street, Suite 360, Reading, PA 19612.

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

5 A. I am employed by UGI Utilities, Inc. (“UGI Electric” or the “Company”) as Manager
6 – Energy Efficiency and Conservation.

7 **Q. What are your duties as Manager – Energy Efficiency and Conservation?**

8 A. I am responsible for coordinating the development, implementation, and
9 administration of UGI Electric’s Energy Efficiency and Conservation Plan
10 (“EE&C Plan” or the “Plan”), including coordination of all internal and external
11 resources, developing and maintaining annual and future year Plans, overseeing filing
12 and reporting activities, and participating in associated rulemakings, collaboratives
13 and working groups.

14 **Q. What is your educational background?**

15 A. I received a Bachelor of Science in Electrical Engineering from State University of
16 New York in 1990.

17 **Q. Please describe your professional experience.**

18 A. I began my career in 1990 as a Quality Control Engineer for Celotex Corporation,
19 after which I moved to a position as Plant Engineer – Electric Power Production with
20 UGI Utilities, Inc. in 1994. I became an Analyst – Electric Rates and Regulatory
21 Affairs with the Company in 1999, and was promoted to Senior Analyst in 2002. My
22 most recent position with the Company, Manager – Gas Supply and Transportation,
23 began in 2005. I took over my current position as EE&C Manager in October 2010.

1 **Q. Have you previously testified as a witness before the Pennsylvania Public Utility**
2 **Commission (“Commission”)?**

3 A. Yes. I have previously provided testimony before the Commission in the 2006
4 through 2009 UGI Utilities, Inc. PGC proceedings and the 2007 through 2009 UGI
5 Penn Natural Gas, Inc. PGC proceedings, as well as the 2009 UGI Central Penn Gas,
6 Inc. PGC proceeding.

7 **Q. Briefly describe the subject matter of your testimony in this proceeding.**

8 A. I will explain the goals, approach, and process that UGI Electric applied to the
9 preparation of its EE&C Plan. I also will explain UGI Electric’s proposal for Plan
10 implementation, program verification and reporting, including administrative
11 requirements.

12 **Q. Why is UGI Electric filing this EE&C Plan?**

13 A. Although UGI Electric is not required to file an EE&C Plan under Act 129 given its
14 small size, UGI Electric is filing this Plan in response to the Commission’s Secretarial
15 Letter requesting that smaller electric distribution companies (“EDCs”) consider the
16 implementation of voluntary EE&C plans. The Company believes that an EE&C Plan
17 can provide meaningful benefits to customers, assist in the overall load reduction
18 goals of Act 129, and be implemented in a manner which does not disadvantage the
19 Company.

20 **Q. Please describe how the filing is organized.**

21 A. Consistent in large part with filings made by those EDCs required to submit Act 129
22 filings, the filing includes an overview of the Plan; a program summary table and
23 information on cost-effectiveness; program descriptions; details of the program

1 management and implementation strategies; reporting and tracking systems; quality
2 assurance, evaluation, measurement, and verification processes; Energy Efficiency
3 and Conservation Rider and Conservation Development Rider mechanisms; and other
4 information to support the Plan. UGI Electric's filing consists of the following
5 documents:

- 6 1. A petition requesting approval of the Plan and the Company's proposed
7 recovery mechanisms;
- 8 2. The EE&C Plan (UGI Electric Exhibit 1);
- 9 3. The prepared Direct Testimony of Brian J. Fitzpatrick (UGI Electric
10 Statement No. 1);
- 11 4. The prepared Direct Testimony of Paul H. Raab (UGI Electric Statement No.
12 2); and
- 13 5. The prepared Direct Testimony of William J. McAllister (UGI Electric
14 Statement No. 3).

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

16 A. Yes. I am responsible for Sections 1, 2, 4 and 5 of UGI Electric Exhibit.1.

17 **Q. Please provide a summary of UGI Electric's EE&C Plan.**

18 A. The Plan provides a portfolio of energy efficiency and conservation programs and
19 customer education measures targeted at UGI Electric's various customer segments:
20 Residential, Residential Low Income, and Commercial & Industrial (including
21 Governmental). These programs and customer education measures have been
22 designed as a portfolio to offer UGI Electric's customers a variety of cost-effective
23 and flexible choices and incentives to reduce electricity consumption and peak load

1 requirements, which ultimately will help customers reduce their energy costs. These
2 programs were developed in the context of providing a workable plan for UGI
3 Electric's small system.

4 **Q. What is the primary objective of the Plan?**

5 A. The primary objective of the Plan is to achieve total savings of 3%, or 40,868 MWh,
6 in electric consumption by UGI Electric's customers on or before November 1, 2014,
7 as measured from the base year period of June 1, 2007 through May 31, 2008, as
8 stated in the Commission's Secretarial Letter.

9 **Q. Please describe UGI Electric's overall strategy to achieve these objectives.**

10 A. UGI Electric will develop and implement communications, education, and program
11 information that will encourage customers to choose energy efficiency and
12 conservation measures and to adopt energy-efficient practices. The key to the Plan's
13 success is customer awareness and action.

14 With this in mind, UGI Electric has selected program designs and measures
15 that are easy for its customers to understand and implement. In addition to deploying
16 internal resources, UGI Electric will employ outreach, training, and education efforts
17 to work with trade allies, Conservation Service Providers ("CSPs"), and Community
18 Based Organizations ("CBOs") to facilitate customer enrollment and participation to
19 achieve program success. UGI Electric believes that this approach will help
20 customers in their decision making, and has stated Plan energy efficiency demand
21 reduction goals that should be reasonably achievable. For most programs, UGI
22 Electric does not dictate where the customer must obtain energy efficiency products
23 and services, but instead leaves those decisions to the customer. Verification of

1 customer action will be performed by UGI Electric internally, with support from
2 various CSPs. UGI Electric expects to utilize CSPs to deliver services in support of
3 the programs it is offering.

4 **Q. Are there uncertainties that may affect UGI Electric’s ability to meet its stated**
5 **Plan objectives?**

6 A. Yes. The major uncertainty is the effectiveness of the Company’s communication
7 efforts and associated customer willingness to implement energy efficiency measures.
8 The general state of the economy may adversely affect the ability of customers,
9 particularly commercial and industrial customers, to make investments in energy
10 efficiency at this time, but the incentives contained in the proposed Plan should make
11 such investment decisions easier for the customer.

12 **Q. How will UGI Electric select the CSPs to be utilized?**

13 A UGI Electric will issue Requests for Proposals for a number of CSP functions.
14 Through this competitive bidding process, UGI Electric will be able to select the most
15 cost-effective CSP resources for achieving program goals and minimizing costs. For
16 the School Energy Education Program, UGI shall retain the National Energy
17 Foundation (“NEF”) as the CSP.

18 **Q. What process did UGI Electric undertake to develop its EE&C Plan?**

19 A. UGI Electric utilized a project team consisting of internal staff from a variety of
20 departmental groups, along with external legal counsel and an expert energy
21 consultant, Paul Raab, to prepare its Plan. Working closely with Mr. Raab, the
22 Company used the Commission’s Secretarial Letter issued to smaller EDCs and the

1 Commission's recent orders in the Act 129 proceedings as a basic framework upon
2 which to build its Plan.

3 While UGI Electric was not subject to the requirements of Act 129, the
4 energy-saving targets, expenditure guidelines, cost-effectiveness measures, and the
5 customer equity guidelines outlined by Act 129 and the Commission's related
6 Secretarial Letter defined the major parameters and constraints for developing the
7 portfolio. Specifically, the Company used actual revenues and MWh sold for the
8 twelve-month period, June 2007 through May 2008, to determine its approximate 2%
9 of annual revenue expenditure level and savings targets, which served as boundaries
10 for Plan development.

11 In developing the portfolio, UGI Electric and its consultant, Mr. Raab,
12 followed five steps. The first step involved compiling a broad list of energy
13 efficiency and demand response measures and practices, combining them to create
14 programs, and aggregating the programs to construct the portfolio. Data on technical
15 specifications, energy use impacts, and measure costs were compiled from various
16 trusted sources. The Pennsylvania Technical Reference Manual ("TRM") served as a
17 default source for the majority of measures. The second step was to determine the
18 costs, savings, and cost benefits for each measure to compute the measure's cost-
19 effectiveness from a total resource cost ("TRC") perspective. The third step was to
20 calculate program-level savings. The fourth step was to spread the aggregate plan-
21 level savings for each program over the three-year Plan cycle to set annual savings
22 targets. The fifth step was an iterative process to balance the portfolio by adjusting
23 the expected number of participants and customer incentive levels of each measure to

1 provide a reasonable mix of programs that met all of the requirements set forth in the
2 Commission's Secretarial Letter and in Act 129 generally.

3 Additionally, UGI Electric met with stakeholders to gather their significant
4 and valuable input and collaborated with other Pennsylvania EDCs in determining the
5 components of its Plan.

6 **Q. Please provide more details on the stakeholder process that the Company used.**

7 A. Throughout the preparation of the Plan, UGI Electric pursued multiple opportunities
8 to inform stakeholders of the Company's proposed Plan and to solicit their input.
9 Acknowledging the importance of stakeholder input in meeting the goal of offering
10 an appropriate and successful energy efficiency portfolio, UGI Electric conducted
11 both formal and informal communication among and between parties, including other
12 investor-owned utilities, consumer advocates, environmental advocates, chambers of
13 commerce, state, local, and private economic organizations, community-based
14 organizations, trade associations, governmental organizations, trade allies, market
15 partners and CSPs. UGI Electric held two large group meetings in Harrisburg, one on
16 June 9, 2010, and the other on July 21, 2010. UGI Electric also held several focus
17 group meetings and numerous one-on-one meetings and teleconferences. UGI
18 Electric also developed a dedicated website, eec.ugi.com, in order to facilitate
19 communications with all interested parties. UGI Electric anticipates that this
20 collaborative process will increase the likelihood of success in implementing the Plan.
21 UGI Electric intends to solicit formal and informal input from stakeholders
22 periodically throughout Plan implementation in order to monitor and improve its
23 programs.

1 **Q. Please summarize UGI Electric’s strategy to implement the Plan after**
2 **Commission review and approval.**

3 A. Implementation of UGI Electric’s Plan will rely on the performance of its internal
4 staff in collaboration with CSPs, CBOs, market partners, trade allies, community
5 agencies, and other entities engaged in energy efficiency activities to promote,
6 administer, and support the effective deployment of programs. Various forms of
7 communication media, including websites, bill inserts, print ads, and radio will be
8 utilized as needed to reach customers with Plan details. While UGI Electric’s internal
9 staff will administer many aspects of the EE&C Plan, including the custom C&I
10 program measures, UGI Electric expects to utilize CSPs to deliver messages, training,
11 and services in support of its EE&C Plan programs. Except for NEF, such CSPs will
12 be selected through a competitive RFP process, because many of UGI Electric’s
13 programs will depend upon the performance of trade allies and other market partners
14 to engage customers, promote programs, evaluate projects, and install energy-
15 efficient equipment, outreach and training to these entities will be a key component of
16 UGI Electric’s implementation strategy.

17 To ensure that UGI Electric is prepared to begin implementing programs in a
18 prompt way, the Company will begin to establish its infrastructure of staff, CSPs,
19 trade allies, systems and processes very soon. UGI Electric anticipates rolling out its
20 Plan over the course of a sixteen-week timeframe, with some programs ramping up
21 more quickly than others.

22 **Q. What processes is the Company proposing to evaluate, report on, and update the**
23 **EE&C Plan?**

1 A. In conjunction with CSP inputs, UGI Electric will develop individual program
2 administration and tracking parameters in order to verify and quantify actual program
3 participants for purposes of calculating total program and Plan savings for evaluation
4 measurement against stated usage reduction goals. Random statistical sampling of
5 program claims will be completed by UGI Electric in order to safeguard against
6 fraudulent or erroneous participant claims. UGI Electric's internal staff will compile
7 periodic reports showing overall Plan progress. These reports will serve as the basis
8 for both identification of programs having shortfall or excessive participation rates
9 and an annual Plan report to the Commission no later than three months after each
10 Plan year is concluded.

11 UGI Electric's development of this Plan was a complex process and relied on
12 a number of technical, economic, and market assumptions. After experience with the
13 Plan, many of the assumptions will be analyzed, refined, and where necessary,
14 revised. The extent to which such revisions may be called for and whether they will
15 have a material affect on the design and outcome of the Plan is very difficult to
16 predict. UGI Electric will also continually monitor results published by other EDCs
17 on Act 129 program effectiveness as an early indicator of program successes and
18 failures and use this information in consideration of potential program revisions. The
19 results of the evaluation will be used to identify those aspects of the Plan that work
20 well and those that do not and adjust specific program features accordingly.

21 For the Company, the Plan provides flexibility by allowing UGI Electric to
22 evaluate the actual results of the programs and determine whether any adjustments are
23 necessary in order to achieve the desired energy savings on a whole and/or maintain

1 Plan cost-effectiveness, provided however, the Company will not, without
2 Commission approval, add new programs, deviate significantly from the approved
3 program parameters, or exceed the total approved budget for the plan.

4 **Q. Does this conclude your Direct Testimony?**

5 A. Yes, it does.

VERIFICATION

I, Brian J. Fitzpatrick, hereby state that the facts above set forth are true and correct to the best of my information and belief and that I expect UGI Utilities – Electric Division 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).



Brian J. Fitzpatrick

Dated: November 9, 2010