

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY
Consumer Advocate

December 30, 2010

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

RE: Petition of UGI Utilities Inc. – Electric
Division for Approval of its Energy
Efficiency and Conservation Plan
Docket No. M-2010-2210316

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Memorandum of Office of Consumer Advocate, in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures

cc: Honorable Susan D. Colwell

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consumption on the part of its customers. Plan at 1. Five of the programs are targeted to the Company's residential (including low-income) customers: the Appliance Rebate Program, the School Energy Education Program, the Compact Fluorescent Lighting Campaign, the Appliance Recycling Program, and the Home Energy Efficiency Incentives. Plan at 1.

UGI has designed its programs to achieve a targeted electricity consumption reduction of approximately 3%, or 40,868 MWh, by 2014. UGI also anticipates that its Plan will produce peak load reductions of about 1% annually although the Company did not design its programs to achieve specific peak load reduction targets. Plan at 2.

UGI has structured its Plan with a spending target equal to approximately 2% of its annual revenues for the period ending May 31, 2008. Id. This amounts to a total Plan expenditure, over three years, of \$8.6 million. Id. UGI proposes to recover the costs of its Plan through an Energy Efficiency and Conservation (EEC) Rider. Petition at 11; Plan at 2. This will be a reconcilable surcharge added to customers' monthly bills.³ The costs of the programs and measures under the Plan will be allocated to the customer class that benefits from a specific program and measure. Plan at 2. UGI proposes a cost recovery cap for the Residential class of \$5.4 million, plus or minus \$0.5 million, and a cap of \$3.2 million, plus or minus \$0.5 million, for its non-residential classes. Plan at 76.

In addition to the EEC Rider, the Company also proposes a Conservation Development (CD) Rider under which it will seek recovery of the lost revenues associated with the Plan, that is, the revenues it loses as a result of the reduced consumption generated by the Plan. Plan at 77-

³ UGI proposes to incorporate the charge into its overall distribution rates rather than have it appear as a separate line item on the customer bill.

78. Like the EEC Rider, this would be a reconcilable surcharge added to customer bills.⁴ The CD Rider will remain in effect until the Company's next base rate compliance filing. Plan at 78.

UGI has employed the Commission's Total Resource Cost (TRC) test to gauge the cost-effectiveness of its programs. The Company has determined that the benefit-to-cost ratio for its entire portfolio of programs is 2.04. For its residential programs, the benefit/cost ratio is 2.5 and for its non-residential programs it is 1.49. Plan at 70.

On November 29, 2010, the Office of Consumer Advocate (OCA) filed an Answer to UGI's petition.

A Prehearing Order was issued by Your Honor on December 13, 2010.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of UGI's filing, the OCA anticipates that the following issues or sub-issues may be addressed in this case. Should other issues arise as the case moves forward, the OCA reserves the right to address them. The OCA's list includes:

- (1) Reasonableness of the Company's overall EE&C Plan and the individual program design for meeting the Company's identified energy reduction goals;
- (2) Reasonableness of the balance of the portfolio of programs proposed and whether the programs are equitably distributed across rate classes;
- (3) Whether the Company's Plan includes sufficient energy reduction opportunities for low-income customers;
- (4) Appropriateness of the Company's proposed fuel switching programs;

⁴ Like the EEC Rider, this charge will also be incorporated into overall distribution charges and will not appear as a separate line item on the customer bill.

- (5) Reasonableness of the Company's proposed program costs, including individual program budgets;
- (6) Reasonableness of the Company's proposed cost recovery mechanisms and the lawfulness of its proposal to recover lost revenues.
- (7) Reasonableness and cost effectiveness of the proposed programs, including whether the Plan meets the requirements of the Total Resource Cost (TRC) test as required by the Commission's Secretarial Letter;
- (8) Reasonableness of the Company's proposed measurement and verification and evaluation plans; and
- (9) The need for an on-going stakeholder group.

III. WITNESSES

The OCA intends to present the direct testimony of the following witness in this proceeding. To expedite discovery in this proceeding, the OCA requests that copies of all interrogatories, comments, and answers to interrogatories be mailed directly to the expert witness as well to counsel for the OCA.

Mr. Geoffrey Crandall
Vice President
MSB Energy Associates, Inc.
1800 Parmenter Street, Suite 204
Middleton, WI 53562
Telephone: (608) 831-1127 Ext. 304
E-mail: crandall@msbnrg.com

The OCA reserves the right to call additional witnesses, as necessary. If the OCA determines that an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. SERVICE ON OCA

The OCA will be represented in this case by Assistant Consumer Advocates David T. Evrard, Christy Appleby and Senior Assistant Consumer Advocate Tanya J. McCloskey. Two copies of all documents should be served on the OCA as follows:

Tanya J. McCloskey
Senior Assistant Consumer Advocate
David T. Evrard
Christy Appleby
Assistant Consumer Advocates
Office of Consumer Advocate
555 Walnut St., 5th Floor, Forum Place
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Email: tmccloskey@paoca.org
devrard@paoca.org
cappleby@paoca.org

As a courtesy, the OCA requests that all electronic correspondence also be copied to Jessica J. Horner (jhorner@paoca.org).

V. SCHEDULE

The OCA will work with the parties to reach a mutually acceptable schedule.

VI. PUBLIC INPUT HEARINGS

At this time, the OCA is unaware of any specific consumer requests for public input hearings in this matter. However, if the OCA becomes aware of substantial consumer interest in this matter, the OCA will promptly notify the Administrative Law Judge and all parties of record to request a public input hearing.

Respectfully Submitted,



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DATE: December 30, 2010

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CERTIFICATE OF SERVICE

Petition of UGI Utilities Inc. – Electric :
Division for Approval of its Energy : Docket No. M-2010-2210316
Efficiency and Conservation Plan :

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 30th day of December 2010.

SERVICE BY E-MAIL and INTEROFFICE MAIL

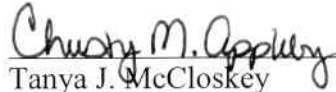
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Counsel for: *Office of Trial Staff*

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