

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

**UGI Utilities, Inc.- Gas Division, UGI  
Utilities, Inc.-Electric Division, UGI  
Penn Natural Gas, Inc., and UGI Central  
Penn Gas, Inc., Universal Service and  
Energy Conservation Plan for 2014-2017  
Submitted in Compliance with 52 Pa.  
Code § 54.74 and § 62.4.**

Docket No. M-2013-2371824

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**Comments of the Pennsylvania Utility Law Project (PULP) to the Pennsylvania Public  
Utility Commission Tentative Order of October 2, 2014, Regarding the UGI Companies  
Universal Service and Energy Conservation Plan for 2014-2017**

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## INTRODUCTION AND BACKGROUND

On July 1, 2013, UGI Utilities, Inc.- Gas Division (UGI Gas), UGI Penn Natural Gas, Inc. (UGI PNG), UGI Central Penn Gas, Inc. (UGI CPG), and UGI Utilities, Inc.-Electric Division (UGI Electric) (collectively referred to herein as “UGI” or “Company”) filed its Universal Service and Energy Conservation Plan (USECP or “Plan”) for 2014 through 2016 in accordance with the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) regulations at 52 Pa. Code §§ 54.71 - 54.78 and §§ 62.1 - 62.8, relating to electric universal service and energy conservation reporting requirements.<sup>1</sup> On August 1, 2014, UGI filed an amended USECP for 2014-2017 (“Proposed 2014-2017 Plan”). On October 2, 2014, the Commission issued a Tentative Order (“TO”) in which the UGI Proposed 2014-2017 Plan was tentatively approved, consistent with its order, and in which comments from interested parties were solicited.

The Pennsylvania Utility Law Project (PULP) Thanks the Commission for this opportunity and respectfully submits these comments, on behalf of the low-income utility consumers it represents, in response to the Commission’s request. PULP, as the designated statewide specialized project of the nonprofit Pennsylvania Legal Aid Network, provides representation, advice, and support in energy and utility matters on behalf of low-income, residential utility customers.

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<sup>1</sup> The *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code §§ 54.1-54.9 require regulated utilities to submit an updated universal service and energy conservation plan every three years to the Commission for approval. 52 Pa. Code § 74(a)(1). The regulations place the responsibility on the PUC to determine if the plan meets the goal of universal service to provide utility service to all Pennsylvanians at an affordable rate. 52 Pa. Code § 54.73. The Commission may approve, reject or modify the plan. 52 Pa. Code 54.74(a)(5).

The triennial submission and review of each utility’s Universal Service and Energy Conservation Plan is the only regulatory opportunity for the PUC to analyze the utility’s universal service program in its entirety. This complete program review is needed to determine if the Company’s universal service program adheres to all legal and policy requirements; is structured and administered in a manner which achieves universal service goals; is appropriately funded and available; and provides an affordable payment structure which enables low income customers to maintain essential utility service. Although during the intervening three years between triennial program approvals it is not uncommon for modifications of certain program aspects to occur, it is during the triennial review and *only* during the triennial review when the entire universal service program is reviewed and approved as an integrated whole. It is, therefore, critical for the PUC to permit and embrace full and complete participation of the public during the triennial review period to ensure that universal service programs are designed in a manner that best serves the needs of low income individuals.

At the outset, PULP commends the Commission and its staff for its detailed and comprehensive review of the UGI Proposed 2014-2017 Plan. The TO sets forth the aspects that UGI will need to address prior to Commission approval of the proposed Plan; and specifically directs UGI to address, in its comments, the following:

1. Removing limits to CAP enrollment.
2. Updating tariff language to reflect DPW's current policy.
3. Clarify UGI's arrearage forgiveness policy.
4. Clarify whether non-LIHEAP recipients are allowed to remain in the program and recertify.
5. Address whether additional measures could be implemented to remind customers to recertify for CAP before and after the recertification deadline.
6. Explain the company's standard policy and procedure when a CAP applicant or participant reports zero income and ensure that all of its companies eliminate the requirement that CAP customers who report zero income must provide a notarized statement.
7. Explain if the elimination of CAP credits will increase UGI's annual CAP budgets and whether this increase is reflected in the projected CAP budgets listed in its 2014-2017 Proposed Plan.
8. Continue the Rehabilitation Program as part of its regular LIURP program but to track and report data from the Rehabilitation Program separately from the LIURP data.
9. Clarify if the Rehabilitation Pilot will be extended to UGI Electric.
10. Discontinue the Conservation Pilot Program and reallocate any remaining funding back into the LIURP budget.
11. Provide details and an explanation regarding why previous Conservation Pilot funds were spent on a single organization.
12. Provide in its comments the summary and/or status updates from the APPRISE LIURP Evaluation regarding the COS.
13. Provide in its comments the summary and/or status updates from the APPRISE LIURP Evaluation recommendations.
14. Explain increases or decreases in Operation Share administrative costs for UGI Companies from 2014 to 2015.

15. Explain what household expenses customers must verify to qualify for an Operation Share grant and discuss whether UGI would consider eliminating or modifying this eligibility requirement.
16. Provide the methodology used to calculate the LIURP Needs Assessment for UGI Gas and UGI PNG, and any revised LIURP Needs Assessment figures.
17. Submit the revised LIURP Budget and corresponding enrollment figures for UGI Gas for the 2014-2017 period covered by this Proposed Plan.
18. Explain why LIURP and Operation Share projected enrollments and budget change significantly from 2014 to 2015 for some UGI companies.
19. Explain why its enrollment and budget projections for Operation Share have increased from the estimates provided in its Proposed 2014-2017 Plan and explain the UGI CPG projections for 2014.

PULP will await the comments submitted by UGI in which they have been directed to provide additional data, explanation and clarification. After reviewing the additional data, explanation and clarification submitted by UGI, PULP will address these issues in its reply comments. However, PULP will address herein a number of matters, which while discussed within the TO, are not adequately addressed as part of the Commission's Proposed Resolutions or Directives. These matters are:

- a) The low and declining CAP participation rates of UGI Gas and UGI PNG, and
- b) The Applied Public Policy Research Institute for Study and Evaluation (APPRISE) (2012 APPRISE Universal Service Evaluation) findings that of all customers participating in CAP for all of 2011, **35% were above the Commission's Policy Statement Energy Burden Guidelines**, and that **77% of those below 50% FPL were above the Commission's Policy Statement Energy Burden Guidelines.**<sup>2</sup>

As detailed below, we submit that the specific deficiencies within the bedrock universal service CAP programs must be proactively addressed to ensure that UGI is successful in providing cost

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<sup>2</sup> APPRISE, UGI –Gas and UGI PNG Universal Service Program, Final Evaluation Report, July 2012, at xi, emphasis added.

effective assistance measures for low income customers which reach appropriate populations<sup>3</sup> and provide affordable energy burdens to participants.<sup>4</sup>

### **CAP Enrollment:**

The Commission recommends that “UGI petition the Commission to remove limits to CAP enrollment levels for all of its companies. In the interim, UGI should not wait until the limits are reached before addressing increased demand.”<sup>5</sup> PULP fully supports this recommendation and the reasoning upon which the Commission based it.

We are, however, greatly concerned that the enrollment levels at UGI Gas and UGI PNG indicate that the company has experienced declining CAP enrollments. The PUC BCS USECP Report for 2012 indicates that from 2011 to 2012 UGI-Gas CAP enrollment levels have declined from 6,741 or 17% of its confirmed low- income customers to 5,041 or 13%, and that UGI-PNG has shown a decline of CAP participants from 4,534 or 18% of its confirmed low- income customers to 3,703 or 14% of its confirmed low-income customers.<sup>6</sup> As the USECP Report points out, if the estimated number of low-income customers, based on current census data, had been used, the actual participation rate would be much lower.<sup>7</sup> Although a number of other natural gas companies have shown a decline during this period, the CAP participation rates of these two companies are far more troubling since their enrollment rates are significantly below that of all other Pennsylvania NGDCs analyzed within the Commission Report<sup>8</sup>. Since APPRISE has reported that once a low-income customer is enrolled there is “a large impact on affordability”<sup>9</sup> it is especially troubling that so few low-income customers are enrolled in these CAPs.

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<sup>3</sup> “The Competition Acts require the Commission to ensure that universal service and energy conservation services are appropriately funded and available in each utility distribution territory. 66 Pa.C.S. §§ 2203(8) and 2804(9);” TO at 2.

<sup>4</sup> The Commission’s Policy Statement provides guidance on affordable payments. 52 Pa. Code §§ 69.261-69.267. TO at 3.

<sup>5</sup> TO at 13.

<sup>6</sup> PUC, BCS USECP Report for 2012, at 35.

<sup>7</sup> ID at 34.

<sup>8</sup> The Statewide average, including UGI-Gas and UGI-PNG is 37%. USECP Report at 35.

<sup>9</sup> APPRISE Report, **Mean energy burden declined from 15% to 10% and the percent of customers above the PUC energy burden level went from 65% to 22%**, at xi. Emphasis added.

PULP respectfully recommends that the Commission direct UGI to report to the Commission in its Reply Comments or within a short time thereafter, as to what steps it is affirmatively taking, beyond those recommended by the Commission in its TO, to better market and communicate the benefits of CAP to its low-income population and to decrease barriers to enrollment. At a minimum, the APPRISE recommendation<sup>10</sup> that UGI consider providing all forms and information to its agencies and to the public in Spanish should be adopted. Such an action would be a significant step to reaching underserved low-income populations and would move UGI toward compliance with Commission policy to provide information in the language spoken by a significant number of the population served within the distribution company territory.

### **UGI Energy Burdens:**

PULP is particularly concerned about the 2012 APPRISE Universal Service Evaluation findings that of all customers participating in CAP for all of 2011, **35% were above the Commission's Policy Statement Energy Burden Guidelines**, and that **77% of those below 50% FPL were above the Commission's Policy Statement Energy Burden Guidelines.**<sup>11</sup>

The Choice Acts, Commission regulations, and CAP Policy Statement Guidelines each articulate policies intended to provide affordable energy burdens for low-income customers within each utility service territory in order to assist those customers maintain service. However, the APPRISE report clearly notes that the UGI CAP bills result in energy burdens that significantly exceed the Commissions guidelines.

Although the Proposed 2014-2017 Plan addresses modifications to CAP, a number of which may prove to be beneficial and helpful in reducing the energy burden levels, there is no analysis or discussion by the Company, or by the Commission within the TO, directed toward the specific goal of analyzing whether these modifications are sufficient to reduce the energy burdens of UGI CAP customers within policy guidelines. PULP submits that such an analysis and directive to the Company to report on this issue is especially critical in light of APPRISE's finding that more

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<sup>10</sup> APPRISE Report at xiii.

<sup>11</sup> APPRISE, UGI –Gas and UGI PNG Universal Service Program, Final Evaluation Report, July 2012, at xi, emphasis added.

than 3/4s of CAP customers at the lowest income levels, i.e. 0-50% FPL, are not receiving bills within commission policy guidelines.

PULP respectfully requests that the Commission not approve the Proposed 2014-2017 Plan until it receives appropriate information and analysis indicating that UGI's 2014-2017 USECP Plan will comply with Commission guidelines the energy burdens to be achieved for CAP participants.

**LIURP Budget and Production Levels:**

PULP notes its significant concern regarding the low and declining LIURP budget and production levels of UGI Gas as well as the numerous UGI operations issues identified by APPRISE.. However, in accord with the Commission directives regarding LIURP and the directive to UGI Gas to submit and explain the revised LIURP Budget and corresponding enrollment figures for the 2014-2017 period covered by its Proposed Plan, and the statement that concerns about the revised budget and enrollment projections for UGI Gas may be addressed in the reply comments, PULP will defer addressing these matters until it has an opportunity to review UGI's comments.

**Conclusion**

PULP thanks the Commission for this opportunity to submit comments regarding the UGI Proposed Plan for 2014-2017 and the October 2, 2014 TO and respectfully requests that the Commission, prior to final approval, require UGI to submit appropriate information and analysis and to modify its Plan as reflected within these and any reply comments in order to comply with The Choice Act, Commission regulations, and policy.

Respectfully,



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