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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  Harrisburg, PA 17105-3265 |  |

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|  | Public Meeting held May 4, 2017 |
| Commissioners Present: |  |

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| Gladys M. Brown, Chairman | | |  | |
| Andrew G. Place, Vice Chairman | | |  | |
| John F. Coleman, Jr. | | |  | |
| Robert F. Powelson | | |  | |
| David W. Sweet |  |
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| Petition of UGI Utilities, Inc. - Electric  Division for Approval to Extend its  Phase II Energy Efficiency and Conservation  Plan by One Year | Docket No. M-2015-2477174 | | |

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Petition of UGI Utilities, Inc. – Electric Division (UGI Electric or the Company) to Extend its Phase II Energy Efficiency and Conservation (EE&C) Plan for a period of one year, *i.e.,* until May 31, 2019. UGI Electric also requests that it be authorized to move funding between programs within the same customer class based on customer participation. As explained herein, the one-year extension would produce several benefits while not affecting the Phase II EE&C Plan’s overall budget cap, the Phase II EE&C Plan’s projected overall budget, or any individual customer class’s budget. The Commission has not received any comments opposing UGI Electric’s request for the one-year extension. For the reasons discussed below, the Commission will grant UGI Electric’s Petition.

**Background**

Act 129 of 2008, P.L. 1592 (Act 129) amended the Pennsylvania Public Utility Code (Code), 66 Pa. C.S. §§ 101 *et seq*., to, *inter alia*, require the Commission to develop and adopt an EE&C Program by January 15, 2009. Under Act 129, the Commission’s EE&C program requires electric distribution companies (EDCs) to adopt and implement cost-effective energy efficiency and conservation plans to reduce energy demand and energy consumption within the service territory of each EDC. 66 Pa. C.S. § 2806.1(a). However, Act 129 exempted EDCs with fewer than 100,000 customers from the EE&C Program. 66 Pa. C.S. § 2806.1(l).

UGI Electric is not subject to the energy efficiency requirements of Act 129 because it has fewer than 100,000 customers. The Commission, however, on December 23, 2009, at Docket No. M-2009-2142851, issued a Secretarial Letter that encouraged smaller EDCs to file voluntary EE&C Plans.

On November 9, 2010, the Company filed a Petition at Docket No. M‑2010‑2210316 requesting approval of its voluntary Phase I EE&C Plan pursuant to the Commission’s Secretarial Letter. The Commission ultimately approved UGI Electric’s Phase I EE&C Plan on June 1, 2012.

On April 9, 2015, UGI Electric filed a Petition at Docket No. M-2010-2210316 to extend its Phase I EE&C Plan until its Phase II EE&C Plan was approved. The Commission approved UGI Electric’s Petition by Order entered May 19, 2015.

On April 16, 2016, UGI Electric filed a Petition at Docket No. M-2015-2477174 seeking Commission approval of its Phase II EE&C Plan. The parties were able to reach a settlement of all issues and, thereafter, filed a Joint Petition for Settlement on April 21, 2016. On April 26, 2016, Administrative Law Judge David A. Salapa issued a Recommended Decision recommending the approval of UGI Electric’s Phase II EE&C Plan, as modified by the Joint Petition for Settlement. On June 9, 2016, the Commission entered an Order adopting the Recommended Decision without modification and approving UGI Electric’s Phase II EE&C Plan. *See Petition of UGI Utilities, Inc. – Electric Division for Approval of Phase II of its Energy Efficiency and Conservation Plan,* Docket No. M-2015-2477174 (Order Entered June 9, 2016) (*Phase II Order)*. As currently approved by the *Phase II Order*, UGI Electric’s Phase II EE&C Plan is set to expire on May 31, 2018.

**Current Petition**

On March 22, 2017, UGI Electric filed a Petition to amend the *Phase II Order* and extend its Phase II EE&C Plan by one year. Specifically, the Company proposed the following:

a. A one-year extension of the Phase II EE&C Plan, with Phase II ending

May 31, 2019;

b. No change to the overall budget cap of $7.5 million for the Phase II EE&C

Plan;

c. No change to the projected overall budget of $6.76 million for the Phase II

EE&C Plan;

d. No change to the projected Residential and Commercial & Industrial

(C&I) class budgets of $3.01 million and $2.77 million, respectively; and

e. UGI Electric may move funding between programs within the same customer class based on customer participation. Petition at 3.

UGI Electric has discussed its proposal with all other parties in this proceeding: the Office of Consumer Advocate (OCA) and Office of Small Business Advocate (OSBA). The Company’s understanding is that the OCA and OSBA do not oppose the one-year extension. On April 11, 2017, the OCA filed a letter to confirm that UGI Electric correctly states in Paragraph 13 of its Petition, that the OCA does not oppose the proposed one‑year extension of the Company’s EE&C Plan. No other responses were filed.

**Discussion**

By this Petition, UGI Electric seeks approval to amend the *Phase II Order* and extend its current Phase II EE&C Plan by one year. First, the company notes that the extension is necessary because the Phase II EE&C Plan began in earnest much later than originally anticipated. Phase II was anticipated to begin on June 1, 2015, but the Phase II EE&C Plan was not finally approved until June 9, 2016. This effectively reduced the Phase II EE&C Plan’s term from three years to about two years. As a result, the Phase II EE&C programs have only ramped up in recent months. A one-year extension would restore the Phase II EE&C Plan’s three-year term and allow these programs to ramp up fully. Petition at 3-4.

Second, UGI Electric states that the one-year extension would have no effect on the overall budget for the residential, and commercial and industrial (C&I) class programs. Since the beginning of Phase II was delayed, UGI Electric’s spending to date is approximately $1.75 million under budget. Specifically, residential spending is $554,227 less than budgeted, C&I spending is $1,060,626 less than budgeted, and administrative expenses are $140,635 less than budgeted. Therefore, UGI Electric will be able to accommodate another year of the Phase II Plan without exceeding the overall Plan budget or individual customer class budgets. Petition at 4.

Third, the Company avers that if the one-year extension is granted, UGI Electric will have better data on the Phase II programs’ performance. Such data will greatly help UGI Electric in the design and development of its Phase III EE&C Plan as well as the parties’ evaluation of Phase II and recommendations for Phase III. Petition at 4.

Fourth, UGI Electric is requesting the ability to move funding between programs within the same customer class based on customer participation. This request will be beneficial to UGI Electric’s customers because it expands the customers’ ability to participate in the Phase II EE&C programs while ensuring that available program funds are not shifted between customer classes. Moreover, UGI Electric will be able to gather better information on what programs are the most popular with customers, which will be valuable in the Company’s design and development of its Phase III EE&C Plan. Petition at 4.

**Disposition**

Upon review of the record in this proceeding and the applicable law, we find that the Petition filed by UGI Electric to amend the *Phase II Order* to extend its current Phase II EE&C Plan by one year and have the authority to move funding between programs within the same customer class based on customer participation is reasonable, appropriate under the circumstances, in the public interest, and should be approved.

No objections to this Petition have been received. Accordingly, we shall approve UGI Electric’s request for a one-year extension of its current Phase II Energy Efficiency and Conservation Plan, until May 31, 2019, and authorize it to move funding between programs within the same customer class based on customer participation.

**Conclusion**

In light of the above discussion, we shall grant UGI Electric’s Petition to amend the *Phase II Order* and extend its current Phase II Energy Efficiency and Conservation Plan by one year and authorize it to move funding between programs within the same customer class based on customer participation, consistent with the discussion in this Opinion and Order; **THEREFORE**

**IT IS ORDERED:**

1. That the Petition of UGI Utilities, Inc. – Electric Division to amend the *Phase II Order* at Docket Number M-2015-2477174 and extend its current Phase II Energy Efficiency and Conservation Plan until May 31, 2019, as well as authorize it to move funding between programs within the same customer class based on customer participation, is granted and approved, consistent with this Opinion and Order.

2. That a copy of this Order be served on the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission’s Bureau of Investigation and Enforcement and all parties of record.

3. That this proceeding at Docket No. M-2015-2477174 be closed.

**BY THE COMMISSION**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: May 4, 2017

ORDER ENTERED: May 4, 2017