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VIA ELECTRONIC FILING

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

Re: **Review of Universal Service and Energy Conservation Programs
Docket No. M-2017-2596907**

Dear Secretary Chiavetta:

Enclosed, please find the comments of the UGI Distribution Companies filed in response to the Commission's Opinion and Order to initiate a review of utility Universal Service and Energy Conservation Programs entered on May 10, 2017 at the above-referenced docket.

Very truly yours,

Danielle Jouenne
Counsel for the UGI Distribution Companies

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Review of Universal Service and
Energy Conservation Programs

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: Docket No. M-2017-2596907
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**COMMENTS OF THE
UGI DISTRIBUTION COMPANIES**

I. INTRODUCTION

The UGI Distribution Companies (“UGI” or “the Companies”), comprised for the purpose of this submission of UGI Utilities, Inc. – Gas Division (“UGI-GD”), UGI Utilities, Inc. – Electric Division (“UGI-ED”), UGI Penn Natural Gas, Inc. (“UGI-PNG”) and UGI Central Penn Gas, Inc. (“UGI-CPG”), appreciate this opportunity to submit comments and information in response to the Pennsylvania Public Utility Commission’s (“Commission”) Opinion and Order entered on May 10, 2017 in the above-captioned proceeding (“USECP Order”). UGI supports the comments filed concurrently by the Energy Association of Pennsylvania (“EAP”) in response to the USECP Order and files these comments to supplement those filed by EAP.

UGI provides natural gas distribution service to over 630,000 customers, of whom approximately 570,000 are residential customers, in service territories encompassing all or portions of 44 Pennsylvania counties. UGI also provides electric distribution service to approximately 62,000 customers, of whom approximately 54,000 are residential customers, in portions of two Pennsylvania counties. Each of the Companies provides universal service

program offerings to its residential customers via a Universal Services and Energy Efficiency Plan (“USECP”) that is collectively managed for the four regulated utilities.

II. BACKGROUND

Since 2011, UGI has collectively managed its universal service offerings, which are submitted in a consolidated triennial USECP filing for review and approval by the Commission in accordance with the Commission’s Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code §§ 54.71 – 54.78 and §§ 62.1-62.8. Each of the UGI Companies offers the following universal service programs to its customers: (1) the Customer Assistance Program (“CAP”); (2) the Low-Income Usage Reduction Program (“LIURP”); (3) Operation Share Energy Fund (hardship fund); and (4) the Customer Assistance and Referral Evaluation Services (“CARES”) program, which includes outreach for the Low Income Home Energy Assistance Program (“LIHEAP”). These universal service programs are administered by community based organizations (“CBOs”) which are overseen at UGI by a Customer Outreach Group within the Customer Services Department.

The consolidated nature of the UGI USECP allows for efficient management of each of the Companies’ universal service programs. By having a single Customer Outreach Department that oversees all of the CBOs utilized for each program, the Companies are able to economically manage internal resources as well as economize judicial resources through a single consolidated filing with the Commission. The Customer Care team also serves as a single point of contact for low-income advocates who wish to discuss the needs of utility customers on an individual or general basis. Customer Outreach benefits from a collective Customer Outreach System

(“COS”) and Customer Information System (“CIS”). Additionally, UGI receives consolidated input on its universal service offerings via its two annual stakeholder meetings for the Companies’ collective USECP, to which are invited the CBOs, the Pennsylvania Attorney General’s Office of Consumer Advocate, BCS, and public interest advocates such as those organized under the Regional Housing Legal Services – namely Pennsylvania Utility Law Project (“PULP”) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”).

III. COMMENTS

a. Maintaining Consistency in USECP Design and Review

UGI, consisting of four utilities with aligned universal service offerings, values the Commission’s current approach to evaluating and making recommendations on those universal service offerings in a comprehensive periodic USECP review. UGI supports the continuation of this general process, and the continued role of the Commission’s Bureau of Consumer Services (“BCS”) as the lead bureau in evaluating USECPs.

However, as noted by EAP, in its comments, universal service program offerings are often the subject of Commission proceedings in which BCS has little to no role nor input despite the fact that BCS has the explicit statutory authority to “ensure that universal service and energy conservation policies, activities, and services are appropriately funded and available...[.]”¹ EAP notes, in particular, that concerns over program offerings and funding levels are often raised by advocates in utility base proceedings and that addressing universal service issues outside of the

¹ 66 Pa. C.S. § 2804(9)

USECP review process has the potential to create inconsistency between utility universal services offerings.

UGI agrees with EAP on this point. For its part, UGI recognizes the advantages of collectively-managing a uniform USECP and endeavors to keep its universal service offerings consistent throughout its four service territories. The UGI Companies are largely successful in that endeavor, though they remain four separate jurisdictional utilities with separate program budgets, and are subject to slightly different regulatory requirements.²

One of the largest hurdles to maintaining consistency among the UGI Companies for universal service offerings is the fact that the UGI Companies must file on an individual basis for base rate relief pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d) during which universal service offerings are the subject of testimony and recommendations. Where Commission proceedings outside of the triennial USECP review, such as base rate proceedings, address one of the Companies' universal service offerings, there is the potential for the adoption or modification of universal service programs for one of the four utilities that creates disharmony in the administration of the programs – or alternately, could require the adoption of the program modification by the other three UGI Companies. Additionally, base rate proceedings do not address the commodity portion of a customer's utility bill, which also impacts the affordability of utility service. Only the triennial USEPC review process, with the input and oversight of BCS, has the purview to look at all impacts to a customer's energy burden

² UGI CPG is not required to conduct a projected needs assessment since it serves fewer than 100,000 residential accounts. See 52 Pa. Code § 62.7. Likewise, UGI-ED is not required to conduct a projected needs assessment since it serves fewer than 60,000 residential accounts. See 52 Pa. Code § 54.77.

– both due to base rates and commodity pricing – and accordingly make holistic recommendations on the propriety of a utility’s universal service programs.

UGI therefore recommends that the Commission consider how to ensure that utility universal service programs are reviewed in a consistent manner with the input of BCS. UGI further recommends that this topic be addressed in future discussion at the stakeholder meeting to be coordinated by BCS pursuant to the USECP Order.

b. Lengthening the USECP Period

On June 30, 2017, UGI filed its USECP for the period of January 1, 2018 through December 31, 2020³ and has not, to date, experienced any delay in the review and approval of its plan. However, UGI acknowledges, as addressed by EAP’s comments, the delays experienced by other utilities in receiving approval of their USECPs. UGI also notes that each utility’s plan is subject to an independent review at six-year intervals,⁴ yet the current USECP term is three years. Therefore, USECPs are frequently proposed without the benefit of any third-party review of the immediately-preceding USECP. UGI therefore supports EAP’s recommendation to lengthen the term of the plans to provide BCS with sufficient time for initial review prior to formal Commission action and suggests that the Commission lengthen the time of the USECP term to six years to align with the frequency of third-party USECP review.

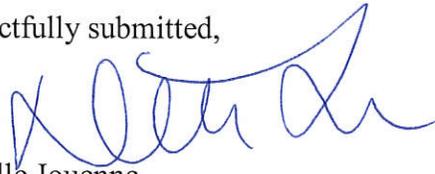
³ Universal Service and Energy Conservation Plan for the Three-Year Period January 1, 2018 – December 31, 2020, Docket No. M-2017-2598190 (filed June 30, 2017)

⁴ 52 Pa. Code §§ 54.76 and 62.6

IV. CONCLUSION

UGI respectfully requests that the Commission consider these comments and looks forward to the opportunity to both participate in the upcoming stakeholder meeting and to provide reply comments.

Respectfully submitted,



Danielle Jouenne
Counsel for the UGI Distribution Companies