


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 10, 2020

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

Re: UGI Utilities, Inc.'s Universal Service and
Energy Conservation Plan for January 1, 2020 –
December 31, 2025
Docket Nos. M-2019-3014966
P-2020-3019196

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Office of Consumer Advocate in the above-referenced proceedings.

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

Respectfully submitted,

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Shari A. Williams, Office of Communications (**email only**)
Office of Administrative Law Judge (**email only**)
Office of Special Assistants (**email only**: ra-OSA@pa.gov)
Certificate of Service

*289966

CERTIFICATE OF SERVICE

Re: UGI Utilities, Inc.'s Universal Service : Docket Nos. M-2019-3014966
and Energy Conservation Plan for : P-2020-3019196
January 1, 2020 – December 31, 2025 :

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

Dated this 10th day of June 2020.

SERVICE BY E-MAIL ONLY

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Dated: June 10, 2020
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Universal Service and Energy Conservation	:	Docket Nos.	M-2019-3014966
Plan for January 1, 2020 – December 31,	:		P-2020-3019196
2025	:		
	:		
	:		

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) hereby submits this Answer in response to UGI Utilities, Inc. – Gas Division and Electric Division’s (UGI or Company) Petition to Amend Its Universal Serve and Energy Conservation Plan for January 1, 2020 – December 31, 2025 (Petition) filed on May 21, 2020, at Docket Nos. M-2019-3014966 and P-2020-3019196.

I. INTRODUCTION

On November 5, 2019, the Pennsylvania Public Utility Commission (Commission) entered a Final Policy Statement and Order at Docket No. M-2019-3012599, adopting several policy changes and amending the Commission’s existing Customer Assistance Program (CAP) Policy Statement. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket No. M-2019-3012599, Final Policy Statement and Order (Pa. PUC Nov. 5, 2019) (Final Policy Statement and Order). The Final Policy Statement and Order addresses numerous issues raised in the following proceedings, Energy Affordability for Low-Income Customers, Docket No. M-2017-258711, and Review of Universal Service and Energy Conservation Programs, Docket No. M-2017-2596907.

The Commission’s Final Policy Statement and Order identified 17 changes to the CAP Policy Statement, including, among other things, new energy affordability burdens for customers

enrolled in the natural gas and electric distribution companies' CAPs. Final Policy Statement and Order at 28-34. The Commission's Final Policy Statement and Order also identified potential costs relating to the proposed energy affordability burdens. Final Policy Statement and Order at 24-28. In addition, the Commission also required Electric Distribution Companies (EDCs) and Natural Gas Distribution Companies (NGDCs) to file and serve addendums to their existing Universal Service and Energy Conservation Plans (USECPs) reflecting anticipated timeframes for implementing those changes within sixty days of the entry of the Final Policy Statement and Order. Final Policy Statement and Order at 100.

On February 5, 2020, UGI submitted a voluntary amendment to its existing USECP for program years 2020-2025, docketed at P-2020-3019196. (Feb. 5, 2020 Addendum). UGI noted that it was already in compliance with 14 of the 17 changes in the Commission's Final Policy Statement and Order, but was seeking to comply with two additional aspects. Feb. 5, 2020 Addendum at 1-6. Specifically, through its proposal, UGI sought approval from the Commission to implement new maximum-tiered energy burdens for its percentage of income payment (PIP) program. Feb. 5, 2020 Addendum at 2. The new energy burdens were outlined as follows:

Gas Heating and Non-Heating, and Electric Heating Accounts

Income Category	Current PIP	Proposed PIP
0 to 50% FPL	7%	4%
51 to 100% FPL	8%	6%
101 to 150% FPL	9%	6%

Electric Non-Heating Accounts

Income Category	Current PIP	Proposed PIP
0 to 50% FPL	7%	2%
51 to 100% FPL	8%	4%
101 to 150% FPL	9%	4%

Id. UGI proposed lower PIPs for electric heating customers than the maximum required in the Commission's Final Policy Statement and Order. Additionally, UGI requested approval to insert

new language clarifying that a customer is not required to designate a Low Income Home Energy Assistance Program (LIHEAP) grant to UGI in order to be eligible for CAP. Feb. 5, 2020 Addendum at 3.

On February 6, 2020, the Commission issued an Order at Docket No. M-2019-3012599, denying an OCA Petition for Reconsideration and/or Clarification. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016885, M-2019-3012599, Order at 11 (Pa. PUC Feb. 6, 2020) (OCA Reconsideration Order). The OCA was seeking clarification as to the extent that the proposed maximum CAP energy affordability burdens established in the Final Policy Statement and Order would cause Pennsylvania's EDCs and NGDCs to increase the amount of LIHEAP benefits returned to the Department of Human Services and whether cost information and enrollment projections should be included in the USECP compliance filings. On the latter point, the Commission stated:

The November 5 Order directs that utilities provide enrollment projections in their addendums for the new CAP provision they propose to implement. This requirement has been reiterated in our order addressing the EAP petition for reconsideration at Docket Nos. P-2020-3016889 and M-2019-3012599. To the extent further granularity may be warranted, it can be addressed in utility-specific proceedings.

OCA Reconsideration Order at 11.

Also on February 6, 2020, the Commission granted the Energy Association of Pennsylvania's (EAP) Petition for Reconsideration and Clarification at Docket No. M-2019-3012599, clarifying that the filing requirements in Ordering Paragraphs 6, 7, and 8 of the Final Policy Statement and Order did not direct mandatory compliance and clarified the required information that utilities must file. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016889, M-2019-3012599, Order at 11-12 (Feb. 6, 2020) (EAP Reconsideration Order).

On May 21, 2020, in compliance with Commission directives outlined in the above Reconsideration Orders, UGI filed the instant Petition, which includes the enrollment and budget projections under UGI’s amended plan. Petition at ¶¶ 19-20. It should be noted that the Petition changed the proposed maximum-tiered energy burdens for electric heating customers, which can be viewed in the following table:

Table 2-C. Electric Heating Customers

Household Income as Percent of FPIG	CAP Policy Statement PIP	UGI Current PIP	UGI Feb. 5th Proposed PIP	Current Petition PIP
0-50%	6	7	4	6
51-100%	10	8	6	8
101-150%	10	9	6	9

Petition at ¶23. While still below the proposed energy burdens in the Final Policy Statement and Order, the PIPs for the 51-100% and 101-150% income tiers would remain at currently approved levels, rather only reducing the 0-50% income bracket to 6% from its current 7% energy burden as set forth in the Final Policy Statement and Order. Petition at ¶23-25.

In all, UGI anticipates that these proposed changes will increase annual CAP costs for its gas division by approximately \$4.7 million on average (over previously approved budget projections). Petition at ¶ 27. Similarly, UGI anticipates that annual CAP costs for its electric division will increase by approximately \$750,000 per year on average (over previously approved budget projections). Id. In addition, as result of the ongoing novel coronavirus (COVID-19) pandemic, the Company anticipates that costs will increase annually by an additional \$1.3 million on average for the Company’s gas division and by approximately \$450,000 per year for its electric division. Id.

UGI proposes to implement these changes within 30 days following Commission approval of the Company’s Petition. Petition at ¶ 34. At such time, the USECP revision would go into effect

and the new PIP percentages will apply to all new customers at the time of enrollment and to existing customers at the time of recertification for the program. Id.

For the reasons set forth below, the OCA submits that a full and complete analysis of the proposed changes is needed to determine the justness and reasonableness of the Company’s proposal. Under the Company’s proposal, UGI projects costs to operate its USECP for its gas and electric divisions to increase by approximately \$7.2 million on average each year for the next five years (including the impacts from the novel coronavirus pandemic). See Petition at 6. These are significant increases for UGI customers during an uncertain economic climate that must be fully and fairly investigated.

II. ANSWER

As stated above, UGI submitted its Petition seeking to amend portions of its currently effective USECP for program years 2020-2025. Attached to the Company’s Petition as Exhibit A, is a redlined USECP setting forth the Company’s specific program changes. Petition at ¶ 33, Exh. A. Specifically, the Company is seeking to amend its current maximum-tiered energy burdens for its PIP program. The following is UGI’s proposed energy burdens:

Electric and Natural Gas Non-Heating Customers

<u>Household Income as Percent of FPIG</u>	<u>Monthly CAP Payment</u>
0-50%	2% of Participant’s Monthly Income
51-100%	4% of Participant’s Monthly Income
101-150%	4% of Participant’s Monthly Income

Natural Gas Heating Customers

<u>Household Income as Percent of FPIG</u>	<u>Monthly CAP Payment</u>
0-50%	4% of Participant’s Monthly Income
51-100%	6% of Participant’s Monthly Income
101-150%	6% of Participant’s Monthly Income

Electric Heating Customers

<u>Household Income as Percent of FPIG</u>	<u>Monthly CAP Payment</u>
0-50%	6% of Participant's Monthly Income
51-100%	8% of Participant's Monthly Income
101-150%	9% of Participant's Monthly Income

Petition, Exh. A at 17-18. UGI is also seeking to remove the term 'payment-troubled' from the definition of eligible customers, which they consider a non-substantive change as the Company has not required this for some time. Petition, Exh. A at 2, 7, 11. Lastly, UGI is seeking to amend language in the USECP clarifying that a customer is not required to designate a LIHEAP grant to UGI in order to be eligible for CAP. Petition, Exh. A at 19.

The OCA submits that the Commission should not approve the proposed changes to UGI's USECP for program years 2020-2025 until the OCA and other interested parties are able to complete a full investigation and review of the Company's filing. UGI's proposed amendments related to the Final Policy Statement and Order raise significant questions as to the cost of the program, the increased costs related to the proposed amendments, the impact of the amendments on the overall plan, and the continued cost-effectiveness of the plan, among others. The OCA submits that further analysis of the impact of the changes on returned LIHEAP dollars is also required. With significantly lower energy burdens, it is possible that even more LIHEAP dollars will not be utilized, resulting in a waste of scarce resources. The Commission should provide an adequate forum to evaluate the proposed program changes and sufficient time for the collection of necessary information and an analysis of the data. This type of review is critical in light of the COVID-19 pandemic, which is causing much uncertainty amongst consumers and will likely impact universal service programs for the near future, if not longer. The Company is likewise cognizant of that and has provided budget and enrollment projections that attempt to estimate the impacts of the pandemic on enrollment and cost of providing the program.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that a full and complete evaluation of the proposed amendments be completed. A full analysis of the proposed changes is needed in order to assess the proposed cost increase, determine whether the program modifications are reasonable and in the public interest, and determine whether other program modifications may be necessary.

Respectfully Submitted,

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DATE: June 10, 2020
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