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June 30, 2020

VIA ELECTRONIC FILING

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:

On May 21, 2020, UGI Utilities, Inc. (“UGI”) filed a petition to amend its Universal Service and Energy Conservation Plan (“USECP”) to reflect certain changes pursuant to the Commission’s amendments to the Customer Assistance Programs (“CAP”) Policy Statement issued on September 19, 2019 and entered on November 5, 2019 at Docket M-2019-30122599. In the May 21, 2020 petition, UGI proposed revised CAP percent of income payment amounts and limited language revisions to clarify that its USECP was in accordance with the CAP Policy Statement.

On June 10, 2020, the Office of Consumer Advocate and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”) filed interventions and Answers at this docket. The Answer of CAUSE-PA supports UGI’s May 21, 2020 petition but also proposes two additional changes to the USECP and raises the issue of cost allocation, which is not appropriate to address in this proceeding. UGI provides the enclosed Answer in response to the portions of the CAUSE-PA Answer that seek affirmative relief unrelated to the Company’s proposed USECP changes.

Copies of this filing are being provided electronically only, as indicated on the Certificate of Service, pursuant to the Commission’s Emergency Order issued on March 20, 2020.

Very truly yours,

DocuSigned by:

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Danielle Jouenne
Counsel for UGI

Enclosure

cc: Certificate of Service (parties to the USECP Proceeding)
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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 :

CERTIFICATE OF SERVICE

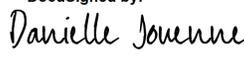
I hereby certify that I have, this 30th day of June, 2020, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Universal Service and Energy Conservation :
Plan for January 1, 2020 – December 31, : Docket No. M-2019-3014966
2025 : Docket No. P-2020-3019196
:

**ANSWER OF UGI UTILITIES, INC. TO
THE ANSWER OF THE COALITION FOR AFFORDABLE UTILITY SERVICE AND
ENERGY EFFICIENCY IN PENNSYLVANIA**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

Pursuant to Section 5.63 of the Pennsylvania Public Utility Commission’s (“Commission”) regulations, 52 Pa. Code § 5.63, UGI Utilities, Inc. – Gas Division and Electric Division (“UGI” or the “Company”) hereby files this Answer to the Answer of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”) to the Petition of UGI Utilities, Inc. – Gas Division and Electric Division to Amend Its Universal Service and Energy Conservation Plan (“USECP”), which was filed on June 10, 2020 (the “CAUSE-PA Answer”).¹ UGI does not contest CAUSE-PA’s standing to participate in this proceeding, however, the Company is compelled to file this response as CAUSE-PA has proposed additional revisions to the Company’s USECP that are outside the scope of the limited revisions proposed by the Company and raised cost-allocation issues that are not appropriate to address in this proceeding.

¹ UGI files this Answer to the Answer of CAUSE-PA because CAUSE-PA seeks additional affirmative relief in the form of revisions and clarifications to UGI’s Petition to Modify its Universal Service and Energy Conservation Plan (“USECP”) (*see* CAUSE-PA Answer ¶¶ 30-32), as well as reiterating its prior proposal to allocate the costs of the Company’s Customer Assistance Program (“CAP”) across all ratepayers (*see* CAUSE-PA Answer ¶¶ 41-42).

CAUSE-PA has proposed that the Company clarify in its USECP that it will accept, for CAP income verification purposes, the income documentation most advantageous to the customer. CAUSE-PA Answer ¶ 31. While the Company finds this change to be unnecessary, in the interest of compromise, UGI will agree to incorporate this language in the final clean version of the Company's USECP filed as a compliance filing, if one is required, upon Commission approval of the Company's May 21, 2020 petition. However, CAUSE-PA has also proposed that the Company change its income verification schedule for certain CAP customers. CAUSE-PA Answer ¶ 32. UGI does not agree to make the change proposed in paragraph 32 of the CAUSE-PA Answer; this proposal would involve substantial programmatic changes and, as explained below, CAUSE-PA has failed to demonstrate UGI's existing policy is inconsistent with the Commission's Final Policy Statement and Order on Customer Assistance Programs ("CAP Policy Statement Order"), issued on September 19, 2019 and entered on November 5, 2019 at Docket M-2019-30122599 and/or that this revision to the Company's Commission-approved USECP is necessary.

UGI further submits that CAUSE-PA's attempt to urge the Commission to issue a statement to "encourage UGI to agree in its current base rate proceeding to spread the cost of CAP and other universal service programs across all customer classes"² is improper and should be denied. CAUSE-PA Answer ¶ 42. This issue is already the subject of ongoing review in various statewide proceedings and in the base rate proceeding of UGI Utilities, Inc. – Gas Division at Docket No. R-2019-3015162 (*i.e.*, the "UGI Gas 2020 Rate Case.") Moreover, this docket, which deals exclusively with limited revisions to the Company's USECP, is not the appropriate place for the Commission to make a determination regarding recovery of universal service costs. Therefore,

² The base rate proceeding of UGI Utilities, Inc. – Gas Division currently pending before the Commission at Docket No. R-2019-3015162 will hereinafter be referred to as the "UGI Gas 2020 Base Rate Case."

it is improper for CAUSE-PA to attempt to obtain a statement by the Commission influencing the disposition of this issue in a separate docket.

In further response to the Answer, UGI respectfully represents as follows:

II. ANSWER TO ANSWER

1. As an initial matter, UGI notes that CAUSE-PA, as the proponent of the revisions proposed in paragraphs 31-32 of its Answer and the relief sought in paragraph 42 of the Answer has the burden of proof with respect to these issues. Section 332(a) of the Public Utility Code, 66 Pa. C.S. § 332(a), provides that the party seeking a rule or order from the Commission as the burden of proof. CAUSE-PA must therefore demonstrate that it is entitled to the clarifications and relief proposed in its Answer “by establishing a preponderance of evidence which is substantially and legally credible.” *Samuel J. Landsberry, Inc. v. Pa. Pub. Util. Comm’n*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990); *see also* *Petition of Pennsylvania Power Company for Approval of Interim Default Service Supply Plan: Supply Procurement for Residential Customers*, Docket No. P-0072305, p. 4 (Order entered March 13, 2008). As explained below, CAUSE-PA has not carried its burden with respect to its proposed revisions and requested relief.

A. The “Clarifications” Proposed By CAUSE-PA Are Not Necessary.

2. Despite noting its approval and support for UGI’s proposed USECP amendments, CAUSE-PA recommended in its Answer that UGI’s USECP be revised to “resolve conflicting terms between UGI’s Petition, its USECP, and its February 5 Addendum.” CAUSE-PA Answer ¶ 30. CAUSE-PA references two aspects of the CAP Policy Statement Order. CAUSE-PA Answer ¶¶ 31-32. UGI submits that neither of these proposed revisions are necessary; however, it will adopt the revision proposed in paragraph 31 of the CAUSE-PA Answer.

3. The Company would initially note that the Company's existing USECP received final Commission approval after more than 2.5 years of review and consideration of multiple rounds of comments. UGI initially filed a Petition for Approval of its USECP for the 2018-2020 period on June 30, 2017, and a further revised USECP for the 2018-2020 period was filed on September 12, 2019. This plan was approved by the Commission on January 16, 2020; after the issuance and entry of the CAP Policy Statement Order. As it has obtained Commission approval, the Company's USECP is presumed to be valid. CAUSE-PA has not submitted any evidence to overcome this presumption.

4. CAUSE-PA first submits that UGI's USECP does not contain language indicating that the Company accepts income documentation of "30 days or 12 months, whichever is more beneficial to the household." CAUSE-PA Answer ¶ 31.

5. On page 17 of its approved USECP, UGI lists the following types of "Household Income Documents" that a customer may use to certify its income status: (a) recent paystubs or W-2 forms; (b) verified copy of rent receipts for rental income; (c) benefit letter or copy of a bank statement for social security, pension, disability or Supplemental Security Income ("SSI"); (d) verification letter (alimony support); (e) unemployment determination letter; (f) notarized letter stating income; and (g) zero income form. Certain of these documents may document income for 30 days (*e.g.*, recent paystubs) and certain of these documents may document income for 12 months (*e.g.*, W-2 forms). By providing multiple income documentation methods, UGI provides customers with the opportunity to present the most advantageous income documentation to entitle them to participate in CAP. The Company has difficulty understanding how CAUSE-PA could interpret its USECP as permitting the Company, when presented with two income documents, to

utilize one that would disqualify a customer from participating in CAP when another income document would render that customer eligible.

6. Despite this change being unnecessary, UGI will agree to amend its USECP in a compliance filing required in this proceeding to include the language proposed by CAUSE-PA. This change does not require UGI to implement programmatic changes; UGI already accepts documents that list 30 days or 12 months of income and utilizes whichever period is more beneficial to the household when verifying income. However, if the Commission does not approve the Company's May 21, 2020 petition, and if no revised USECP is filed at this docket, the Company submits that this change is unnecessary and does not warrant the administrative burden of a stand-alone filing.

7. Next, CAUSE-PA proposes that the Company's USECP be revised to include an explicit statement indicating CAP households whose primary source of income is Social Security, SSI or pensions should be required to recertify for CAP at least once every three years. CAUSE-PA Answer ¶ 32. Unlike CAUSE-PA's proposed change in paragraph 31 of its Answer, this change is substantive.

8. UGI submits that CAUSE-PA, as the proponent of this revision, has failed to demonstrate it is necessary. Under its Commission-approved USECP, UGI currently requires all non-Low Income Home Energy Assistance Program ("LIHEAP") customers to recertify their income on an annual basis. This includes CAP households whose primary source of income is Social Security, SSI, or pensions, unless those customers also receive LIHEAP. The CAP Policy Statement Order amended Section 69.265(8)(viii) of Commission's regulations to state that "CAP households whose primary source of income is Social Security, SSI, or pensions should be required

to recertify **at least** once every three (3) years.” CAP Policy Statement Order, p. 70 (emphasis added). As such, UGI’s existing USECP is consistent with the CAP Policy Statement.

9. UGI does not agree to implement this change. The change proposed by CAUSE-PA would require substantial programmatic changes, including: (a) changes to information technology programming; (b) changes to correspondence and interactions between the Company and its CBOs; and (c) changes to the Company’s customer service policies and practices.

10. Additionally, the Company does not agree that the change is warranted. While Social Security, SSI, and pension amounts themselves do not significantly change from year to year, CAP eligibility for customers receiving income from Social Security, SSI, or pensions can change more frequently than once every three years. This occurs for various reasons; whether from receipt of surviving spouse benefits, household additions that increase the household income, or receipt of supplemental income from sources other than those enumerated above.

11. For these reasons, the Company is willing to incorporate the revision proposed in paragraph 31 of the CAUSE-PA Answer in a compliance filing required at this docket, but submits that CAUSE-PA has failed to demonstrate the revision proposed in paragraph 32 is necessary or warranted. Therefore, the revision proposed in paragraph 32 of the CAUSE-PA Answer should not be adopted.

B. CAUSE-PA’s Request For UGI To Agree To Spread The Cost Of Its CAP Programs Among All Customer Classes In The UGI Gas 2020 Base Rate Case Should Be Rejected.

12. CAUSE-PA attempts to inject the issue of CAP cost allocation into this proceeding, which is improper and inconsistent with the Commission’s prior directives. Importantly, as CAUSE-PA indirectly admits in its Answer, the issue of CAP cost allocation is already at issue in the UGI Gas 2020 Base Rate Case.

13. UGI currently recovers CAP costs exclusively from non-CAP residential customers. In the Commission’s CAP Policy Statement Order, the Commission found “it appropriate to consider recovery of the costs of CAP costs [sic] from all ratepayer classes.” CAP Policy Statement Order at 97. It further advised “[u]tilities and stakeholders...to be prepared to address CAP cost recovery in utility-specific rate cases...” *Id.*³

14. In the UGI Gas 2020 Rate Case, the Company’s initial filing maintained its existing practice of recovering CAP program costs exclusively from non-CAP residential customers. However, both the Office of Consumer Advocate (“OCA”) and CAUSE-PA proposed that CAP program costs should be recovered from all ratepayer classes as a part of their respective direct testimony.

15. After the CAUSE-PA Answer was filed in this proceeding, the Company served its rebuttal testimony in the UGI Gas 2020 Rate Case and opposed CAUSE-PA’s and OCA’s proposals. In addition, the Office of Small Business Advocate (“OSBA”) filed rebuttal testimony similarly opposing those these proposals.

16. CAUSE-PA effectively attempts an improper end-run around the parties’ efforts to litigate this issue in the UGI Gas 2020 Base Rate Case by asking for the Commission to issue a statement or order in this proceeding to “encourage UGI to agree in its current base rate proceeding to spread the cost of CAP and other universal service programs across all rate classes.” CAUSE-PA Answer ¶ 42. Such a statement or directive in this proceeding would undermine the due process rights of the parties participating in the UGI Gas 2020 Base Rate Case who have either

³ The Commission has previously noted that the issue of cost recovery with respect to universal service programs “should be addressed in any future rate proceeding where such costs are at issue.” *See, e.g., 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 2011-2013 Submitted in Compliance with 52 Pa. Code § 54.74 and § 62.4*, Docket No. M-2020-3186052, 2011 Pa. PUC LEXIS 337 at *52 (Order entered Oct. 31, 2011). The recovery of the costs associated with UGI’s USECP are simply not at issue in this proceeding.

submitted testimony on the issue (*i.e.*, UGI and OSBA) or other parties to the UGI Gas 2020 Base Rate Case who are not parties to this proceeding. As such, CAUSE-PA's request should be denied.

17. In addition, CAUSE-PA's attempt to address this issue in an individual utility's proceeding to make limited amendments to its USECP is improper. CAUSE-PA's request for a statement or directive by the Commission to encourage a utility to agree to allocate the costs of CAP and other universal service programs across all rate classes would constitute a major policy shift that would impact all utilities in the Commonwealth of Pennsylvania. Importantly, the allocation of universal service program costs has been recognized as an issue of state-wide impact and these programs have been the subject of recent state-wide proceedings. *See, e.g., 2019 Rulemaking Regarding Universal Service Regulations*, Docket No. L-2019-3012600 and *2019 Amendments to Policy Statement on Customer Assistance Program*, Docket No. M-2019-3012599. Furthermore, the Commission has also commenced a universal service rulemaking proceeding at Docket No. L-2019-3012600 to establish broad policy changes regarding universal service programs.

18. Finally, UGI notes that there is not record basis in this proceeding (and neither CAUSE-PA nor OCA has provided a record basis in the UGI Gas 2020 Base Rate Case) upon which the Commission could determine CAP and other universal service program costs should be recovered from all customer classes. CAUSE-PA has not demonstrated that the issue of cost allocation should focus on any alleged benefits it claims would result from its proposal. Nor has CAUSE-PA presented any analysis as to the rate implications of its proposal, or how allocating costs traditionally borne by non-CAP residential customers, and benefitting residential customers, would impact commercial and industrial customers.

19. For all of these reasons, UGI submits that CAUSE-PA's request for a statement or order by the Commission to “encourage UGI to agree in its current base rate proceeding to spread the cost of CAP and other universal service programs across all rate classes” is improper and should be denied.

III. CONCLUSION

WHEREFORE, for all the foregoing reasons, UGI Utilities, Inc. respectfully requests the Pennsylvania Public Utility Commission approve the Company’s proposed revisions to its USECP, as set forth in **Exhibit A** to its initial filing, in addition to the revision proposed in paragraph 31 of the CAUSE-PA Answer. UGI further requests that the revision proposed in paragraph 32 of the CAUSE-PA Answer and the additional relief sought in paragraph 42 of the CAUSE-PA Answer be denied.

Respectfully submitted:

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