

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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October 19, 2021

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

Re: UGI Utilities, Inc. – Gas Division and
UGI Utilities, Inc. – Electric Division
Universal Service and Energy Conservation
Plan for 2020-2025
Docket No. M-2019-3014966

UGI Utilities, Inc. – Gas Division and
UGI Utilities, Inc. – Electric Division
Petition to Amend Universal Service and
Energy Conservation Plan for 2020-2025
Docket No. P-2020-3019196

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in the above-referenced proceedings.

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

Respectfully submitted,

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Certificate of Service

*318791

CERTIFICATE OF SERVICE

Re: UGI Utilities, Inc. – Gas Division and :
UGI Utilities, Inc. – Electric Division : Docket No. M-2019-3014966
Universal Service and Energy Conservation :
Plan for 2020-2025 :

UGI Utilities, Inc. – Gas Division and :
UGI Utilities, Inc. – Electric Division : Docket No. P-2020-3019196
Petition to Amend Universal Service and :
Energy Conservation Plan for 2020-2025 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Comments, 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 19th day of October 2021.

SERVICE BY E-MAIL ONLY

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re:	UGI Utilities, Inc. – Gas Division and	:	
	UGI Utilities, Inc. – Electric Division	:	Docket No. M-2019-3014966
	Universal Service and Energy Conservation	:	
	Plan for 2020-2025	:	
	UGI Utilities, Inc. – Gas Division and	:	
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	Petition to Amend Universal Service and	:	
	Energy Conservation Plan for 2020-2025	:	

COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: October 19, 2021

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The Office of Consumer Advocate (OCA) files these Comments pursuant to the directive in the Commission's Order Directing Supplemental Information and Establishing Comment Period (UGI Amended USECP 2020-2025 Order)¹ entered August 5, 2021.²

I. INTRODUCTION

On January 16, 2021, UGI Utilities, Inc.- Gas Division and UGI Utilities, Inc.- Electric Division (collectively Companies or UGI) Universal Service and Energy Conservation 2020-2025 Plan (2020-2025 USECP or Plan) was approved.

Pursuant to a November 9, 2019 Order, the Commission's CAP Policy Statement was amended effective March 21, 2020. UGI Amended USECP 2020-2025 Order at 3-6; see also, 2019 Amendments to Policy Statement on Customer Assistance Programs, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599, Final Policy Statement and Order (Order entered November 5, 2019) (Final CAP Policy Statement Order). As the UGI Amended USECP 2020-2025 Order provides, the Final CAP Policy Statement Order includes 17 amendments to the Commission's CAP Policy Statement³. UGI Amended USECP 2020-2025 Order at 7-10.

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).⁴ On May 21,

¹ UGI Utilities, Inc. –Gas Division and UGI Utilities, Inc. – Electric Division Universal Service and Energy Conservation Plan for 2020-2025, Docket No. M-2019-3014966; UGI Utilities, Inc.- Gas Division and UGI Utilities, Inc.- Electric Division Petition to Amend Universal and Energy Conservation Plan for 2020-2025, Docket No. P-2020-3019196, Order Directing Supplemental Information and Establishing Comment Period (August 5, 2021)(UGI Amended USECP 2020-2025 Order).

² The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher, Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies, and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton's work focuses on low-income energy issues, and he has testified and published extensively in this area.

³ 52 Pa. Code § 69.241, et seq.

⁴ UGI Utilities, Inc.- Gas Division and UGI Utilities, Inc.- Electric Division Petition to Amend Universal and Energy Conservation Plan for 2020-2025, Docket No. P-2020-3019196, Petition of UGI Gas Utilities, Inc.-Gas

2020, the Companies filed a Petition proposing amendments to their 2020-2025 USECP. On June 10, 2020, the OCA filed its Answer to the Petition⁵ and its Notice of Intervention and Public Statement. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Office of Small Business Advocate (OSBA) filed their respective Answers. The OSBA also filed a Notice of Intervention.⁶

In its February 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%

Division and Electric Division to Amend its Universal Service and Energy Conservation Plan (May 21, 2020)(Petition).

⁵ UGI Utilities, Inc.- Gas Division and UGI Utilities, Inc.- Electric Division Petition to Amend Universal and Energy Conservation Plan for 2020-2025, Docket No. P-2020-3019196, Answer of the Office of Consumer Advocate (June 10, 2020)(OCA Answer).

⁶ See also, procedural history, UGI Amended USECP 2020-2025 Order at 1-6.

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 May 21, 2020, UGI filed its Petition to Amend its 2020-2025 Plan, which includes the enrollment and budget projections under UGI's amended plan. Petition at ¶¶ 19-20. The Petition changed the proposed maximum-tiered energy burdens for electric heating customers. 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.

On August 5, 2021, the Commission issued its UGI Amended USECP 2020-2025 Order and requested that the Companies provide additional Supplemental Information. The Commission subsequently approved a joint request of the Companies, OCA, and CAUSE-PA that requested an extension for the filing of the Supplemental Information and Comments and Reply Comments. On September 14, 2021, the Companies filed their Supplemental Information.⁷ The OCA issued its Set I interrogatories on September 23, 2021 and participated in informal discovery conferences regarding the interrogatories. Comments are to be filed on October 19, 2021, and Reply Comments are due on November 8, 2021.

⁷ UGI Utilities, Inc.- Gas Division and UGI Utilities, Inc.- Electric Division Petition to Amend Universal and Energy Conservation Plan for 2020-2025, Docket No. P-2020-3019196, Supplemental Information (Sept. 14, 2021)(Supplemental Information).

The OCA addresses the following issues raised by the Commission in its UGI Amended USECP 2020-2025 Order: (1) modifications to the energy burdens, including the need for additional cost control measures and (2) Consumer Education and Outreach Plan, including outreach to customers at or below 50% of the Federal Poverty Level (FPL). The OCA also addresses the following additional issues that the Companies identify as consistent with the CAP Policy Statement, but do not appear to be consistent: (1) recertification timelines and (2) providing CAP credits.

II. COMMENTS

A. Energy Burdens.

In its February 5, 2020 Addendum, UGI proposed to reduce the energy burdens for electric heating customers below the levels identified in the CAP Policy Statement. UGI’s May 21, 2020 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 its Answer to the Petition, the OCA expressed concerns related to the proposed cost estimates for the proposed changes to the energy burdens. In all, UGI anticipated 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 anticipated 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 anticipated 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.

In the UGI Amended USECP 2020-2025 Order, the Commission requested that the Companies provide the following Supplemental Information related to the energy burdens:

1. Projected average monthly CAP bills from 2022-2025, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, NGH, ENH, NGNH, and EH), and utility using both UGI's existing and proposed PIP energy burden targets.
2. Projected cost impact of the proposed PIP energy burdens. UGI shall provide an estimate of how the energy burden change may impact CAP credit expenditures in 2022-2025. The cost projections must be broken down by cost component, (*i.e.*, admin, CAP credits, and arrearage forgiveness), income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, NGH, ENH, NGNH, and EH), and utility.
3. Projected impact on annual collection costs from 2022-2025 based on implementation of the proposed PIP energy burdens, brown down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%).
4. Projected impact on unused LIHEAP grants returned to the Department of Human Services (DHS). Specifically, the number of annual CAP accounts which have had or may have unused LIHEAP funds returned to DHS and the total and average annual amount of those funds. UGI shall provide actual data for 2020, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%). It shall also provide projected annual data for 2021-2025. Projected annual data must be broken down by income tier. (*i.e.*, 0%-50%, 51%-100%, and 101%-150%) and utility. The projections must be based on both UGI's existing and proposed CAP PIP energy burdens.

UGI Amended USECP 2020-2025 Order at 12-13.⁸ The Supplemental Information revised its estimates for the cost impacts. Supplemental Information at BCS-I-6. In 2022, the costs of moving from the Companies' existing energy burden levels to the energy burdens levels identified in the CAP Policy Statement would be approximately \$420,717 in 2022 for natural gas customers and approximately \$101,895 for electric customers. Supplemental Information at BCS-I-6. The UGI Companies estimate the bill impact for ratepayers for the changes to the energy burden levels would be approximately an average cost of 6.58 cents per month or 79 cents per year⁹ across the UGI Gas Divisions and the UGI Electric Divisions for residential customers.¹⁰ Specifically, for UGI- Gas Division residential customers, the Company estimates a cost of 69 cents per year per residential customer (\$420,717 cost/610,066 residential customers).¹¹ For UGI-Electric Division residential customers, the Company estimates a slightly higher cost of \$1.87 per year per residential customer (\$101,895/54,614 residential customers).¹²

As a result of the OCA's review of the Companies' Supplemental Information responses, the Companies' interrogatory responses, and the specific unique facts of this filing, the OCA can support the proposed changes to the energy burdens in this case. Due to the relatively low increase in costs to the energy burdens, the OCA does not believe at this time that additional cost control measures such as increasing the minimum payment; extending the length of time for arrearage

⁸ NGH is a natural gas heating customer, and NGNH is a natural gas non-heating customer. ENH is an electric non-heating customer, and EH is an electric heating customer.

⁹ See Supplemental Information at BCS-I-6, BCS-I-7.

¹⁰ The OCA notes that the Companies do anticipate a significant increase in CAP enrollment which would also further increase the Companies' projected costs of the program, but the isolated impact of the changes to the energy burdens appears to be relatively low.

¹¹ See Supplemental Information at BCS-I-6, BCS-I-7.

¹² See Supplemental Information at BCS-I-6, BCS-I-7.

forgiveness; capping the amount of arrearage forgiveness charged to ratepayers; decreasing overall administrative costs; revisiting and adjusting maximum CAP credits; allocating Low Income Usage Reduction Program (LIURP) to reduce high user bills; and re-examining HUD recipient participation are necessary. The OCA specifically reserves the right to raise the need for additional cost control measures and to re-examine the identified energy burdens in the Company's next Universal Service and Energy Conservation Plan proceeding.

The OCA supports the proposed changes to the energy burdens because of the benefits provided to CAP participants and the relatively low impact on other ratepayers of the proposed changes to the energy burdens. The OCA's concerns in this proceeding related to the projected \$1.3 million increase for natural gas ratepayers and the \$450,000 increase for electric ratepayers. Petition at ¶ 27. The revised projections would have a less substantial impact on customer bills than projected by the Companies in its 2020 filing. As such, the OCA's concerns related to the cost impact to other residential ratepayers have been addressed due to the specific unique factors of this proceeding.

The OCA has two additional recommendations relating to the proposed changes to the energy burdens to ensure that the relatively low residential ratepayer impact is maintained. First, in order to maintain these costs, the OCA recommends that the Commission hold the annual costs flowed through its automatic universal service cost recovery mechanism to the levels projected in the filing until such time as a full impact evaluation of the program changes can be completed.¹³ Controlling the annual increases in the universal service charge will maintain the relatively low impact of the energy burden changes to ratepayers. Holding the annual increases to those identified

¹³ In the alternative, program costs could be limited to a percentage increase in residential distribution costs each year to ensure that the rates for residential customers remain reasonable.

in the filing will assist in managing the impact of the changes in the program during these difficult economic times and will allow for more experience to be gained with the program changes.

Second, the OCA also recommends that the Company track the number of unused LIHEAP grants returned to the Department of Human Services (DHS) and provide the information as a part of the Companies' next Universal Service and Energy Conservation Plan. The OCA recommends that the following data specifically be tracked: the number of annual CAP accounts which have had or may have unused LIHEAP funds returned to DHS and the total and average annual amount of those funds. UGI shall provide actual data for 2021-2024, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%).

Given the reduction in burdens for customers with income below 50% of Poverty, UGI's estimate that there will be no increase in the number of LIHEAP refunds seems difficult to believe. When asked by BCS, while UGI projects an increase in the average dollar amount of LIHEAP refunds for this Poverty Level (from \$316 to \$604 for gas; from \$132 to \$513 for electricity), UGI further estimates that the number of refunds will remain the same (373 for gas; 44 for electricity, for customers with income at or below 50% of Poverty).¹⁴ Given that the reduction in burden is projected to nearly double the LIHEAP refunds for gas and will more than quadruple the LIHEAP refunds for electricity), it seems likely that the number of refunds will increase as well. The OCA is only requesting that the data be tracked and reported as a part of the Companies' Plan filing commencing in 2025. The OCA submits that this data will be important to better understand the scope of the LIHEAP refunds as a part of the Companies' 2025 USECP.

The OCA supports the proposed changes to the energy burdens due to the specific unique facts of this case. For the reasons set forth above, the OCA submits that the Companies' proposed

¹⁴ See [Supplemental Information](#) at BCS-IU-4.

changes to the energy burdens should be approved with the OCA's additional proposed recommendations to hold the cost increases to those projected in the filing and to track and report the LIHEAP refunds in the next USECP.

B. Consumer Education and Outreach Plan.

In its Amended USECP, the Companies do not outline their plan for a Consumer Education and Outreach Plan (CEOP). In the February 5, 2020 Addendum, the Companies stated that the CEOP would be developed through a collaborative process. at 5. The OCA notes that UGI has raised issues related to outreach with its Universal Services February 2, 2020 Addendum Advisory Committee, but to date, UGI has not filed a CEOP or created a timeline for the filing of a CEOP. The UGI Amended USECP 2020-2025 Order did request additional information regarding UGI's proposed CEOP or the proposed targeting of customers below 50% of the Federal Poverty Level. The OCA submits that the Companies should provide a timeline for providing a CEOP and should also address when the Companies anticipate filing a CEOP and how the Companies plan to target outreach to customers at or below 50% of the FPL.

In the Commission's Final CAP Policy Statement Order, the Commission stated explicitly that:

While utilities have flexibility as to the contents of their plans, the plans should reflect focused consumer education and outreach efforts, tailored to the demographics of their individual service territories, spanning the duration of the universal service plan period. In particular, these plans should identify efforts to educate and enroll eligible and interested customers at or below 50% of the FPIG.

Final CAP Policy Statement Order at 79 (emphasis added). Thus, utilities should be under a continuing obligation to ensure that its customer outreach programs adequately identify and solicit those who may need help the most.

The OCA submits that the outreach plan is an important component of the Commission’s Final CAP Policy Statement Order.¹⁵ UGI Gas has a historically low percentage of customers from 0-50% of the FPL enrolled in its CAP. For example, the UGI South had the following participation rates of customers between 0 -50 percent of FPL: 31.9 percent in 2017, 30.5 percent in 2018, and 29.6 percent in 2019, and UGI North had the following participation rates of customers between 0 -50 percent of FPL: 24.3 percent in 2017, 23.4 percent in 2018, and 23.5 percent in 2019.¹⁶ Moreover, the Company’s estimated number of participating customers is low when compared to the number of estimated low-income customers in the Company’s service territory. For UGI North’s customers, UGI North estimates a low-income population of 91,478 residential customers (based on the 2015 Census data), and for UGI South’s customers, estimates a low-income population of 49,410 residential customers (based on the 2015 Census data).¹⁷ For the combined companies, the Proposed Amended USECP anticipates CAP participation levels of 37, 602 participants by 2025. The OCA notes that a well-crafted CEOP will operate to support the Companies’ goal of increasing enrollment from 23,237 CAP participants in 2021 to 37,602 CAP participants in 2025 for UGI Gas, and from 3,179 participants in 2021 to 5,144 CAP participants in 2025 for UGI Electric.¹⁸

¹⁵ Final CAP Policy Statement Order at 79.

¹⁶ The OCA notes that since the issuance of the BCS Report, UGI has combined the North and South divisions into UGI Utilities, Inc. –Gas Division. Due to the size of UGI Utilities, Inc. –Electric Division, UGI Electric does not individually report its data. See Bureau of Consumer Services, Pa. Pub. Util. Comm’n, Report on 2019 Universal Service Program and Collection Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 53 (Sept. 2020), available at: https://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2019.pdf

¹⁷ Proposed Amended USECP at B-1.

¹⁸ Supplemental Information at BCS-I-6.

As the Commission stated in a recent Order, constant attention and development must be provided to these outreach programs:

Upon review, we agree with the recommendation of the ALJ that there is no need to change Columbia's outreach initiatives at this time.

However, we do want to reconfirm that [Columbia Gas of Pennsylvania, Inc. (Columbia)] is developing and implementing all reasonable strategies to both increase its customer outreach efforts and CAP participation levels in order to reduce arrearage levels as recommended in the [Columbia's] most recent Management Audit. We take notice of Columbia's statements in this matter that it has already put into practice all of the OCA's recommendations to increase outreach and expand CAP enrollment and commend [Columbia] for these efforts. But in acknowledging these efforts, consistent with the Management Audit recommendations, we expect [Columbia] to continue working with its USAC on its Outreach Strategy and Communication Plan going forward. These continuing efforts should include examining current outreach strategies for effectiveness and developing new outreach efforts to improve CAP participation levels even more, which, in turn, will likely reduce future arrearage levels. Further, [Columbia] needs to determine whether it has exhausted all grassroots community-based avenues to identify new low-income customers. For example, besides the community-based organizations Columbia already is working with, are there other local organizations it can partner with, such as food banks, schools, Head Start or other preschool programs to implement more fully its outreach strategies.¹⁹

Likewise, the UGI Companies need to re-evaluate their current outreach efforts targeted to those at 50 percent FPL and below to increase the participation rate of this customer group because these customers are most likely to have electricity bills that represent a high percentage of income and, thus, are more likely to have payment troubles.

¹⁹ Pa. Pub. Util. Comm'n v. Columbia Gas of Pennsylvania, Inc., et al., Docket Nos. R-2020-3018835, et al., Opinion and Order at 172-73 (Order entered Feb. 19, 2021) (Columbia).

In previous rate cases, including UGI Utilities Inc. – Electric Division’s (UGI Electric) most recent 2021 base rate proceeding, OCA witness, Roger Colton, has recommended that utilities conduct certain outreach efforts to improve its participation rate. For example, Mr. Colton testified in Columbia’s recent base rate case that a utility should (1) use the community as a means of identifying such customers rather than rely on call center contacts; (2) focus on relationship-building; (3) go to where the customers, live, work, shop, play, and pray rather than rely on the customers initiating contacts; and (4) rely on grassroots “trusted messengers” from within the community.²⁰ Mr. Colton, in that same testimony, recommended that outreach could be built into the Company’s collections process by offering customers a chance to enroll in CAP when a confirmed low-income customer seeks to enter into a payment arrangement, is about to be terminated for non-payment, is disconnected for non-payment, and/or is contacted by the Company and found to either be using a potentially unsafe heating source or is without service.²¹

In UGI Electric’s most recent base rate proceeding, Mr. Colton recommended that the Company develop a Public Partnership Outreach Plan (PPOP) that would consist of the following three steps:

- Identification of public assistance programs which have income-eligibility guidelines at or below the income-eligibility guidelines for being deemed a confirmed low-income customer; being income-eligible for CAP; or being income-eligible for winter shutoff protections.
- Contact by UGI Electric with the administrators of each program requesting that enrollment in each program include a specific and explicit request at the time of program application with respect to which a program applicant shall designate whether they wish UGI Electric to be informed of their income eligibility

²⁰ Columbia, Opinion and Order at 162-63.

²¹ Id., at 163.

for various customer service protections propounded by the Pennsylvania PUC. Each household answering in the affirmative shall be identified by UGI Electric as either (or both) a Confirmed Low-Income customer and/or a customer eligible for winter shutoff protections;

- Affirmative outreach shall be directed to each customer identified in this fashion informing the customer of the availability of CAP, and explaining both the reduced bill aspects, and arrearage forgiveness aspects, of the CAP, along with corollary program responsibilities.²²

Such measures are important because improving participation in CAP can improve payment patterns for participating low-income customers and ensure that fewer are disconnected for non-payment. In other words, improving enrollment in CAP will help decrease utility expenses and improve revenues.

For these reasons, UGI should be directed to provide a timeline for development of its CEOP, including a detailed plan addressing how it intends to expand its CAP outreach to increase the CAP participation rate for customers with annual income less than 50% of FPL. Consistent with the Commission's decision in Columbia, cited above, such a plan should include not only a discussion of the activities that the Company intends to take, but also include quantitative outcomes by which the success (or lack thereof) can be measured.

C. OCA-Identified Issues Related to Implementation of the CAP Policy Statement Provisions.

1. Income Verification.

The CAP Policy Statement provides for changes to the income verification procedures.²³

The CAP Policy Statement provides: (1) customers with no income should verify income every

²² Pa. Pub. Util. Comm'n v. UGI Utilities Inc. – Electric Division, Docket No. R-2021-3023618, OCA Statement No. 4: Direct Testimony of Roger D. Colton at 60 (entered Jun. 29, 2021).

²³ 52 Pa. Code § 69.265(8)(viii).

six months regardless of LIHEAP participation; (2) LIHEAP recipients should verify income every three years; (3) primary source of income is SS, SSI, or pensions at least once every three years; and (4) all others at least once every two years.²⁴ UGI's Amended 2020-2025 USECP provides that recipients of a Low Income Home Energy Assistance Program (LIHEAP) grant may recertify every three years. UGI's Amended 2020-2025 USECP at 20. UGI's Amended 2020-2025 USECP does not include any provision for extended income verification provisions for customers whose is not likely to change from year-to-year (e.g., aging, disabled). UGI's 2020-2025 Plan provides that "CAP customers who are not known LIHEAP participants are required to recertify for CAP annually." UGI Amended USECP 2020-2025 Order at 9.

The OCA submits that CAP participants with fixed incomes should not have to recertify annually. The Company's proposed annual requirement for recertification unnecessarily puts those CAP participants with fixed incomes at risk of losing CAP benefits for failure to recertify. As the Commission provides in its Final CAP Policy Statement Order,

The most common reason customers are removed from CAPs is due to failure to recertify. The more frequent the recertification, the more likely it is that households will be removed from the program for failing to send in required documentation. Consistent with Section 69.265(7)(iv), all EDCs and NGDCs currently require CAP participants to report income changes, but a household may not always report the gradual changes in income which could entitle the household to higher or lower CAP credits.²⁵

The Commission's Final CAP Policy Statement Order specifically addresses the impact of recertification requirements on recipients of Social Security (SS), disability incomes, or fixed pension incomes. The Commission provides that:

²⁴ 52 Pa. Code § 69.265(8)(viii).

²⁵ Final CAP Policy Statement Order at 68 (footnote omitted).

Elderly residents and people with disabilities often rely on income sources which do not increase much from year-to-year, if at all. Annual changes to these income amounts typically have minimal impact on CAP benefit calculations. Therefore, we find merit in extending the recertification timeframe for CAP households that report Social Security, SSI, or pensions as their primary or sole source of household income for up to three (3) years.²⁶

The OCA also has a concern about the extent that UGI removes customers from CAP due to the failure to recertify. For the months of June 2021 through August 2021 alone, UGI removed 2,302 CAP participants due to a failure to recertify. Of the 8,847 low-income customers who were removed from CAP from October 2020 through September 2021, more than one-quarter (2,302) were removed due to a failure to recertify.²⁷ This number is particularly large given that UGI was barred from removing CAP participants due to a failure to recertify through June 2021.²⁸ The OCA urges that barriers to continued CAP participation, such as those discussed above, should be removed.

The fact that UGI says that someone may "cure" a missed recertification does not address the OCA's concerns. When asked to provide a detailed explanation of "under what circumstances, if any, a customer who has missed the deadline to recertify may cure that failure to recertify," all UGI said was that "The customer may provide updated income information at any point and get re-enrolled, *if warranted*."²⁹ UGI should be required not only to provide, in its USECP, the "detailed explanation" the OCA asked it to provide in discovery, the Commission should ensure that UGI does not require more payment than is warranted. A customer who has missed his or her recertification deadline, for example, may be required to pay all of the CAP payments that they

²⁶ Final CAP Policy Statement Order at 69.

²⁷ UGI Response to OCA Set I, No. 11.

²⁸ UGI Response to OCA Set I, No. 11.

²⁹ UGI Response to OCA Set I, No. 24 (emphasis added).

may have missed, but no more than the sum of the payments they may have missed while off the program due to a failure to recertify. They may not, in other words, be required to pay their bills at standard rates in order to cure their missed recertification. They may not be required to pay any of their preprogram arrears.

Finally, a concern that is related to income recertification relates to UGI's treatment of a CAP participant who moves, but who stays within the UGI service territories. UGI's data demonstrates that of the 8,847 low-income customers who were removed from CAP from October 2020 through September 2021, 4,245 were removed because the "customer moved."³⁰ The policy of the Commission has been that when a CAP participant moves, but stays within a utility's service territory, that customer's CAP participation moves with the customer. A CAP participant is not required to reapply for CAP, or to recertify their income. UGI's data indicating that more than *half* of the CAP participants who were removed from CAP were removed because they "moved" gives rise to concern about whether mobile customers are being denied continuing participation unless they reapply or recertify. UGI should be directed to confirm in its USECP that CAP participation moves with the customer if, and when, the customer moves.

The OCA submits that the policy of allowing recertification every three years to CAP participants receiving Social Security, SSI, or pensions as their sole source of household income allows CAP customers with incomes that are not likely to fluctuate to avoid the potential for termination due to the failure to recertify. As the Commission concluded, this group of customers is unlikely to have income changes that will impact eligibility for CAP or on the benefit provided to customers. The OCA submits that UGI should amend its policy to allow customers with fixed

³⁰ UGI Response to OCA Set I, No. 11.

incomes to recertify on a triennial basis. UGI should also be directed to confirm in its USECP that CAP participation moves with the customer if, and when, the customer moves.

2. Providing CAP Credits.

In UGI's Amended 2020-2025 USECP, the Companies state that "UGI applies CAP credits on a monthly basis with each full CAP payment received. Any CAP credits associated with missed CAP payments will be applied once the customer brings their payments up to date." UGI Amended 2020-2025 USECP at 20. The Amended 2020-2025 USECP states that in order to get a CAP credit, a customer must "bring their payments up to date." Amended 2020-2025 USECP at 20. In response to an OCA discovery question regarding this issue, the Company responded that "[o]nly once a bill is completely paid will they [sic] credit earn the credit."³¹ The OCA does not agree that CAP credits should only be paid if a CAP bill is paid in full and on the billing date. Moreover, UGI's USECP takes the language a step further by requiring that customers be "up to date" in order to receive credits.

The OCA submits that the Companies' policy could have a harmful impact on customers who may otherwise pay their bills but may do so late or catch up on missed payments. The OCA submits that UGI's policy does not send the appropriate signal to the CAP customer. Under UGI's policy, if the CAP customer has not paid the full amount for the prior month's bill by the time that the next bill is used, the CAP customer would receive a bill calculated at the full residential rate. The OCA submits that this would have a harmful impact on CAP customers who are trying to get caught up on missed payments and may lead to CAP customer confusion. For example, if a customer pays their prior month's bill on February 11th, but the next month's bill was issued February 10th, the CAP customer may very well have paid their full bill and "caught up." However,

³¹ UGI response to OCA Set I, No. 19; see also, UGI response to OCA Set I, No. 20.

the bill that the customer receives would not incorporate the CAP credits that the CAP customer would be owed. The newly issued bill would not reflect that the CAP customer has caught up on their missed payment. Another challenge is that if the CAP customer misses two bills, the bills would not clearly communicate what that customer must pay to catch up on their bills. For example, if the customer under the PIP paid \$50 per month, but the full residential rate was \$100, would the customer need to pay \$100 (\$50 for each missed CAP payment) or \$200 (the two missed \$100 bills)?

CAP customers have a responsibility to pay their monthly bills. The appropriate tool for a CAP customer who fails to pay his or her bill in a timely manner should be to place the CAP customer in the collection cycle, and not to deny the CAP customer the opportunity to receive bill credits. To the OCA's knowledge, no other public utility applies such a policy to CAP customer bills. The OCA submits that CAP credits should be paid monthly irrespective of payments made, *i.e.*, a CAP customer should not be charged the full residential rate if they have not made a full monthly payment. The Companies' policy should not be so restrictive as to not allow a CAP customer to receive CAP credits if the customer is perpetually late making payments, only makes a partial payment, or if a customer has only made up of one of two missed payments. CAP participants should receive the full benefit of CAP participation each month regardless of whether the CAP participant has missed a payment. The OCA submits that the Commission should direct the Companies to provide CAP credits for each bill that the CAP participant receives.

III. CONCLUSION

The OCA appreciates the opportunity to Comment on the Petition of the UGI Utilities, Inc.- Gas Division and UGI Utilities, Inc.- Electric Division Universal Service and Energy Conservation 2020-2025 Plan. The OCA respectfully submits that its Comments and recommendations contained herein should be adopted.

Respectfully Submitted,

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