



Michael S. Swerling, Esq.

UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406

Post Office Box 858
Valley Forge, PA 19482-0858

(610) 992-3763 Telephone (direct)
(610) 992-3258 Facsimile

November 8, 2021

VIA E-FILE & E-MAIL

Ms. 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 Ms. Chiavetta:

Enclosed please find the Reply Comments of UGI Utilities, Inc. – Gas Division and Electric Division (“UGI”), which is being filed in accordance with the *Commission’s Order Directing Supplemental Information and Establishing Comment Period* in the above-referenced docket (Order Entered August 5, 2021).

Sincerely,

/s/ Michael S. Swerling
Michael S. Swerling

Enclosures: Supporting Information
Certificate of Service

Cc: Jennifer Johnson: Policy Analyst, BCS
Christina Chase-Pettis: Senior Communications Specialist, Office of Communications
Louise Fink smith: Attorney, Law Bureau

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I have, this 8th day of November, 2021, served a true and correct copy of the foregoing document upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-FILE & E-MAIL

Rosemary Chiavetta, Secretary (E-File)
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 171020

Christy M. Appleby
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
CAappleby@paoca.org

Elizabeth R. Marx
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net
emarxpulp@palegalaid.net

Richard A. Kanaskie
Bureau of Investigation & Enforcement
PO Box 3265
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265
rkanaskie@pa.gov

Joseph L. Vullo
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
JLVullo@aol.com

Date: November 8, 2021

/s/ Michael S. Swerling
Michael S. Swerling

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

UGI Utilities, Inc. – Gas Division and	:	
UGI Utilities, Inc. – Electric Division	:	
Universal Service and Energy	:	Docket No. M-2019-3014966
Conservation Plan for 2020-2025	:	
UGI Utilities, Inc. – Gas Division and	:	
UGI Utilities, Inc. – Electric Division	:	
Petition to Amend Universal Service	:	Docket No. P-2020-3019196
and Energy Conservation Plan	:	
for 2020-2025	:	

**UGI UTILITIES, INC. – GAS AND ELECTRIC DIVISIONS’
REPLY COMMENTS TO THE COMMISSION’S SUPPLEMENTAL ORDER SEEKING
SUPPLEMENTAL INFORMATION**

I. INTRODUCTION

UGI Utilities, Inc. – Gas Division (“UGI Gas”) and UGI Utilities, Inc. – Electric Division (“UGI Electric”) (collectively referred to herein as “UGI” or the “Company”) hereby submit its comments on the Pennsylvania Public Utility Commission’s (“Commission”) *Order Directing Supplemental Information and Establishing Comment Period* (“Order”), issued on August 5, 2021 in the above-referenced docket.

The Order addresses recent voluntary efforts by UGI largely to amend its Commission-approved Universal Service and Energy Conservation Plan (“USECP”) to: 1) align its Customer Assistance Program (“CAP”) energy burdens with those provided in the Commission’s CAP

Policy Statement Order¹; and 2) provide CAP enrollment and budget information associated with adopting the measures posed in the CAP Policy Statement Order.

By way of background, on November 5, 2019, the Commission adopted its CAP Policy Statement Order, which incorporated 17 changes to the CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267. On January 16, 2020, the Commission approved UGI's 2020-2025 Universal Service and Energy Conservation Plan ("USECP" or the "Plan"). On February 5, 2020, UGI filed an Addendum to its USECP ("Addendum") explaining that its existing USECP complied with 14 of the 17 provisions incorporated by the CAP Policy Statement Order. The Addendum also sought to revise the current USECP and align its Percent-of-Income Payment ("PIP") CAP energy burdens with those presented in the CAP Policy Statement Order.

Specifically, UGI proposed PIPs for electric non-heating customers and natural gas heating customers that comport with the Commission's revised guidelines at 52 Pa. Code §§ 69.265(2)(i)(A)(I-III) and 69.265(2)(i)(B)(I-III), respectively. For electric heating customers, UGI proposed lower PIPs than those provided for in the Commission's guidelines at 52 Pa. Code § 69.265(2)(i)(C)(I-III). UGI's proposed PIP for this latter category of customers was consistent with the Company's history of establishing the same PIP for electric heating and natural gas heating customers. The Addendum further proposed new language stating that: 1) customers do not need to be "payment troubled" to qualify for CAP; 2) CAP applicants/customers are not obligated to designate LIHEAP payments to UGI; and 3) a Consumer Education and Outreach Plan would be collaboratively developed.

¹ See Commission's Final Policy Statement and Order regarding 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599 (Order entered November 5, 2019).

On February 6, 2020, the Commission entered an Order in response to petitions for reconsideration to the CAP Policy Statement Order filed by the Energy Association of Pennsylvania (“EAP”) and the Office of Consumer Advocate (“OCA”) (“EAP/OCA Order”).² The EAP/OCA Order indicated that utilities proposing to voluntarily change their USECPs pursuant to the amended CAP Policy Statement must file a Petition to Amend an existing USECP and an addendum reflecting proposed changes to an existing USECP including enrollment and budgetary projections.

Thereafter, on May 21, 2020, UGI filed a *Petition for Amendment of the UGI USECP for January 1, 2020 – December 31, 2025*, Docket Nos. M-2019-3014966, P-2020-3019196 (“Petition”), that included enrollment and budget projections associated with the changes proposed in the Addendum and requested in the EAP Order. The Petition also incorporated the requests posed in the Addendum.

On August 5, 2021, the Commission entered its Order Directing Supplemental Information and Establishing Comment Period. *Id.* This Order directed UGI to file supplemental information within 20 days, or by August 25, 2021. The Order also set a comment and reply comment period, allowing interested parties to submit Initial Comments within 20 days after UGI filed its Supplemental Information (September 14, 2021) and Reply Comments within 15 days thereafter (September 29, 2021). The Order requested that UGI provide estimated CAP bills, new energy burden costs, collection costs, LIHEAP costs, enrollment and budget data between 2022 and 2025.

² On January 28, 2020, the EAP filed its Petition for Reconsideration/Clarification and OCA filed its Petition for Reconsideration And/Or Clarification in Docket No. M-2019-3012599.

On August 20, 2021, a Joint Request for Extension of Filing Deadlines was filed by UGI, OCA and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”). The parties jointly requested to move the due dates in the Commission’s Order such that the Supplemental Information would be due by September 14, 2021, the Initial Comments would be due by October 19, 2021, and the Reply Comments would be due by November 8, 2021. On August 23, 2021, the Commission approved the joint extension request.

On September 14, 2021, UGI filed its Supplemental Information in accordance with the Commission’s Order. On October 19, 2021, OCA and CAUSE-PA filed Initial Comments regarding the Company’s Addendum, Petition and Supplemental Information. UGI hereby submits its Reply Comments to the Initial Comments of OCA and CAUSE-PA.

II. COMMENTS

A. NEW ENERGY BURDENS & ASSOCIATED COST IMPACT

In their Comments, both OCA and CAUSE-PA supported the Company’s proposed energy burdens. OCA supported the energy burdens because of the benefits they would provide to customers. Based on the relatively low increase in costs to the energy burdens, OCA also determined that additional cost control measures were not needed. OCA Comments at 7. In its Comments, CAUSE-PA stated it “strongly supports UGI’s proposal to transition its current bill discount program design for its CAP to a percentage of income program design and reduce its applicable energy burden standards to help address longstanding unaffordability in UGI’s CAP...” [Citation omitted]. CAUSE-PA Comments at 2. In fact, CAUSE-PA “urged swift implementation of UGI’s revised energy burden standards and other key proposed policy changes to remediate long-standing unaffordability within UGI’s CAP without delay.” CAUSE-PA Comments at 6. CAUSE-PA also determined that UGI’s proposal to reduce applicable

energy burden standards was just and reasonable and “would not have an appreciable impact on the energy burden of higher income households.” CAUSE-PA Comments at 13.

While OCA supports approval of the Company’s energy burdens, it recommended that the Commission hold the annual costs flowed through UGI’s universal service cost recovery mechanism to the levels projected in the current USECP filing until such time as a full impact evaluation of the program changes could be completed. Alternatively, OCA proposed to limit universal service program costs to a sepcific percentage increase in residential distribution costs each year, which also would limit the Company’s ability to fully recover its costs. While OCA states that no additional cost control measures are needed, it is recommending to artificially cap the annual CAP costs recovered through UGI’s universal service cost recovery mechanism.

OCA’s cost recovery recommendations should be rejected as they conflict with the following provisions set forth in 66 Pa. C.S § 2203 and 2204:

66 Pa. C.S. § 2203(6)

After notice and hearings, the commission shall establish for each natural gas distribution company an appropriate nonbypassable, competitively neutral cost-recovery mechanism which is designed to recover fully the natural gas distribution company's universal service and energy conservation costs over the life of these programs. Except as provided in paragraph (10), policies, activities and services under this paragraph shall be funded and spent in each natural gas distribution company's service territory.

66 Pa. C.S. § 2204(8)

The commission shall establish for each electric utility an appropriate cost-recovery mechanism which is designed to fully recover the electric utility's universal service and energy conservation costs over the life of these programs.

66 Pa. C.S. § 2204 (9)

The commission shall ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each electric distribution territory. Policies, activities and services under this paragraph shall be funded in each electric distribution territory by nonbypassable, competitively neutral cost-recovery mechanisms that fully recover the costs of universal service and energy conservation

services...Programs under this paragraph shall be subject to the administrative oversight of the commission which will ensure that the programs are operated in a cost-effective manner. [Citation omitted].

By fixing the costs that UGI can recover through its USECP surcharge (either to a specific amount or a percentage of residential costs), OCA's proposal effectively prevents UGI from fully recovering its Universal Service program costs. The entire purpose of an adjustable surcharge mechanism is to true up estimated costs to actuals. Neither of the limiting measures proposed by OCA in its Comments are included in the above statutory provisions. Moreover, as stated by OCA and CAUSE-PA, the costs associated with UGI's revised energy burdens are estimated to be low and appropriately controlled.

B. UNUSED LIHEAP

In its Comments, OCA recommended that UGI track the number and amounts of unused LIHEAP grants returned to the Department of Human Services ("DHS") to be provided in the next USECP filing by income tier. UGI believes this request is reasonable and attainable. As such, UGI agrees to track and provide this information in its next 5-year USECP filing.

C. LIHEAP AS A CONDITION OF CAP

In its Comments, CAUSE-PA asked the Commission to direct UGI to clarify if CAP customers must apply for LIHEAP to remain in CAP. According to CAUSE-PA, customers should be encouraged, not required, to apply for LIHEAP for purposes of participating in CAP. CAUSE-PA noted in its Comments that UGI stated in response to discovery (in this proceeding) that it intended to encourage CAP customers to apply for LIHEAP, but not require them to do so to remain on CAP.

In response to CAUSE-PA's request, the Company states herein that it encourages customers to apply for LIHEAP; it does not remove customers from CAP for failure to apply for LIHEAP as the customer may have directed the LIHEAP funding to another utility provider.

D. CONSUMER OUTREACH & EDUCATION PLAN

In its comments, OCA stated that while UGI has discussed and reviewed customer outreach efforts during its Universal Service Advisory Committee meetings, it has not prepared or filed a Customer Outreach plan or established a timeline for filing one. Because the Company's Addendum stated that a Consumer Outreach Plan would be collaboratively developed, OCA requested in its Comments that UGI provide a timeline for filing one. OCA also requested that the plan include outreach provisions targeting customers at or below 50% of the FPL.

CAUSE-PA recommended in its Comments that UGI provide a detailed Customer Outreach plan. CAUSE-PA stated that the plan should include the following recommendations contained in the Final CAP Policy Statement:

- (1) be developed with the stakeholder input;
- (2) be tailored to the communities in UGI's service territories – including communities that have traditionally been underserved and have experienced disproportionate utility insecurity, including low income communities and communities of color;
- (3) set forth a plan for consumer outreach and education that spans the term of the proposed USECP;
- (4) specifically identify outreach efforts to educate and enroll eligible and interested customers at or below 50% FPL;
- (5) specifically identify outreach efforts to educate and enroll eligible and interested LEP customers; and
- (6) identify resources, translation services, and materials for LEP customers.

Based on OCA's and CAUSE-PA's Comments, UGI will develop a Consumer Outreach plan construct for interested parties to review during the December 2021 Universal Services Advisory Committee ("USAC") meeting. UGI will seek collaborative input on the plan

components during the December 2021 USAC meeting. UGI also will provide a timeline, during the December 2021 USAC meeting, for filing a Consumer Outreach plan with the Commission. The proposed plan will include outreach efforts for all eligible participants, not just those at 0% to 50% of the FPL.

E. INCOME VERIFICATION

According to CAUSE-PA, for the CAP program, UGI should be required to accept proof of income documentation for the past 30 days or 12 months, whichever period is most beneficial to the customer. UGI's process is to have its Community Based Organizations ("CBOs") inform CAP applicants that they can provide proof of income for 30 days, 90 days or 12 months. This flexibility in the intervals allowed for proof of income, aligns with the Commission's CAP Policy Statement and permits customers to provide the most beneficial proof of income.

F. RECERTIFICATION FOR THOSE ON FIXED INCOMES

According to OCA, UGI's USECP requires CAP customers who do not receive LIHEAP to recertify for CAP annually. OCA claims that CAP participants with fixed incomes or incomes not likely to fluctuate substantially (e.g. SSI, pensions, etc.) should not have to recertify annually. Moreover, OCA submits that fixed income customers should be permitted to recertify their income levels to remain on CAP on a triennial basis. Similarly, CAUSE-PA requests that UGI recertify CAP customers every 3 years, if they depend on Social Security, SSI or pension as their primary source of income.

While UGI does not disagree with OCA's and CAUSE-PA's positions regarding recertification timelines for those of fixed incomes, its billing system does not currently have the capability to extend the recertification period. Extending the recertification timeline for these customers would require extensive system programming changes. The Company is willing to

investigate what programming revisions would be required as well as the costs needed to revise the billing system to revise the recertification timeline for these customers. If the Company were to revise its billing system to accomplish this, it should be afforded full and current cost recovery within the universal service cost recovery mechanism. Because more time is needed to investigate this, the Company will propose making this change along with the associated cost recovery in its next USECP proceeding.

G. CURE FOR MISSED RECERTIFICATION

OCA expressed concern with UGI's process for allowing customers to cure missed recertification deadlines to remain on CAP based on the following response to an OCA discovery request in this proceeding:

There is no "stay out" period for failure to recertify. The customer may provide updated income information at any point and get re-enrolled, if warranted.

The "if warranted" language caused some concern for OCA. Therefore, by this response, UGI clarifies what it intended by the inclusion of the "if warranted" language in that discovery response. Quite simply, UGI would review the income information provided by a customer who was removed from CAP for missing the recertification deadline. The customer would not be placed on CAP if their income level increased above the qualifying FPL and vice versa, if the customer is income eligible.

H. CAP CONTINUITY WHEN MOVING TO NEW ADDRESS

OCA requested that UGI be directed to confirm in its USECPs that CAP admittance remain consistent when CAP customers move to new addresses. The Company cannot ensure that CAP enrollment will always be seamless when customers move. There are different factors outside of the Company's control that could prevent this. For instance, the customer could: 1)

move out of the service territory; 2) move to a new address in UGI's service territory where service is in a different ratepayer's name; or 3) leave no forwarding address and become unreachable at the last known phone number.

That being said, UGI's CAP address transfer process is designed to apply when a CAP customer moves to a known new address in the service territory (without a significant lapse in time before establishing service at the subsequent address). UGI's Outreach team works with the customer to keep them on CAP without having to reapply.

I. CAP PAYMENTS

According to OCA, CAP customers who do not pay a bill in full before the next bill issues, receive a bill calculated at the full residential rate. OCA claims that full CAP credits should be provided to customers whether or not they pay their monthly bills. UGI disagrees with OCA's characterization of UGI's billing practice. CAP customers are not charged any CAP shortfall until and unless their service is shutoff for non-payment. Moreover, if a customer is removed from CAP, they have 109 days to pay their missed CAP bills to be placed back on CAP. These customers are not required to pay the full residential rate to be placed back on CAP within the 109 day period.

J. ALLOCATION OF CAP COSTS TO ALL CLASSES

In its Comments, CAUSE-PA urged the Commission to encourage UGI to propose a method for allocating universal service costs among all customer classes in the next base rate case. At this time, UGI does not believe it is necessary to make its universal service charges non-bypassable. As shown in its supplemental information provided to the Commission, the increased costs associated with the new energy burdens are tenable and do not make CAP costs

unaffordable for non-CAP residential customers. Moreover, the CAP Policy Statement Order stated that:

Utilities and stakeholders are advised to be prepared to address CAP cost recovery in utility-specific rate cases consistent with the understanding that the Commission will no longer routinely exempt non-residential classes from universal service obligations.

(CAP Policy Statement Order at 97).

Therefore, while UGI does not believe that the universal service costs have become unaffordable for non-CAP residential customers, the Company will be prepared to address this issue in rates cases as raised by other parties.

III. CONCLUSION

The Company appreciates the opportunity to provide Reply Comments and asks that the Commission issue an order consistent with these reply comments.

Respectfully submitted,

/s/ Michael S. Swerling

Michael S. Swerling (ID # 94748)
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
Phone: 610-992-3763
Fax: 610-992-3258
E-mail: SwerlingM@ugicorp.com

Date: November 8, 2021