

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held June 16, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
John F. Coleman, Jr., Vice Chairman
Ralph V. Yanora

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

ORDER

BY THE COMMISSION

The 2020-2025 Universal Service and Energy Conservation Plan (2020 USECP) for UGI Utilities, Inc. – Gas Division (UGI Gas) and UGI Utilities, Inc. – Electric Division (UGI Electric)¹ (collectively, UGI), was approved by the Commission on

¹ As a small jurisdictional EDC serving less than 60,000 residential accounts, UGI Electric is not required to file and serve a USECP subject to Commission approval. Small EDCs are, however, required to periodically provide the Commission with information regarding certain universal service efforts. They are required to report expenses associated with low-income customers, describe the universal service and energy conservation services provided to low-income residential customers, include the number of services or benefits provided to low-income residential customers, and include the dollar amount of services or benefits provided to low-income residential customers. *See* 52 Pa. Code § 54.77.

January 16, 2020. On February 5, 2020, UGI filed a petition to amend its 2020 USECP, and, thereafter, on May 21, 2020, proposed a further amendment. On August 5, 2021, the Pennsylvania Public Utility Commission (Commission) entered an order (August 2021 Order) which requested additional information prior to addressing the Petition to Amend the 2020 USECP. UGI has filed supplemental information and additional data in response to the August 2021 Order. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Office of Consumer Advocate (OCA) individually filed comments and reply comments relative to the UGI Petition and the August 2021 Order. By this Order, we shall approve the UGI Petition, subject to the conditions established in this Order.

I. HISTORY

- a. Existing 2020 USECP (Docket No. M-2019-3014966) (originally filed at Docket Nos. M-2017-2598190, M-2017-2637094, M-2017-2637095, & M-2017-2637098)*

UGI filed its proposed 2018-2020 USECP (2018 USECP) on June 30, 2017, at Docket Nos. M-2017-2598190, M-2017-2637094, M-2017-2637095, and M-2017-2637098. UGI's 2018 USECP included details of UGI's Customer Assistance Program (CAP), its Low-Income Usage Reduction Program (LIURP), its Customer Assistance and Referral Evaluation Services (CARES) program, and its Hardship Fund, called Operation Share Energy Fund.

On August 8, 2019, the Commission entered an Order (August 8 Order) at these dockets directing UGI to make changes to its 2018 USECP prior to final approval. In compliance with the August 8 Order, UGI filed clean and red-lined versions of its Revised 2018-2020 USECP on September 12, 2019.

Since the processes and procedures of both UGI Gas and UGI Electric are similar and since the two UGI entities share the same third-party administrators for their programs, UGI Electric voluntarily participates in the UGI Gas USECP, albeit with a few variances. Unless indicated otherwise, references to the 2020 USECP herein refer collectively to both UGI Gas and UGI Electric programs, processes, and procedures.

On October 3, 2019, the Commission entered an Order (October 2019 Order) adopting a revised USECP filing schedule at Docket No. M-2019-3012601. In accordance with the revised USECP filing schedule, UGI's 2018 USECP would extend through 2025, and UGI was directed to file its next five-year USECP (2026-2030) on April 1, 2025.

UGI filed a further revised compliance USECP on October 14, 2019 (October 2019 compliance filing), in accordance with its 2019 rate case at Docket No. R-2018-3006814.² That filing was subsequently re-docketed as *UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division USECP for 2020-2025*, Docket No. M-2019-3014966 to reflect the merger of the UGI natural gas entities. Due to the change in the coverage dates of the 2018 USECP and its anticipated date of implementation, UGI's October 2019 compliance filing submitted a USECP covering 2020-2025 USECP. From that point forward, UGI's 2018 USECP was referred to as the 2020 USECP.

On December 6, 2019, UGI filed a further revised 2020 USECP. The 2020 USECP was subsequently approved by order entered on January 16, 2020, at Docket No. M-2019-3014966 and at the 2018 USECP dockets.³

b. Policy Statement on Customer Assistance Programs, 52 Pa. Code §§ 69.261-69.267 (CAP Policy Statement 2020), Docket No. M-2019-3012599

The Commission's CAP Policy Statement (1999) was amended effective March 21, 2020, pursuant to an order and annex entered on November 5, 2019, and published in the *Pennsylvania Bulletin* at 50 Pa.B 1652, on March 21, 2020

² UGI filed a corrected compliance filing on October 24, 2019.

³ All references to UGI's current 2020 USECP refer to the version filed on December 6, 2019 at Docket Nos. M-2019-3014966, *et al.* The 2020 USECP can be found at <https://www.puc.pa.gov/pcdocs/1646717.pdf>.

(November 2019 Order and November 2019 Annex). *See Final Policy Statement and Order*, Docket No. M-2019-3012599 (order and annex entered on November 5, 2019).

The November 2019 Order, *inter alia*, strongly urged natural gas distribution companies (NGDCs) and electric distribution companies (EDCs) to incorporate the CAP policy amendments into their USECPs to allow stakeholders to have a basis for meaningful input in the *Universal Service Rulemaking*.⁴ November 2019 Order at 2.

c. February 2020 Addendum to UGI's Existing 2020 USECP (Docket Nos. M-2019-3014966, et al. and P-2020-3019196)

On February 5, 2020, UGI filed a Cover Letter and Addendum (February 2020 Addendum) and a Proposed Amended 2020 USECP at Docket Nos. M-2019-3014966, *et al.*, which was also docketed at P-2020-3019196.⁵ The February 2020 Addendum explains how UGI's CAPs currently conform to some of the amendments to the CAP Policy Statement (2020) and outlines proposals to bring it further into alignment. Specifically, UGI proposed to implement the following changes to its CAPs:

- Amend the energy burdens for Percent of Income Payments (PIPs).
- Remove “payment-troubled” as a requirement for CAP eligibility.
- Remove the requirement that CAP customers must assign LIHEAP grants to UGI.

February 2020 Addendum at 2-3.

⁴ On January 2, 2020, the Commission entered an order at Docket No. L-2019-3012600 directing its Bureau of Consumer Services (BCS) and the Law Bureau to initiate a comprehensive universal service rulemaking.

⁵ References herein to the Proposed Amended 2020 USECP refer to the clean copy filed on February 5, 2020, and can be found at <https://www.puc.pa.gov/pcdocs/1657961.pdf>.

e. May 2020 Petition to Amend UGI's Existing 2020 USECP (Docket Nos. M-2019-3014966 and P-2020-3019196.)

On May 21, 2020, UGI filed a Petition (May 2020 Petition) at Docket Nos. M-2019-3014966 and P-2020-3019196 which revised the amendments in the February 2020 Addendum to include new proposed CAP PIP energy burdens for UGI Electric heating customers and provide additional budget and enrollment projections. On August 5, 2021, the Commission entered an order (August 2021 Order) requesting additional information prior to addressing the proposed amendments to the 2020 USECP and establishing a comment period.

On September 14, 2021, UGI filed and served Supplemental Information in response to the August 2021 Order. CAUSE-PA and OCA separately filed comments on October 19, 2021. CAUSE-PA, OCA, and UGI separately filed reply comments on November 8, 2021. On February 11, 2022, the Commission entered a Secretarial Letter requesting additional data from UGI. On February 22, 2022, UGI filed a reply to the data request (February 2022 Response). On March 9, 2022, OCA filed a letter stating they would not be filing Reply Comments. On March 9, 2022, and March 30, 2022, UGI filed corrections to its February 2022 Response (March 9, 2020 Correction and March 30, 2020 Correction). UGI further states that it reviewed the March 30, 2020 Correction with CAUSE-PA and OCA prior to filing with the Commission. On April 1, 2022, CAUSE-PA filed a letter to state that its position remains unchanged and that it is not requesting an additional comment period. On April 7, 2022, OCA filed a letter to state that its position remains the same and does not believe any further comment period is needed.

II. PROPOSED CHANGES TO UGI'S 2020 USECP

As described in the May 2020 Petition, UGI proposes to implement three changes to its CAPs consistent with the recent CAP Policy Statement (2020) amendments. First,

it proposes to amend its maximum energy burdens for its CAP PIPs. Second, it proposes to clarify that customers are not obligated to direct their LIHEAP grants to UGI to be eligible for CAP. Finally, UGI proposes to eliminate the requirement that a customer must be payment-troubled to qualify for its CAP. Each of these proposed changes is described and addressed below.

a. Proposed PIP Energy Burdens

1. Proposal

UGI proposes to amend its maximum energy burdens for its CAP PIPs consistent with or below the CAP Policy Statement (2020) recommended maximum energy burdens.⁶ UGI CAP customers currently pay the lower of a PIP amount or an average bill amount, and this policy will continue under its proposed PIP. February 2020 Addendum at 2. Existing and proposed maximum energy burdens for the CAP PIPs are listed below in Tables 1-3:

Table 1. Natural Gas Heating (NGH) Customers

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

Source: 2020 USECP at 16; May 2020 Petition at 4.

⁶ 52 Pa. Code § 69.265(2)(i) recommends the following maximum energy burdens for CAPs: Federal Poverty Income Guidelines (FPIG) tier 0%-50%: 4% for Natural Gas Heating (NGH), 2% for Electric Non-Heating (ENH), 6% for Electric Heating (EH). FPIG tiers 51%-100% and 101%-150%: 6% for NGH, 4% for ENH, 10% for EH.

NOTE: The CAP Policy Statement (2020) does not recommend a maximum energy burden for Natural Gas Non-Heating (NGNH) accounts.

Table 2. Electric Non-Heating (ENH) and Natural Gas Non-Heating (NGNH) Customers

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

Source: 2020 USECP at 16; May 2020 Petition at 4.

Table 3. Electric Heating (EH) Customers

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

Source: 2020 USECP at 16; May 2020 Petition at 4.

In the August 2021 Order, we questioned the specific impact the proposed changes in the energy burdens for the CAP PIPs would have on UGI’s CAP bills, CAP costs, CAP enrollment, collection costs, and LIHEAP grant refunds. August 2021 Order at 12-13.

A. Impact on Average Monthly CAP Bills

As seen in Tables 4 and 5, UGI provided the projected average monthly CAP bills from 2022-2025 based on its current and proposed PIP energy burdens for CAP customers, separated by FPIG tier and energy account type. UGI states that its projections are based on actual 2020 and 2021 data. Based on the proposed PIP energy burdens, average monthly PIP bills are projected to decrease by approximately:

- 40% to 47% for NGNH customers;
- 30% for NGH customers;
- 46% to 63% for ENH customers; and
- 10% for EH customers with incomes in the 0%-50% FPIG tier.

UGI Supplemental Information at 1. UGI projects no change to the average monthly PIP bills for EH CAP customers with incomes in the 51%-150% FPIG tier based on the

proposed PIP energy burdens. UGI also projects no payment amount changes for CAP customers who currently pay the minimum bill, regardless of energy type or FPIG tier. UGI Supplemental Information at 3.

**Table 4. 2022-2025 Projected Average Non-Heating Monthly PIP Bills:
Current vs. Proposed PIP Energy Burdens**

FPIG	Current PIP NGNH Bill	Proposed PIP NGNH Bill	Current PIP ENH Bill	Proposed PIP ENH Bill
0%-50%	\$30	\$18	\$48	\$18
51%-100%	\$64	\$34	\$83	\$45
101%-150%*	-	-	\$139	\$73

Source: UGI Supplemental Information at 1.

* UGI estimates NGNH CAP customers at 101%-150% will be charged their average bill, not a PIP bill.

**Table 5. 2022-2025 Projected Average Heating Monthly PIP Bills:
Current vs. Proposed PIP Energy Burdens**

FPIG	Current PIP NGH Bill	Proposed PIP NGH Bill	Current PIP EH Bill	Proposed PIP EH Bill
0%-50%	\$52	\$36	\$51	\$46
51%-100%	\$77	\$63	\$84	\$84
101%-150%*	\$120	\$88	\$142	\$142

Source: UGI Supplemental Information at 1.

B. Impact on CAP Costs and CAP budget

From 2022 to 2025, UGI projects a 40.4% increase in CAP customers (12,301) under its current or proposed CAP PIPs. UGI anticipates a negligible (+/- < 0.1%) difference in pre-program arrearage (PPA) and CAP administration costs under the proposed PIP. However, as shown in Tables 6 and 7, UGI anticipates a 7.8% increase in CAP credit expenditures for UGI Gas CAP customers and a 35.3% increase in CAP credit expenditures for UGI Electric CAP customers under the proposed PIP when compared to the current PIP. UGI March 30, 2022 Correction at 3-10. This would increase annual CAP credit expenditures per CAP customer by \$19 for the UGI Gas CAP and over \$260 per CAP customer for the UGI Electric CAP.

Table 6. 2022-2025 Projected UGI Gas CAP Enrollment and Credit Expenditures: Current vs Proposed PIP

Year	CAP Enrollments	Current PIP CAP Credits	CAP Credit Cost Per CAP Customer	Proposed PIP CAP Credits	CAP Credit Cost Per CAP Customer
2022	26,781	\$6,489,281	\$242	\$6,994,738	\$261
2023	29,963	\$7,259,795	\$242	\$7,825,745	\$261
2024	33,549	\$8,128,924	\$242	\$8,762,025	\$261
2025	37,602	\$9,110,481	\$242	\$9,820,571	\$261

Source: UGI March 30, 2022 Correction at 3-10.

Table 7. 2022-2025 Projected UGI Electric CAP Enrollment and Credit Expenditures: Current vs Proposed PIP

Year	CAP Enrollments	Current PIP CAP Credits	CAP Credit Cost Per CAP Customer	Proposed PIP CAP Credits	CAP Credit Cost Per CAP Customer
2022	3,348	\$2,487,617	\$743	\$3,366,128	\$1,005
2023	3,664	\$2,782,459	\$759	\$3,765,152	\$1,028
2024	4,099	\$3,115,800	\$760	\$4,216,048	\$1,029
2025	4,589	\$3,494,752	\$762	\$4,725,460	\$1,030

Source: UGI March 30, 2022 Correction at 3-10.

Tables 8 and 9 below show UGI’s projected CAP budgets and recovery impacts based on the current and proposed PIPs for 2022-2025. UGI does not estimate an increase in projected enrollments for 2022-2025 for natural gas or electric CAPs based on the proposed PIP. However, UGI does estimate a 23.9% increase to the natural gas CAP budget under the proposed plan when compared to the existing plan for 2022 through 2025, and a 27.1% increase to the electric CAP budget under the proposed plan when compared to the existing plan for 2022-2025. March 30, 2022 Correction at 15. By 2025, the additional CAP credit expenditures could increase monthly CAP costs recovered from residential ratepayers by approximately \$0.51 for UGI Gas and by approximately \$2.07 for UGI Electric.

**Table 8. UGI Gas Projected CAP Budgets and Residential Ratepayer Costs
2022-2025: Current vs. Proposed PIP**

Year	Non-CAP Ratepayers	CAP Budget Current PIP	Monthly Cost Per Ratepayer	CAP Budget Proposed PIP	Monthly Cost Per Ratepayer
2022	584,933	\$10,785,111	\$1.54	\$13,361,408	\$1.90
2023	583,285	\$12,065,697	\$1.72	\$14,949,200	\$2.14
2024	588,343	\$13,510,182	\$1.91	\$16,738,000	\$2.37
2025	594,690	\$15,141,520	\$2.12	\$18,760,214	\$2.63

Source: Supplemental Information at 14; March 30, 2022 Correction at 15.

**Table 9. UGI Electric Projected CAP Budgets and Residential Ratepayer Costs
2022-2025: Current vs. Proposed PIP**

Year	Non-CAP Ratepayers	CAP Budget Current PIP	Monthly Cost Per Ratepayer	CAP Budget Proposed PIP	Monthly Cost Per Ratepayer
2022	50,950	\$3,245,162	\$5.31	\$4,123,879	\$6.74
2023	50,515	\$3,629,790	\$5.99	\$4,612,896	\$7.61
2024	50,025	\$4,064,647	\$6.77	\$5,165,083	\$8.60
2025	49,470	\$4,558,996	\$7.68	\$5,789,179	\$9.75

Source: Supplemental Information at 14; March 30, 2022 Correction at 15.

C. Projected Collection Costs

UGI provided projected collection costs, as defined in 52 Pa. Code §§ 54.75(1)(ii) and 62.5(1)(ii), for all confirmed low-income customers and CAP customers based on its current CAP PIPs. However, UGI reports that it does not have a reliable method of calculating projected collection costs based on its proposed CAP PIPs. UGI asserts that it could not provide the information needed to determine what impact the proposed CAP PIPs may have on annual collection costs. UGI February 2022 Response at 10-11.

D. Impact on LIHEAP Grant Refunds

Based on implementation of its proposed CAP PIPs, UGI projects no increase to the annual number of accounts which may require a refund of LIHEAP monies to the Department of Human Services (DHS), but it anticipates that the amount of LIHEAP

refunds would be higher under the proposed CAP PIPs. As seen in Table 10, UGI Gas estimates a 91.0% (\$107,424) increase in LIHEAP dollars refunded for CAP customers in the 0%-50% FPIG tier, a 191.3% (\$11,088) increase for CAP customers in the 51%-100% FPIG tier, and a 247.1% (\$51,840) increase for CAP customers in the 101%-150% FPIG tier. As seen in Table 11, UGI Electric estimates a 21.3% (\$3,960) increase in LIHEAP dollars refunded for CAP customers in the 0%-50% FPIG tier. However, UGI Electric estimates no increase in the dollars refunded for CAP customers in the 51%-100% and the 101%-150% FPIG tiers. UGI Supplemental Information at 11.

**Table 10. 2020 (Actual) and 2021-2025 (Projected)
UGI Gas Annual LIHEAP Refunds**

FPIG	2020 (Actual) Current CAP PIP			2021-2025 (Projected) Proposed CAP PIP		
	Refunds	Dollars Refunded	Average Refund	Refunds	Dollars Refunded	Average Refund
0%-50%	373	\$118,037	\$316	373	\$225,461	\$604
51%-100%	44	\$5,797	\$132	44	\$16,885	\$384
101%-150%	90	\$20,977	\$233	90	\$72,817	\$809

Source: UGI Supplemental Information at 11.

**Table 11. 2020 (Actual) and 2021-2025 (Projected)
UGI Electric Annual LIHEAP Refunds**

FPIG	2020 (Actual) Current CAP PIP			2021-2025 (Projected) Proposed CAP PIP		
	Refunds	Dollars Refunded	Average Refund	Refunds	Dollars Refunded	Average Refund
0%-50%	44	\$18,631	\$423	44	\$22,591	\$513
51%-100%	2	\$137	\$68	2	\$137	\$68
101%-150%	2	\$548	\$274	2	\$548	\$274

Source: UGI Supplemental Information at 11.

2. Comments

Both OCA and CAUSE-PA support implementing UGI’s proposed PIP energy burdens. OCA states that the energy burdens would benefit customers and have a relatively low-cost impact on the program. OCA Comments at 7. CAUSE-PA urges

swift implementation of UGI's revised energy burden standards and other proposed key policy changes to remediate long-standing affordability issues with UGI's CAP. CAUSE-PA Comments at 6.

While OCA supports implementing the proposed PIP energy burdens, it recommends that the Commission hold UGI's annual costs flowed through the cost recovery mechanism to the levels projected in the current USECP until a full impact evaluation can be completed. OCA states that while no additional cost control measures are needed, it recommends an artificial cap to annual CAP costs recovered. OCA Comments at 7. OCA stated that it reserves the right to raise the need for additional cost control measures and to re-examine the identified energy burdens at UGI's next USECP proceeding. OCA Comments at 16.

CAUSE-PA opposes OCA's recommendation to restrict annual program costs. CAUSE-PA is concerned that such restrictions could deter UGI from conducting "robust" outreach, thereby limiting the access to assistance programs to those in need. CAUSE-PA Reply Comments at 3-4.

UGI asserts that OCA's recommended restrictions on CAP cost recovery conflict with the provisions of 66 Pa. C.S. §§ 2203(6), 2804(8), and 2804(9),⁷ which allow NGDCs and EDCs to fully recover universal service program costs. UGI Reply Comments at 6.

Regarding the potential for unused LIHEAP grants, OCA asserts that this analysis is important because if LIHEAP grant dollars are returned, it means the customer did not

⁷ Citations in UGI's Reply Comments refer to 66 Pa. C.S. §§ 2203(6), 2204(8), and 2204(9), regarding standards for restructuring the natural gas utility industry; implementation, with block quotes from each statute cited. UGI Reply Comments at 5-6. It is clear from the language quoted that UGI was citing Sections 2804(8), and 2804(9), regarding standards for restructuring the electric industry, not 2204(8), and 2204(9). Therefore, we have corrected this citation in our summary of UGI's Reply Comments.

need both the lowered energy burdens and the LIHEAP grant dollars. OCA recommends that UGI track the number and amounts of unused LIHEAP grants returned to DHS and provide the information in the next USECP filing. OCA Comments at 8 and Reply Comments at 5. CAUSE-PA does not agree that the tracking recommended by OCA is necessary but does not oppose it. CAUSE-PA Comments at 15 and Reply Comments at 5. UGI agrees to track this information and provide it in the next USECP filing. UGI Reply Comments at 6.

3. Resolution

We have received no objection to UGI adopting the proposed PIP energy burdens. The active parties in this proceeding (*i.e.*, UGI, CAUSE-PA, and OCA) support approving the proposed PIP energy burdens for both UGI Gas and UGI Electric.

We find the estimated increase in residential ratepayer-recovered CAP costs for UGI Gas of approximately 36 cents to 51 cents per month to be reasonable and in the public interest in order to improve affordability in CAP bills by implementing the proposed PIP energy burdens. We are not persuaded, based on the projected impacts described above, that additional measures are required at this time based on the information provided. We shall approve the proposed CAP PIP energy burdens for UGI Gas.

However, we do have concerns about the anticipated costs and impacts of the proposed PIP energy burdens for UGI Electric. UGI estimates that the projected CAP costs under the proposed new energy burdens are anticipated to increase the average monthly CAP costs recovered from residential non-CAP ratepayer bills to approximately \$9.75 by 2025. This is an approximate \$1.50 to \$2 increase per month over the projected average recoverable cost (which is estimated to be \$7.68 by 2025) based on the current PIP energy burden.

Cost control measures are an important aspect of a CAP design. We have recommended that CAPs have cost control provisions to limit program costs and the impact on ratepayer bills. 52 Pa. Code § 69.265(3). The CAP Policy Statement (2020) lists different types of cost control measures that could be included in CAPs, including consumption limits⁸ and maximum CAP credits.⁹ EDCs have traditionally established limits to the maximum amount of CAP credits a customer may receive in a program year.¹⁰

UGI Electric is the only EDC without an annual limit on CAP credit expenditures. Instead, UGI Electric maintains a consumption limit of 34,465 kwh annually. CAP customers that exceed this high usage threshold will be referred to LIURP, if applicable, and UGI Electric will continue to monitor household usage for additional outreach and referral. CAP customers who refuse to participate in LIURP or who fail to comply with high usage controls risk removal from CAP. UGI 2020 USECP at 19-20.

The Commission approved eliminating the maximum CAP credit limits for all UGI utilities in UGI's 2014-2017 USECP proceeding. *UGI 2014-2017 Final Order*, Docket No. M-2013-2371824 (order entered January 15, 2015) at 25-33. In that proceeding, UGI projected the elimination of the CAP credit limits would increase CAP costs by less than \$32,000 per year. UGI 2014-2017 USECP Comments at 10. The Commission directed UGI to file annual reports detailing the impact of this change on CAP credit expenditures. UGI 2014-2017 Final Order at 32-33. The annual reports showed, *inter alia*, CAP customers exceeding the previous CAP credit limits in 2016 and 2017 by a total of \$200,494 and \$147,941 for ENH service and by a total of \$83,973 and

⁸ 52 Pa. Code § Section 69.265(3)(iii).

⁹ 52 Pa. Code § Section 69.265(3)(v).

¹⁰ NGDCs, which generally do not have specific CAP credit limits, establish CAP consumption limits to address high usage and reduce program costs. *See, for example*, Columbia 2019-2023 USECP at 26, Docket No. M-2018-2645401, filed on November 25, 2019; <http://www.puc.pa.gov/pdocs/1645337.pdf>, approved by Commission Order entered on January 16, 2020.

\$52,283 for EH service, respectively.¹¹ In 2018, UGI reported that ENH and EH CAP customers exceeded the previous CAP credit limits by a total of \$400,498 and \$189,818, respectively.¹²

In UGI's 2020 USECP proceeding, the Commission raised concerns about the annual amount of CAP credit expenditures exceeding UGI's previous limits and directed UGI to continue monitoring and reporting on the impacts of eliminating its maximum CAP credit limits by April 1 of each year. See *UGI 2018-2020-2025 USECP Order*, Docket Nos. M-2017-2598190, M-2017-2637094, M-2017-2637095, and M-2017-2637098 (order entered August 9, 2019) at 42-48. However, UGI has not filed a CAP credit evaluation report since April 2019, which detailed 2018 CAP credit expenditures.

After reviewing the information provided by UGI in this proceeding, we are persuaded that adopting the proposed CAP PIP energy burdens for UGI Electric will improve CAP bill affordability and should help reduce the number of customers that accrue in-program arrearage and risk termination of service. However, the impact this change will have on program costs and non-CAP ratepayer bills indicates a need for additional CAP cost control measures beyond UGI Electric's current consumption limits. This may include establishing new maximum CAP credit limits for UGI Electric as part of UGI's next USECP proceeding.¹³ We do not have sufficient data to make such a determination at this time. Information from UGI's annual CAP credit evaluation reports and actual data provided after the implementation of these energy burdens will help

¹¹ See 2016 Evaluation of Eliminating Maximum CAP Credit Limit (filed on April 3, 2017) and 2017 Evaluation of Eliminating Maximum CAP Credit Limit (filed on March 29, 2018) at Docket No. M-2013-2371824.

¹² See 2018 Evaluation of Eliminating Maximum CAP Credit Limit (filed on April 2, 2019) at Docket No. M-2013-2371824.

¹³ UGI is scheduled to file its 2026-2030 USECP on April 1, 2025.

inform this decision. We also encourage UGI to seek input from its universal service advisory committee on appropriate cost control measures prior to its next USECP filing.

Accordingly, the proposed PIP energy burdens for UGI Gas and UGI Electric are approved. Consistent with the directions in the Commission’s August 9, 2019 Order, UGI is directed to file CAP credit evaluation reports on April 1 each year for the duration of its 2020 USECP. Further, these reports should also include the following additional information for UGI Electric:

- Average annual residential customers.
- Average annual CAP enrollments.
- Average annual non-CAP residential customers.
- Total annual CAP costs.
- CAP costs broken down by type (*i.e.*, administration, arrearage forgiveness, and CAP credits).

UGI is directed to file the CAP credit evaluation reports for 2019, 2020, and 2021 within 60 days of the entry date of this Order.

We also agree with OCA that UGI should monitor the impact of new PIP energy burdens on refunded LIHEAP grants for each division and report this information with its proposed 2026-2030 USECP. Accordingly, UGI shall also track and report the annual number and amounts of unused LIHEAP grants for UGI Gas and UGI Electric CAP customers returned to DHS because the funds were not exhausted within the specified two-year period¹⁴ as part of its next USECP filing.

¹⁴ “LIHEAP funds are available for use during a two-year period that includes the LIHEAP program year of receipt and through June 30th of the LIHEAP program year immediately following. For example: LIHEAP benefits authorized on November 27, 2021[,] are available for use through June 30, 2023.” LIHEAP Fiscal Year 2022 State Plan at B-12.

b. Assignment of LIHEAP Grants

1. Proposal

UGI's current 2020 USECP requires CAP customers to apply for LIHEAP and direct the Cash or Crisis grant to UGI. 2020 USECP at 18. The Proposed Amended 2020 USECP proposes to revise the original 2020 USECP to explain that while a customer is still required to apply for a LIHEAP grant if eligible, the customer is no longer required to designate UGI as the receiving utility. Proposed Amended 2020 USECP at 18; February 2020 Addendum at 3; May 2020 Petition, Exhibit A at 19.

2. Comments

CAUSE-PA strongly supports eliminating the requirement that CAP customers must assign LIHEAP grants to UGI. CAUSE-PA recommends that the Commission direct UGI to clarify if CAP customers must apply for LIHEAP to remain in CAP. CAUSE-PA Comments at 18-19. UGI states that it encourages customers to apply for LIHEAP but does not remove customers from CAP for failure to apply for LIHEAP. UGI Reply Comments at 7.

3. Resolution

We have received no objection to UGI's proposal to direct customers to apply for LIHEAP, if eligible, and eliminate the requirement that CAP customers must assign the LIHEAP Cash or Crisis grant to UGI. In the November 2019 Order, we found that requiring CAP customers to assign a LIHEAP grant to a public utility to remain in its CAP may create additional financial hardships for the low-income household:

As low-income customers may participate in more than one CAP – or may use their LIHEAP grant to obtain a deliverable fuel source – these

https://www.dhs.pa.gov/Services/Assistance/Documents/Heating%20Assistance_LIHEAP/2022%20LIHEAP%20State%20Plan_FINAL%20Approved.pdf

provisions [...] could require households to choose between CAPs or between a CAP and a necessary fuel delivery.

November 2019 Order at 50-51. UGI's proposal is also consistent with Section 69.265(8)(v) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(v), which recommends that EDCs and NGDCs should inform participants of their responsibility to apply for LIHEAP. UGI's proposal eliminates the mandatory assignment provision and allows low-income households flexibility in how they apply their federal LIHEAP grants. That flexibility reduces the possibility that assigning a LIHEAP grant to a particular jurisdictional energy utility may increase financial hardships for a low-income household. We find this proposed change reasonable and in the public interest. Accordingly, this proposed change is approved.

c. Eliminating Payment-Troubled Requirement

1. Proposal

UGI's Proposed Amended 2020 USECP proposes to remove the requirement that a customer be payment troubled to qualify for CAP. Proposed Amended 2020 USECP at 2, 7, and 11; February 2020 Addendum at 3. This proposal would make all income-eligible residential customers eligible for UGI's CAP. February 2020 Addendum at 3; May 2020 Petition, Exhibit A at 2, 7, and 11.

In the August 2021 Order, we questioned how the elimination of the payment-troubled criteria would impact UGI's CAP enrollments and costs. We directed UGI to provide information identifying how many households UGI has rejected for CAP annually based on its payment-troubled requirement, how many additional customers it projects may be eligible for CAP annually if the payment-troubled requirement is eliminated, and the projected annual cost impact of enrolling these additional customers into CAP based on its current and proposed energy burden levels for its CAP PIPs. August 2021 Order at 14.

UGI reports that it does not currently reject applicants for CAP based on payment-troubled criteria. Because UGI enrolls applicants into CAP with no arrearages, it anticipates no increase in CAP costs as a result of this proposed change. UGI September 14, 2022 Response at 12.

2. Comments

CAUSE-PA states that UGI's proposal is reasonable, consistent with the CAP Policy Statement, and should be approved without modification. CAUSE-PA Comments at 21-22.

3. Resolution

We have received no objection to UGI's proposal to eliminate its requirement for customers to be "payment-troubled" to qualify for CAP. We note that this change is only a change on paper as UGI does not currently impose a payment-troubled requirement. In essence, UGI has already been doing what this proposed change would incorporate into the current USECP. Further, this change is consistent with the logic underpinning the recommendation in Section 69.265(4) & (5) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(4) & (5). Section 69.265(4) & (5), in large measure, recommends, *i.e.*, that utilities only use a payment-troubled criterion for CAPs to prioritize enrollments or control program costs, neither of which appear appropriate for UGI's CAPs at this time.¹⁵

In the November 2019 Order, we found that requiring a household to be payment-troubled before enrolling them in the CAP may be counter-productive:

¹⁵ Although we do not consider enforcing a payment-troubled requirement appropriate for UGI Electric's CAP at this time, we may consider such a proposal as a cost control mechanism in UGI's next proposed USECP filing, which is due by April 1, 2025.

We note that enrolling low-income customers into CAPs as early as possible generally puts them in the best position to maintain good payment habits and avoid accruing utility debt. Waiting until a customer has broken a payment agreement or otherwise fallen into arrears could make it harder for a household to succeed in a CAP.

November 2019 Order at 46. Therefore, we find UGI's proposal to eliminate its requirement that customers be "payment-troubled" to qualify for CAP reasonable and in the public interest. Accordingly, this proposal is approved.

III. CONCLUSION

We find it reasonable and in the public interest to approve the CAP changes proposed by UGI in its May 2020 Petition. Consistent with the discussion above and the ordering paragraphs below, we shall direct UGI to file a Revised 2020 USECP with the approved amendments and revised enrollment and budget projections provided in this proceeding. UGI's proposed amendments to its 2020 USECP shall take effect as of the filing date of its Revised 2020 USECP.¹⁶

The findings, conclusions, and resolutions herein do not limit the Commission's authority to order future changes to UGI's 2020 USECP based on evaluation findings, universal service data, rate-making considerations, or other relevant factors.

UGI shall file and serve its Revised 2020 USECP within 30 days of the entry date of this Order. UGI's existing 2020 USECP will continue in operation in whole or in part until replacement provisions of their Revised 2020 USECP are implemented.

¹⁶ We recently implemented a change relative to the process by which we approve USECPs. The Commission's Bureau of Consumer Services is in the best position to determine whether a revised USECP is in compliance with a Commission order; parties to a USECP proceeding are free to file a protest to a revised USECP if they deem it necessary. *See, e.g., Duquesne Light Company's 2022-2026 USECP*, Docket No. M-2021-3024935 (order entered on April 21, 2022); *NFG's 2022-2026 USECP*, Docket No. M-2021-3024935 (order entered on May 3, 2022).

Having addressed the May 2020 Petition and the comments and reply comments in the record, we note that any issue, comment, or reply comment requesting a further deviation from UGI's 2020 USECP, but which we may not have specifically delineated herein, shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see, also, generally, U. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE,**

IT IS ORDERED:

1. That the May 21, 2020 Petition to Amend the Joint Universal Service and Energy Conservation Plan for 2020-2025 for UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division is approved.

2. That UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division shall file a Revised Joint Universal Service and Energy Conservation Plan for 2020-2025, consistent with this Order, within 30 days of the entry date of this Order.

3. That the proposed amendments to the 2020 USECP of UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division shall take effect as of the filing date of the Revised Joint Universal Service and Energy Conservation Plan.

4. That the Revised Joint Universal Service and Energy Conservation Plan for 2020-2025 shall be filed in both clean and redline copies and served on the parties to these dockets.

5. That the Revised Joint Universal Service and Energy Conservation Plan for 2020-2025 shall be provided electronically in Word[®]-compatible format to Jennifer

Johnson, Bureau of Consumer Services, jennifjohn@pa.gov; Christina Chase-Pettis, Office of Communications, cchasepett@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

6. That the Revised Joint Universal Service and Energy Conservation Plan for 2020-2025 must contain changes approved pursuant to the May 21, 2020 Petition and the revised Customer Assistance Program enrollment and budget projections submitted by UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division on September 14, 2021, February 22, 2022, March 9, 2022, and March 30, 2022, at these dockets.

7. That the Commission’s Bureau of Consumer Services, with the assistance of the Commission’s Law Bureau, will evaluate the Revised 2020-2025 Universal Service and Energy Conservation Plan for UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division as filed and served pursuant to this Order and prepare a Secretarial Letter confirming whether or not the changes in the filing comply with this Order.

8. That UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division shall file individual CAP credit expenditure evaluation reports for 2019, 2020, and 2021 within 60 days of the entry date of this Order, consistent with this Order and the Order entered on August 9, 2019, at Docket Nos. M-2017-2598190, M-2017-2637094, M-2017-2637095, and M-2017-2637098.

9. That UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division shall file annual CAP credit expenditure evaluation reports on April 1 each year, commencing in 2023, for the duration of its Universal Service and Energy Conservation Plan for 2020-2025, consistent with the provisions in this Order and the Order entered on

August 9, 2019, at Docket Nos. M-2017-2598190, M-2017-2637094, M-2017-2637095, and M-2017-2637098.

10. That UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division shall track the annual number and amounts of unused Low Income Home Energy Assistance Program grants returned to the Department of Human Services because the funds were not exhausted within the specified two-year period and report this information as part of its next USECP filing.

11. That the UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division Joint Universal Service and Energy Conservation Plan for 2020-2025, filed on December 6, 2019, shall remain in effect until its Revised Joint Universal Service and Energy Conservation Plan for 2020-2025 is implemented.

12. That the proceeding at *Petition of UGI Utilities, Inc. – Gas Division and UGI Utilities, Inc. – Electric Division to Amend the Universal Service and Energy Conservation Plan for 2020-2025*, Docket No. P-2020-3019196, be marked closed.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: June 16, 2022

ORDER ENTERED: June 16, 2022