BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2021-3030218
Office of Consumer Advocate	:	C-2022-3030735
Office of Small Business Advocate	:	C-2022-3030983
Paula Mercuri	:	C-2022-3030898
Francis Riviello	:	C-2022-3031238
Paul Forlennza	:	C-2022-3031285
Elisabeth Lynch	:	C-2022-3031232
Joseph Sohn	:	C-2022-3031476
Annette Miraglia	:	C-2022-3031819
Sam Galdieri	:	C-2022-3031822
Lyn Rae Spencer	:	C-2022-3033590
	:	
v.	:	
	:	
UGI Utilities, Inc. – Gas Division	:	

RECOMMENDED DECISION

Before
Joel H. Cheskis
Deputy Chief Administrative Law Judge

and

Gail M. Chiodo
Administrative Law Judge

TABLE OF CONTENTS

I. INTRODUCTION

This decision recommends that the Pennsylvania Public Utility Commission ("Commission") approve without modification the Joint Petition for Approval of Settlement of All Issues ("Joint Petition" or "Settlement") filed on June 24, 2022 in the above-captioned proceeding. In addition to UGI Utilities, Inc. – Gas Division ("”UGI", "UGI Gas" or the "Company"), the Settlement is signed by the Commission's Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), and NRG Energy, Inc. ("NRG") (collectively, "Joint Petitioners"). No opposition has been filed in response to the settlement.[1] After careful review, we recommend approval because the Settlement is supported by substantial evidence, consistent with the Public Utility Code, and is in the public interest.

In general, in lieu of the Company's originally requested increase of $82.7 million per year in additional annual revenues, the Settlement provides an increase in base rate revenues of $49.45 million which will be phased in through two steps. The first step permits an increase of $38 million, effective October 29, 2022; and the second step permits an additional increase of $11.45 million, effective October 1, 2023. If the Settlement is approved, an average monthly bill of a residential customer using 73.1 cubic feet ("Ccf") per month will increase by approximately $5.71 per month, or 6.2%, from a current bill of $92.49 to $96.93, effective October 29, 2022, and to $98.21, effective October 1, 2023, compared to the company's as-filed increase of approximately $9.39 or 9.5%.

The end of the suspension period for the Company's proposed tariff is October 29, 2022.

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[1] Eight individuals filed *pro se* formal complaints opposing the proposed rate increase. None of these Complainants were active parties in this proceeding. Two of them testified at a public input hearing. The Settlement represents that a complete copy of the Settlement was served on all formal Complainants. No opposition or comments to the Settlement has been filed by these Complainants.

II. HISTORY OF THE PROCEEDING

On January 28, 2022, UGI Gas filed Supplement No. 32 to UGI Tariff Gas - Pa. P.U.C. Nos. 7 and 7S ("Supplement No. 32") to become effective March 29, 2022, which proposed changes in rates, rules, and regulations calculated to produce approximately $82.7 million (7.8%) in additional annual revenues. UGI Gas stated that the requested increases are necessary to earn a fair return on investments, to support ongoing Commission approved infrastructure replacement programs, to enhance information technology systems, to increase training opportunities for personnel, to implement a Weather Normalization Adjustment tariff rider, and to recover higher levels of certain operating expenses which support the provision of safe and reliable gas distribution services.

On February 3, 2022, OCA filed a formal complaint and public statement at docket number C-2022-3030735. Also on February 3, 2022, I&E filed a notice of appearance. On February 7, 2022, a UGI Gas customer, Paula Mercuri, filed a formal complaint at docket number C-2022-3030898.

On February 15, 2022, a petition to intervene and answer was filed by CAUSE-PA. On February 17, 2022, OSBA filed a formal complaint at docket number C-2022-3030983, public statement and verification. On February 23, 2022, a petition to intervene was filed by CEO.

On February 24, 2022, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d), the Commission suspended the filing by operation of law until October 29, 2022, unless permitted by the Commission to become effective at an earlier date. The Commission also instituted an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed tariff filing, as well as a consideration of the lawfulness, justness and reasonableness of the exiting rates, rules, and regulations. The Commission assigned the case to the Office of Administrative Law Judge for the prompt scheduling of hearings as may be necessary culminating in the issuance of a Recommended Decision.

Also on February 24, 2022, a hearing notice was issued establishing a prehearing conference for this matter for March 2, 2022 and assigning us as the presiding officers.

The following additional *pro se* formal complaints were filed by UGI Gas customers: Paul Forlenza, at docket number C-2022-3031285, on February 23, 2022; Francis Riviello, at docket number C-2022-3031238, on February 24, 2022; Elisabeth Lynch, at docket number C-2022-3031232, on February 25, 2022; Joseph Sohn, at docket number C-2022-3031476 on March 8, 2022; Annette Miraglia, at docket number C-2022-3031819 on March 29, 2022; and Sam Galdieri, at docket number C-2022-3031822 on April 1, 2022.

On March 1, 2022, NRG filed a petition to intervene.

The prehearing conference convened on March 2, 2022 as scheduled. The following parties were represented by counsel: UGI Gas, I&E, OCA, OSBA, CAUSE-PA, NRG, and CEO. Complainant Ms. Mercuri appeared on behalf of herself.

On March 3, 2022, we issued a Scheduling Order consolidating the formal complaints filed to date with the Commission's investigation, granting the petitions to intervene and otherwise memorializing the matters agreed to at the prehearing conference including a litigation schedule.

On April 13, 2022, two public input hearings were held, one at 1:00 p.m., and another at 6:00 p.m. A total of nine individuals testified at these hearings. A summary of their testimony is provided below under the separate heading "public input hearings."

On April 15, 2022, UGI Gas filed a motion for a proposed protective order. In response to questions raised by the presiding officers to that motion, the parties filed an amended motion on May 19, 2022. By order dated May 24, 2022, the amended motion for protective order was granted.

On June 1, 2022, as a result of settlement discussions, UGI Gas and the active parties requested via email to the presiding officers that the June 2, 2022, hearing date be cancelled, that the testimony and exhibits of witnesses not subject to cross-examination be admitted via written verification, and that witnesses not subject to cross-examination be excused from the hearings. We informally granted via email the requests to admit the testimony and exhibits of witnesses not subject to cross-examination via written verification, and to excuse such witnesses. However, after further discussion, the June 2, 2022 hearing was not cancelled but the start time for the June 2, 2022 hearing was changed from 10:00 a.m. to 2:00 p.m. The June 3, 2022 hearing was cancelled.

On June 2, 2022, an evidentiary hearing was held. The following parties appeared and were represented by counsel: UGI-Gas, OCA, OSBA, I&E, CEO, CAUSE-PA and NRG. Over no objection from any party, the remaining complaints filed by UGI Gas customers that were not yet consolidated with the Commission's investigation were consolidated. Also at this hearing, pre-served testimony and accompanying attachments were formally admitted into the record by stipulation of the parties, and cross-examination of all witnesses were waived.[2] The parties also advised us that they believed a settlement in principle was achieved with respect to the revenue requirement issues and that the parties were continuing to actively negotiate a full settlement of all remaining issues. After some discussion, we directed that any settlement and associated proposed findings of fact, conclusions of law, ordering paragraphs, and statements in support of the settlement be submitted by June 24, 2022.

On June 13, 2022, counsel for UGI Gas notified us via email that a full settlement of all issues had been reached.

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[2] Due to the numerous admitted documents, see the Appendix attached to this decision for a list of admitted testimony and exhibits.

On June 23, 2022, a formal complaint was filed by UGI Gas customer Lyn Rae Spencer at docket number C-2022-3033590. Pursuant to 52 Pa. Code § 5.81, this complaint will be formally consolidated with the Commission's investigation in the ordering paragraphs below.[3]

On June 24, 2022, the Joint Petitioners filed a "Joint Petition for Approval of Settlement of All Issues," and associated documents. The Settlement is described more fully below. Attached to the settlement were several appendices, including a *pro forma* tariff, a proof of revenue, proposed findings of fact, conclusions of law and ordering paragraphs, and statements in support of the settlement from each of the settling parties. The Settlement represents that a complete copy of the Settlement was served on all *pro se* formal Complainants. No opposition or comments to the Settlement has been filed by these Complainants by July 6, 2022, the date given to file any opposition to the Settlement.

The record in this case closed on July 6, 2022, the date given to file any opposition to the Settlement. We recommend approval of the Settlement in its entirety and without modification because the Settlement is supported by substantial evidence, consistent with the Public Utility Code, and is in the public interest.

III. PUBLIC INPUT TESTIMONY

On April 13, 2022, two public input hearings were held during which a total of nine individuals testified. Three of these witnesses are current or former UGI employees and current customers. The remaining witnesses are current customers and one was a concerned citizen/advocate. In general, all of the witnesses opposed UGI Gas's proposed rate increase. All of the customers and the advocate cited to the frequency and amount of rate increases and the inability or difficulty to lower their heating costs despite their lower gas usage. The current Company employees and advocate also expressed concern over UGI Gas outsourcing labor instead of providing training opportunities for Company employees.

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[3] Although Ms. Spencer's complaint was not served on the parties until July 7, 2022, UGI Gas emailed a copy of the Settlement to the email address Ms. Spencer provided in the formal complaint. 52 Pa Code § 5.32(b) (a person filing a complaint during the suspension of a proposed general rate increase "shall take the record of the suspended rate proceeding as it stands at the time of the complaint's filing").

At the hearing held at 1:00 p.m., six individuals testified. Ms. Lisa Musser testified that she has a master's degree and both her and her husband work at decent jobs with decent incomes and have three small children. Nonetheless, Ms. Musser explained that it is "getting harder and harder to afford our heat to keep our children warm all winter long." Tr. 53. Ms. Musser further explained that their heating bills keep rising despite turning down the heat during the colder months and wearing heavier clothes and using more blankets in the winter. *Id.*

Ms. Musser gave two specific examples by comparing her heating consumption and bills from the past two prior years. Ms. Musser testified that in January 2021, her family consumed 254 Ccfs and their bill was $231. In contrast, in January 2002, her family consumed 218 Ccfs, and their bill was $263. In March 2021, her family consumed 286 Ccfs and their bill was $264. In contrast, in March 2022, her family consumed 232 Ccfs and their bill was $279. Consequently, Ms. Musser testified, her bills keep rising despite using less heat and at times, feels as if they are freezing half the winter. Tr. 54. Ms. Musser further explained that due to the area in which she lives, Watsontown, she has no choice but to use UGI Gas. Finally, Ms. Musser testified that she is aware that UGI offers payment plans, budgeting plans, and assistance programs to those low-income consumers who qualify. Ms. Musser explained that her household income does not qualify her household for any customer assistance and neither a payment plan nor a budgeting plan would be helpful to manage her household budget. Ms. Musser explained, "I know that there is LIHEAP for lower income families, but . . . those of us who don't qualify for LIHEAP should be able to by state standards afford our heating bills, but that is slowly becoming not the case with every increase that UGI requests." Tr. 54.

William Corcoran testified that he is a UGI field worker. Mr. Corcoran expressed concern that the Company has been increasingly utilizing contractors to do the work that was customarily performed by Company union workers and that this was reflected in UGI Gas's need to raise rates. For example, Mr. Corcoran stated that he believed that infrastructure replacement programs should be completed by UGI Gas workers, not by the exorbitant amount of contractors now doing the work. Tr. 58. Mr. Corcoran was also concerned that there is less on-the-job training for its increasingly novice work force, and that instead of hiring contractors, that UGI Gas needs a plan as to how it can train inexperienced employees. Tr. 59. Mr. Corcoran also stated that he believed that UGI Gas's proposed weather normalization adjustment needs to be explained better, with examples, to the customers so they can fully understand it, and that the operating expenses to support safe and reliable gas distribution should be broken down with dollar amounts because UGI Gas's statements are too broad to understand whether they are justified. Tr. 59.

Ms. Paula Mercuri[4] testified that she is in total agreement with the testimony of Ms. Musser, especially how that, despite, significantly lowering the heat in the colder months, that her heating bill is still rising. In particular, Ms. Mercuri testified that, like Ms. Musser's family, her family also lowers their heat and wears heavy sweats and hunting clothes inside the house. Ms. Mercuri also testified that everyone she talks to in her community is concerned about it, and along with rising prices in gas, food, and groceries, rising natural gas rates are one more blow to have to deal with, which makes her concerned for the welfare of all families in her community. Tr. 62-64.

Savatini Monatesti testified that UGI Gas's proposed rate increase is significant, will be a hardship on families, and should be denied. Mr. Monatesti referenced statistics and tables he reviewed concerning the average monthly income for a Pennsylvania family of four, along with average costs for meals, transportation, housing, telecommunication, clothing, life and auto insurance, heat, light, trash, water and sewage, family fun, savings and application for rainy day fund. Tr. 67. Mr. Monatesti also testified that since the data shows that homeowners are making some actual investments in energy efficiency and using less energy, they should not be punished for their good stewardship. Tr. 70. Mr. Monatesti also stated that given the current inflation rate that families are dealing with which affects everything families need to purchase, that consumers should not be financing UGI Corporation's expansion, but should only be paying for the cost of production and distribution. Tr. 72.

Ruth Weaver testified that she is retired and a former UGI employee. Ms. Weaver took issue with UGI Gas's proposed weather normalization program. Ms. Weaver explained that her electric bills are higher in the summer due to lawn, garden and home

[4] Ms. Mercuri filed a formal complaint at docket number C-2022-3030898.

maintenance, as well as noting that school taxes are due in the summer. Therefore, Ms. Weaver stated that it should not be the customers' responsibility to balance UGI's income by forcing consumers to pay more in the summer so that UGI's income is more equal year round. Tr. 76-77.

Kirsten Anderson testified that she is a senior citizen, and that her social security increases are not keeping up with utility rate increases, as well as overall inflation. Ms. Anderson also agreed with the others that despite lowering her gas in the colder months, wearing warmer clothes in the house, insulating her doors and windows and hanging thick, insulated curtains to reduce any draft, that her gas bill continues to rise to the point where it is exorbitant. Tr. 80-81. Ms. Anderson also stated that "some of us do not qualify for any assistance", which will be a hardship for many people in the community. Tr. 81.

At the hearing held at 6:00 p.m., three individuals testified. Christopher Cortright testified that he is a UGI employee who works in the Bethlehem warehouse and was speaking on behalf of IBEW Local 1456, which represents gas utility employees in the Lehigh and Hazelton areas. Tr. 106. Mr. Cortright testified that he sees a higher level of turnover of employees in the operations workforce in the field that he believes is due to an imbalance of compensation offered to those employees and contractors. Mr. Corcoran stated that he hoped that with a rate increase, UGI Gas could rectify the imbalance, thereby stabilizing the workforce and reducing the number of contractors UGI needs to perform what Mr. Corcoran described as the core competencies of the Company. In turn, Mr. Corcoran believed that this would lower the need for continuing rate increases. Mr. Corcoran also expressed concerns that the vast majority of the main work is being done by contractors instead of UGI employees, which is due to UGI's lack of a comprehensive curriculum for training employees. Tr. 106-07.

Next, Ms. Miraglia[5] testified that she is permanently disabled and on a limited, fixed income. Ms. Miraglia stated that she also tries to lower her heating bill by wearing very warm clothing and lowering her heat. Ms. Miraglia testified that, although she receives LIHEAP

[5] Ms. Miraglia also filed a formal complaint at docket number C-2022-3031819.

and other customer assistance, even with this help, she will not be able to cover her other living expenses because the rate of her disability income is not keeping pace with the overall cost of inflation across the board including for food, shelter, hot water, other utilities, garbage removal and simple things like detergent, shampoo and toothpaste. Tr. 113-14.

Next, Eric Epstein[6] testified that he is a self-employed consultant/advocate and agrees with the testimonies of prior witnesses. For example, Mr. Epstein agreed with the testimonies of customers Ms. Musser and Ms. Mercuri arguing that the Commission should consider how customers are impacted aggregately as we come out of COVID-19 and inflation is at a record high. Tr. 122-24. Mr. Epstein also agreed with the testimonies of Mr. Corcoran and Mr. Cortright noting that UGI is outsourcing its labor and everyone would benefit from trained, experienced UGI employees. Tr. 119,124. Finally, Mr. Epstein suggested that if customers can be put on a budget plan, we should also be able to place utilities on a budget plan when planning does not match performance. Tr. 125.

IV. FINDINGS OF FACT

The findings of facts below have been adopted in substantially the same wording and format as the parties' proposed findings of fact, with slight non-substantive modifications.[7]

PARTIES

1. UGI Utilities, Inc. – Gas Division is a "public utility" and "natural gas distribution company" ("NGDC") as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2202, subject to the regulatory jurisdiction of the Commission, and provides natural gas distribution services to customers located in its certificated service territory.

[6] The Commission's files do not indicate any formal complaint filed by Mr. Epstein against the rate increase, only a letter to the Secretary indicating that his complaint is being withdrawn.

[7] See, Appendix C to the Joint Petition for all 148 proposed findings of facts of the parties.

2. UGI Gas furnishes natural gas to approximately 672,000 residential customers, commercial and industrial customers in over 45 counties throughout Pennsylvania.

3. I&E is the prosecutory bureau within the Commission established for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and for enforcing compliance with the state and federal gas safety laws and regulations. *Implementation of Act 129 of 2008 Organization of Bureau and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

4. The OCA is authorized to represent the interests of consumers before the Commission. Act 161 of 1976, 71 P.S. § 309-2.

5. The OSBA is authorized to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act. Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

6. CAUSE-PA is an unincorporated association of low-income representatives that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunications services.

7. CEO is a not-for-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania which serves as an advocate for the low-income population of Luzerne County.

8. NRG is an integrated energy and home services company built on dynamic retail brands and diverse generation assets, powered by its customer-focused strategy, strong balance sheet, and comprehensive sustainability framework. NRG's subsidiaries include several natural gas suppliers ("NGSs") that are actively providing natural gas products and services to residential, commercial, industrial and institutional customers in the Company's service territory and throughout Pennsylvania.

9. The Settlement reflects a carefully balanced compromise of the interests of all of the Joint Petitioners. (Settlement ¶ 34.)

10. The Joint Petitioners agree that the Settlement is in the public interest. (Settlement ¶ 34.)

REVENUE REQUIREMENT

11. Under the Settlement, UGI Gas will be permitted to increase annual distribution rate revenue by $49.45 million, to become effective October 29, 2022, for service rendered thereafter. (Settlement ¶ 36).

12. This increase in overall *pro forma* annual operating revenue will be achieved in two-steps, as described below:

- Step 1 – UGI Gas shall be permitted to implement a base rate increase of $38 million, effective October 29, 2022.
- Step 2 – UGI Gas shall be permitted to implement an additional base rate increase of $11.45 million, effective October 1, 2023.

13. Under the Settlement, the Company shall not file a Section 1308(d) general rate increase prior to January 1, 2024; provided, however, that the Company shall not be prevented from filing a tariff or tariff supplement proposing a Section 1308(d) general rate increase in compliance with Commission orders or in response to fundamental changes in regulatory policies or federal tax policies affecting the Company's rates. (Settlement ¶ 37).

14. The agreed upon revenue requirement is a "black box" settlement, under which the parties do not specifically identify or resolve all of the individual rate base, revenue, expenses, and rate of return issues. (Settlement ¶¶ 34-37).

15. The total distribution rate revenue increase of $49.45 million is 59.8% of the proposed revenue increase of $82.7 million requested in UGI Gas's January 28, 2022 filing. (Settlement ¶ 44; UGI Gas St. No. 1 at 6).

16. The Company argued that its current rates do not provide it with a reasonable opportunity to earn a fair rate of return on its investments made to serve the public in the provision of safe and reliable natural gas distribution service. (UGI Gas St. No. 1 at 8-9).

17. Absent rate relief, UGI Gas projected that, for the 12 months ending September 30, 2022, its operations would produce an overall return on rate base of just 6.13%, which equates to a return on common equity of only 7.89%. (UGI Gas St. No. 1 at 9).

18. UGI Gas argued that without its requested rate relief, the Company's returns would continue to decline, deny the Company an opportunity to earn a fair and reasonable rate of return, and jeopardize the Company's ability to attract the capital needed to make the system investments necessary to support and ensure continued system reliability, safety, and customer service performance. (*See* UGI Gas St. No. 1 at 9-10).

19. During the course of the proceeding, the differences between the parties' litigation positions changed. In direct testimony, I&E proposed a revenue increase of $18,072,000 to its proposed present rate revenues of $1,076,369,000 (I&E St. No. 1 at 3), and OCA proposed a revenue decrease of $38,674,000 (OCA St. No. 1 at 4). In its rebuttal testimony, UGI Gas explained that its originally proposed revenue increase was justified, even though its most recent data and updates justified an annual revenue increase of $87,619,0000. (UGI Gas St. No. 2-R at 6.) In surrebuttal testimony, I&E updated its recommended revenue requirement to a revenue increase of $25,923,000, and the OCA updated its recommended revenue decrease to $24,754,635. (I&E St. No. 1-SR at 3; OCA St. No. 1-SR at 2).

20. The revenue increase under the Settlement represents a compromise of the parties' competing litigation positions. The increase under the Settlement is within the range proposed by the parties, is in the public interest, and should be adopted without modification.

REVENUE ALLOCATION AND RATE DESIGN

21. Under the Settlement, an additional 325,000 Mcf of Rate R/RT usage under present and proposed rates shall be added to the Company's originally filed proposed customer usage billing determinants for the Rate R/RT class. (Settlement ¶ 38).

22. For all other billing determinants, the Settlement provides that the use per customer and number of customer billing determinants utilized in the proof of revenue (UGI Gas Exh. E – Proof of Revenue) as set forth in the Company's initial filing are approved. (Settlement ¶ 38).

23. UGI Gas initially proposed an adjustment to normalize and annualize customer usage levels, based upon the use of an econometric regression model to develop usage projections. (UGI Gas St. No. 8 at 9-12).

24. UGI Gas projected declining use per customer values during the Fully Projected Future Test Year (FPFTY), based upon an ongoing base trend in declining use per customer. (UGI Gas St. No. 8 at 12).

25. I&E opposed the Company's projections with respect to the average usage per Rate R/RT heating customer. (I&E St. No. 4 at 7-13).

26. The billing determinants for the Rate R/RT class established under the Settlement represents a compromise of the parties' competing litigation positions. This proposal is within the range proposed by the parties, is in the public interest, and should be adopted without modification.

27. Under the Settlement, the Company shall be permitted to unify rates for Rate N/NT, effective October 29, 2022. (Settlement ¶ 39(a)).

28. In addition, the Company shall be permitted to increase the rate for the Rate DS former North Rate District by one and one-half-times the system average rate increase approved under this Settlement, effective October 29, 2022. The Company reserved the right to propose uniform distribution rates for Rate DS in a subsequent general base rate increase proceeding. (Settlement ¶ 39(b)).

29. In its initial filing, the Company proposed to unify the former North Rate District's Rate N/NT class rates with the from South and Central Rate Districts' Rate N/NT class rates. (UGI Gas St. No. 8 at 18).

30. The Company also initially proposed to unify Rate DS classes in the former North Rate District with those from the former South and Central Rate Districts. (UGI Gas St. No. 8 at 18-19).

31. OSBA opposed the Company's rate unification proposals for Rate N/NT and Rate DS. (OSBA St. No. 1 at 20-21).

32. The unification of Rate N/NT class rates established under the Settlement represents a compromise of the parties' competing litigation positions. This proposal is in the public interest and should be adopted without modification.

33. The increase to Rate DS class rates established under the Settlement also represents a compromise of the parties' competing litigation positions. This proposal continues to move Rate DS class rates towards unification, is in the public interest, and should be adopted without modification.

34. The Company originally proposed increasing the Rate R/RT customer charge to $19.95, which was an increase of $5.35 from the current charge of $14.60, and increasing the Rate N/NT customer charge to $30.00, which was an increase of $6.50 from the current charge of $23.50. (UGI Gas St. No. 8 at 19-20).

35. The Company's proposed increase for the Rate R/RT customer charge was opposed by OCA, CAUSE-PA, and CEO. (*See* OCA St. No. 3 at 38; CAUSE-PA St. No. 1 at 35; CEO St. No. 1 at 5-7).

36. Under the Settlement, the parties have reached a reasonable compromise of their respective positions on the proposed increases to the monthly customer charges, under which the monthly customer charges for Rate R/RT and Rate N/NT will increase from their current levels of $14.60 and $23.50, respectively, to $15.00 and $27.38, respectively. (*See* UGI Gas St. No. 8 at 19-20; Settlement ¶ 40).

37. UGI Gas relied upon a class cost of service study to allocate its proposed total revenue and costs to each of the retail customer classes. (UGI Gas St. No. 10 at 4-10; UGI Gas Exh. D – Cost of Service Study; *see also* UGI Gas St. No. 8 at 16-25).

38. While UGI Gas, OCA, and OSBA took differing positions on revenue allocation, all of these parties agreed that the majority of the revenue increase should be allocated to the residential customer class. (*See, e.g.*, UGI Gas St. No. 6 at 17; OCA St. No. 3 at 32-34; OSBA St. No. 1 at 15-16).

39. Appendix B to the Settlement sets forth the proof of revenues, which reflects the agreed-upon revenue allocation, incorporates the changes to monthly customer charges for Rates R/RT and N/NT, and shows how all of the changes in customer charges and distribution rates by class are designed to produce the net increase in distribution operating revenues provided for in the Settlement. (Settlement Appx. B; Settlement ¶ 41).

WEATHER NORMALIZATION

40. Paragraph 42 of the Settlement provides for the approval of the Company's proposed Tariff Rider C – Weather Normalization Adjustment ("WNA") as a five-year pilot program effective October 29, 2022, with the exception that the Company shall modify

the originally proposed WNA to include a 3% dead band, and also establishes certain reporting requirements that the Company must satisfy as a part of the pilot. (Settlement ¶ 41).

41. The Company originally proposed a WNA mechanism that adjusts billings on a monthly billing basis as the bill is being calculated and issued and did not include a dead band. (*See* UGI Gas St. No. 11 at 6-9, 11).

42. I&E recommended that the WNA be approved, subject to the condition that it include a 3% dead band. (I&E St. No. 4 at 5). OCA, OSBA, and CAUSE-PA each opposed the Company's originally proposed WNA. (I&E St. No. 4 at 5; OCA St. No. 3 at 50; OSBA St. No. 1 at 24-25; CAUSE-PA St. No. 1 at 36-37). However, if the Commission were to approve the WNA, OCA recommended that the WNA be modified to include a 3% dead band. (OCA St. No. 3 at 53). OSBA noted that the originally proposed WNA was not a pilot program and would not include a dead band. (OSBA St. No. 1 at 24-25).

43. The Rider C – WNA Pilot contemplated by the Settlement is a reasonable compromise of the parties' positions regarding the WNA and integrates feedback received from the parties into the Company's original proposal.

TRANSPORTATION BALANCING RATES

44. Under the Settlement, Rate No-Notice Service ("NNS") for No-Notice Allowance ("NNA") elections shall be set at $0.2200 per Mcf per day of elected NNA ($0.1860/Mcf proposed). (Settlement ¶ 43).

45. The Company originally proposed to decrease the NNA rate to $0.1860. (UGI Gas St. No. 8 at 21-22).

46. OCA disagreed with the Company's original proposal. (OCA St. No. 3 at 39-40).

47. The NNA election charge of $0.2200 per Mcf per day established under the Settlement also represents a compromise of the parties' competing litigation positions. This proposal is within the range of positions proposed by the parties, is in the public interest, and should be adopted without modification.

CUSTOMER ASSISTANCE/UNIVERSAL SERVICE

48. The Company undertook several efforts to assist customers impacted by the economic effects of the COVID-19 pandemic, such as: (1) ceasing to remove customers from its Customer Assistance Program ("CAP") for failure to recertify; (2) instructing community-based organizations ("CBOs") to accept telephonic "signature" for CAP authorizations; (3) waiving all late payment charges; (4) proposing changes to its Universal Service and Energy Conservation Plan ("USECP"); and (5) launching an extensive information and outreach campaign associated with its COVID-19 response. (UGI Gas St. No. 1 at 12-13).

49. As a result of the Company's information and outreach campaign, UGI Gas experienced an increase in Operation Share grants of 605%, a 34% increase in LIHEAP grants, and a 16% increase in CAP enrollments between fiscal year ("FY") 2019 and FY 2021. (UGI Gas St. No. 1 at 13-15).

50. Under the Settlement, UGI Gas will increase its annual Low-Income Usage Reduction Program ("LIURP") budget by $250,000 from its current annual budgeted amount of $3,714,350 to $3,964,350 beginning January 1, 2023. UGI Gas will then increase the annual LIURP budget by an additional $250,000 from $3,964,350, to $4,214,350, beginning January 1, 2024. The increased LIURP budget effective January 1, 2024, shall remain unchanged until a change is approved by the Commission. (Settlement ¶ 44(a)).

51. The Settlement also provides that if more than 25% of the increased annual budget amount remains unspent on or after January 1, 2025, or in each year thereafter, UGI Gas shall make reasonable efforts to spend the unspent amount within the first six months of the following year. If the full budget is not spent within that six-month period, the remaining

unspent funds attributable to this LIURP increase will not roll forward to be included in the subsequent year's budget. (Settlement ¶ 44(a)).

52. Increases to the annual LIURP budgets contemplated by Paragraph 44(a) of the Settlement would be recovered through the Rider F Universal Service Programs ("USP") from residential customers. (Settlement ¶ 44(a)).

53. In addition, the Settlement permits UGI Gas to increase the maximum per-job spend on LIURP projects under its 2020-2025 USECP, where the project involves a furnace replacement, from $11,000 to $14,000. (Settlement ¶ 44(b)).

54. The Settlement further provides that UGI Gas will expand LIURP access to customers between 151% and 200% of the Federal Poverty Level ("FPL") to commence no earlier than January 1, 2023. UGI Gas will provide a Warm Referral for customers in this income tier who are rejected from UGI Gas's CAP for being over-income. (Settlement ¶ 44(c)).

55. Finally, the Settlement states that no later than 90 days after the effective date of rates in this proceeding, UGI Gas will lower its LIURP minimum usage threshold to 73.1 Ccf per month for customers at or below 200% FPL. (Settlement ¶ 44(d)).

56. OCA, CAUSE-PA, and CEO each recommended that the Company increase its LIURP spending. (OCA St. No. 4 at 6, 41-43; CAUSE-PA St. No. 1 at 27-29; CEO St. No. 1 at 8-9).

57. UGI Gas and I&E each opposed the expansion of the Company's LIURP budget that was proposed by OCA, CAUSE-PA, and CEO. (UGI Gas St. No. 12-R at 28-32; I&E St. No. 1-R; I&E St. No. 1-SR at 31-33).

58. The modifications to the Company's LIURP established under Paragraph 44 of the Settlement represent a compromise of the parties' competing litigation positions. This

proposal is within the range of positions proposed by the parties, is in the public interest, and should be adopted without modification.

59. Paragraph 45 of the Settlement provides that UGI Gas will provide detailed information regarding its USP, targeted at customers who recently converted to natural gas, in its new customer welcome packet. (Settlement ¶ 45).

60. OCA recommended that the Company be required to screen customers whom it assists with conversions to natural gas, so that UGI Gas can see if they are confirmed low-income customers and enroll them in CAP where appropriate. (OCA St. No. 4 at 4, 15-20).

61. The Company opposed this recommendation and argued that the recommendation was not necessary. (UGI Gas St. No. 12-R at 26-28).

62. Paragraph 45 of the Settlement represents a compromise of the parties' competing litigation positions. This proposal is in the public interest and should be adopted without modification.

63. Under the Settlement, UGI Gas has agreed to undertake a low-income customer assessment and outreach pilot. (*See* Settlement ¶ 46).

64. OCA argued that UGI Gas has enrolled a fraction of its confirmed Low-Income customers in CAP. (OCA St. No. 4 at 7).

65. OCA also recommended that the Company implement three measurable outcome objectives that UGI Gas should seek to accomplish with respect to its CAP. (OCA St. No. 4 at 5, 25-26, 32).

66. The Company opposed OCA's recommendations for several reasons explained by UGI Gas witness Mr. Daniel Adamo. (UGI Gas St. No. 12-R at 13-26).

67. The Low-Income Customer Assessment and Outreach Pilot contemplated by the Settlement represents a compromise of the parties' competing litigation positions. This proposal is reasonable in light of those competing positions, is in the public interest, and should be adopted without modification.

68. The Company has agreed to fully comply, in all respects, with the requirements of the Commission's Order entered June 16, 2022 in Docket Nos. M-2019-3014966 and P-2020-3019196. (Settlement ¶ 47).

69. CAUSE-PA recommended that UGI Gas be required to implement the reduced maximum energy burden standards proposed in the Company's Petitions at Docket Nos. M-2019-3014966 and P-2020-3019196 to modify its USECP as a condition to approval of any rate increase granted in this proceeding. (CAUSE-PA St. No. 1 at 22).

70. UGI Gas opposed this recommendation and argued that this proposal was already the subject of another proceeding pending before the Commission, which was not consolidated with this base rate case proceeding. (UGI Gas St. No. 12-R at 41).

71. Paragraph 47 of the Settlement is reasonable in light of these competing positions, is in the public interest, and should be adopted without modification.

72. The Settlement also provides that UGI Gas will continue its simplified application process for LIHEAP recipients seeking to enroll in CAP. UGI Gas will report annually to its Universal Service Advisory Committee ("USAC") about the number of customers who are able to enroll through this process. (Settlement ¶ 48(a)).

73. UGI Gas will continue its outreach to active customers who have been removed from CAP due to failure to recertify. If these customers submit income documentation, they will be reenrolled, and any arrearage accrued will be included with their pre-program arrearages. UGI Gas will report to its USAC on the number of customers who have been able to reenroll through this process. (Settlement ¶ 48(b)).

74. CAUSE-PA recommended changes to the Company's CAP, including modifying non-CAP LIHEAP customers' enrollment in CAP and conducting outreach to all customers removed from CAP for failure to recertify income since the expiration of the Commission's Emergency COVID-19 Order. (CAUSE-PA St. No. 1 at 22-26).

75. The Company explained that these recommendations are not necessary because the Company already works on each of the issues identified by CAUSE-PA, in order to maintain or increase CAP enrollments. (UGI Gas St. No. 12-R at 11-13).

76. Under the Settlement, UGI Gas will expand eligibility of the UGI Gas Operation Share grant program to 250% FPL and increase the maximum grant size from $400 to $600, to the extent funds are available. The Company will also provide a one-time payment to Operation Share in the amount of $500,000 during the winter of 2022-2023. (Settlement ¶ 49(a)-(b)).

77. CAUSE-PA and CEO both made recommendations to modify the Company's Operation Share. (CAUSE-PA St. No. 1 at 30-32; CEO St. No. 1 at 11-12).

78. The Company opposed the recommendations of CAUSE-PA and CEO for a number of reasons. (*See* UGI Gas St. No. 12-R at 32-35).

79. Paragraph 49 of the Settlement is reasonable in light of these competing positions, is in the public interest, and should be adopted without modification.

80. Regarding the use of CBOs, the Settlement provides that the Company will continue to use the CBOs it has traditionally used in the administration and implementation of its universal service programs, subject to each individual CBO's continued performance in conformance with the Company's USECP rules and its contract with the Company. The Company shall provide notice to any CBO whose performance is not in conformance with the Company's USECP and/or its contract with the Company, and the Company shall provide the CBO with a reasonable time period to address or cure any issues identified. (Settlement ¶ 50).

81. CEO recommended that the Company be directed to continue using CBOs in the administration and implementation of its Universal Service Programs. (CEO St. No. 1 at 10-11).

82. The Company explained that it will continue using CBOs assuming that CBOs fulfill contract obligations, consistent with the Company's Commission-approved USECP. (UGI Gas St. No. 12-R at 35).

83. Paragraph 50 of the Settlement is a reasonable compromise of the competing litigation positions of UGI Gas and CEO. It is in the public interest and should be adopted without modification.

84. The Settlement also states that UGI Gas will initiate a study to determine the feasibility, cost, and benefits of exempting confirmed low-income customers from reconnection fees and will present the results of this study to the USAC within 180 days of the date of effective rates established in this proceeding. (Settlement ¶ 51).

85. CAUSE-PA recommended that the Company should no longer assess reconnection fees on low-income customers. (CAUSE-PA St. No. 1 at 6, 37).

86. UGI Gas explained that the Company assesses reconnection fees to best address the direct cost incurred by the Company when it sends personnel out to reconnect a customer's service. (UGI Gas St. No. 12-R at 47-48).

87. Paragraph 51 of the Settlement is a reasonable compromise of the competing litigation positions of UGI Gas and CAUSE-PA. It is in the public interest and should be adopted without modification.

DSIC REPORTING

88. Regarding the Company's Distribution System Improvement Charge ("DSIC"), the Settlement provides that, as of the effective date of rates in this proceeding, UGI Gas will be eligible to include plant additions in the DSIC once the Company's total net plant balances exceed $3,368,005,000. (Settlement ¶ 52).

89. The Settlement further states that, for purposes of calculating its DSIC, UGI Gas shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1). (Settlement ¶ 53).

90. The Settlement also provides that the Company shall submit an update to UGI Gas Exhibit A, Schedule C-2 no later than January 2, 2023, which will include actual capital expenditures, plant additions, and retirements by month from October 1, 2021, through September 30, 2022. (Settlement ¶ 54). An additional update for actuals from October 1, 2022, through September 30, 2023, shall be filed no later than January 2, 2024. (Settlement ¶ 54).

91. I&E proposed these reporting requirements in its direct testimony. (I&E St. No. 5 at 17-19). UGI Gas did not oppose these reporting requirements and, therefore, Paragraph 54 is in the public interest and should be approved.

ACCOUNTING

92. Consistent with the methodology the Company has used in past rate cases, the Company proposed adjustments to its operating expenses designed to reconcile past Environmental Remediation expense rate recoveries with actual incurred costs and to recover a projected annual level of Environmental Remediation expense. (UGI Gas St. No. 3 at 16-17).

93. The Company proposed to: (1) normalize ratemaking recovery of ongoing annual cash expenditures for environmental remediation projects made pursuant to Consent Order Agreements ("COAs") entered into between the Company and the Pennsylvania Department of Environmental Protection ("DEP"); (2) not make an adjustment related to under-recovered manufactured gas plant ("MGP") remediation expenses for FY 2019 and prior periods; and (3) recover the under-recovered MGP remediation expense for FY 2020 and 2021 over a one-year amortization period through FY 2023. (UGI Gas St. No. 3 at 16-19).

94. I&E recommended that the Company be required to provide a full line-by-line account of yearly amortizations of unrecovered expense in its next base rate case. (I&E St. No. 3 at 9.) The Company agreed with this recommendation. (UGI Gas St. No. 3-R at 8).

95. Both I&E and OCA recommended that a five-year amortization period should be used for purposes of the recovery of under-recovered MGP remediation expense for FY 2020 and FY 2021. (I&E St. No. 3 at 12-13; OCA St. No. 1 at 37-38).

96. The Company opposed the use of a five-year amortization period for purposes of the recovery of under-recovered MGP remediation expense for FY 2020 and FY 2021. (UGI Gas St. No. 3-R at 9-12).

97. OCA also recommended that the Company should be required to use a five-year average, instead of a three-year average, to normalize its projected spending. (OCA St. No. 1 at 15-16).

98. The Company opposed the OCA's adjustment. (UGI Gas St. No. 3-R at 13).

99. The Settlement resolves these competing litigation positions by reflecting a normalized allowance of $5.171 million for prospective environmental remediation expenditures under the COAs between UGI Gas and the DEP and by permitting the deferral of the annual difference between this allowance and actual expenditures for book and ratemaking

purposes until the Company's next base rate case. The Settlement also provides for the amortization of prior under-recovered balances incurred before FY 2020 and during FY 2020 and FY 2021. (Settlement ¶ 55). This proposal is within the range of positions proposed by the parties, is in the public interest, and should be adopted without modification.

100. UGI Gas has experienced increased uncollectible accounts expenses due to the COVID-19 pandemic. (UGI Gas St. No. 3 at 19-20; UGI Gas St. No. 3-R at 59-60).

101. The Company proposed to: (1) adjust budgeted uncollectible accounts expense to reflect a three-year average rate of uncollectible accounts expense for FY 2019-2021, where the baseline amounts for FY 2020 and FY 2021 include $0.607 million and $0.896 million, respectively, of amounts recorded as a regulatory asset; and (2) amortize the regulatory asset balance of $1.5093 million for COVID-19 Pandemic Costs over a 10-year amortization period in accordance with Ordering Paragraph 29 in the Commission's Order entered October 8, 2020 at Docket No. R-2019-3015162. (UGI Gas St. No. 3 at 19-20).

102. I&E disagreed with the Company's proposal to continue tracking incremental uncollectibles expense related to COVID-19 in future years. (I&E St. No. 1 at 9-11).

103. The Company explained that, as agreed to in the settlement approved by the Commission's Order entered October 8, 2020 at Docket No. R-2019-3015162, it will amortize the regulatory asset balance of $1.503 million for uncollectibles that accrued prior to October 1, 2021, over the 10-year period beginning with the effective date of rates established in this proceeding, for purposes of accounting and future ratemaking. (UGI Gas St. No. 3-R at 59).

104. In addition, also pursuant to the settlement approved by the Commission's Order entered October 8, 2020 at Docket No. R-2019-3015162, the Company explained that it will defer as a regulatory asset balance the amount that accrues for uncollectibles (above the $12.8 million built into current rates) beginning October 1, 2021, and ending September 30, 2022 (FY 2022). Furthermore, the Company will amortize this FY 2022

regulatory asset over the 10-year period beginning with the effective date of rates established in the Company's next base rate proceeding for purposes of accounting and future ratemaking. (UGI Gas St. No. 3-R at 59).

105. Under the Settlement, and in accordance with this Settlement and the Commission's October 8, 2020 Final Order at Docket No. R-2019-3015162, the Company shall be permitted to: (1) amortize over the 10-year period beginning with the effective date of rates established in this proceeding, for purposes of accounting and future ratemaking, the regulatory asset balance of $0.922 million for the Emergency Relief Program ("ERP") costs that accrued prior to October 1, 2021; (2) amortize over the 10-year period beginning with the effective date of rates established in this proceeding, for purposes of accounting and future ratemaking, the regulatory asset balance of $1.503 million for uncollectibles that accrued prior to October 1, 2021; and (3) amortize, over the 10-year period beginning with the effective date of rates established in the Company's next base rate proceeding for purposes of accounting and future ratemaking, the regulatory asset balance that accrues for uncollectibles beginning October 1, 2021, and ending September 30, 2022. (Settlement ¶ 56).

106. Paragraph 56 of the Settlement is in the public interest and should be approved.

107. In its initial rate filing, UGI Gas included a FPFTY Accumulated Deferred Income Tax ("ADIT") calculation, based upon a pro-rationing methodology required under Treasury Regulation 1.167(l)-1(h)(6)(ii) that is necessary to be in compliance with Internal Revenue Service ("IRS") normalization requirements. (UGI Gas St. No. 7 at 7-8). No parties opposed the Company's proposal.

108. Under the Settlement, the Company's ADIT and pro-rationing methodology as required by Treasury Regulation 1.167(l)-1(h)(6)(ii) is accepted. (Settlement ¶ 57); *see* 26 C.F.R. § 1.167(l). The Settlement also provides that the Company's method to amortize Excess Accumulated Deferred Federal Income Taxes ("EDFIT") according to the Average Rate Assumption Method ("ARAM") is accepted. (Settlement ¶ 57).

109. Paragraph 57 of the Settlement is in the public interest and should be approved.

110. In its tax return for the year ended September 30, 2009, UGI Gas adopted a tax accounting method to expense as repairs certain items capitalized for book purposes in accordance with federal tax regulations. (UGI Gas St. No. 7 at 8).

111. As it did in the Company's previous base rate case at Docket No. R-2019-3015162, UGI Gas chose to normalize its federal income tax expense claim, inclusive of the repairs tax deduction. (UGI Gas St. No. 7 at 8).

112. This difference between accelerated tax depreciation versus book depreciation in the calculation of federal tax expense creates ADIT. (UGI Gas St. No. 7 at 8). Therefore, the Company reduced its rate base by the sum of the federal ADIT balance and the state repair regulatory liability. (UGI Gas St. No. 7 at 8).

113. No parties opposed the Company's proposed treatment of the tax repairs allowance.

114. The Settlement states that, for purposes of determining the revenue requirement in this case, all capitalized repairs deductions claimed on a tax return have been normalized for ratemaking purposes, and the appropriate related amount of tax effect of those deductions has been treated similarly to ADIT as a reduction to UGI Gas's rate base. (Settlement ¶ 58).

115. Paragraph 58 of the Settlement is in the public interest and should be approved.

116. UGI Gas presented detailed depreciation studies on the Company's gas plant for the Historic Test Year ("HTY"), Future Test Year ("FTY"), and FPFTY. (*See* UGI Gas Exhibit C – Fully Projected, UGI Gas Exhibit C – Future, and UGI Gas Exhibit C – Historic).

The depreciation studies were sponsored by, and supported by the direct testimony of, UGI Gas witness Mr. Wiedmayer. (*See* UGI Gas St. No. 4).

117. Under the Settlement, the Joint Petitioners accept UGI Gas's as-filed depreciation rates. (Settlement ¶ 59). Paragraph 59 of the Settlement is in the public interest and should be approved.

118. UGI Gas proposed to recover rate case expenses totaling $1.055 million over a 12-month period. (UGI Gas St. No. 2 at 20).

119. I&E recommended that the rate case expenses be normalized over a 20-month period, thereby reducing the Company's claim for the FPFTY by $422,000. (I&E St. No. 3 at 4).

120. OCA recommended a 24-month normalization, thereby reducing the Company's claim by $527,000. (OCA St. No. 1 at 38-39).

121. The Settlement provides that the Company's revenue increase reflects a 24-month normalization for ratemaking purposes and a two-year amortization for accounting purposes. (Settlement ¶ 60). Further, the Company will not claim any unamortized amount in a future rate case and agrees that normalization of rate case expense (as opposed to amortization) is the proper treatment for ratemaking purposes. (Settlement ¶ 60).

122. Paragraph 60 of the Settlement is in the public interest and should be approved.

123. Since 2016, the Company has capitalized certain information technology ("IT") costs associated with software implementation projects, including preliminary-stage project and business and technology reengineering expenses. (UGI Gas St. No. 3 at 22-23). No parties opposed the Company's proposed treatment of these IT costs.

124. The Settlement provides that, for purposes of the Settlement, UGI Gas's as-filed capital treatment of certain IT costs is accepted. (Settlement ¶ 61).

125. Paragraph 61 of the Settlement is in the public interest and should be approved.

GAS SAFETY

126. Under the Settlement, beginning in 2023, UGI Gas will produce a report for pipeline replacements annually on or before March 1. (Settlement ¶ 62). The report will identify UGI Gas's 10 most expensive restoration projects per year over the past three years, and specifically identify costs incurred in excess of the Pennsylvania Department of Transportation restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees. (Settlement ¶ 62). The Company will discuss the results of the annual report on restoration costs with the Commission's Gas Safety Division. (Settlement ¶ 62).

127. I&E recommended that the Company provide the reports contemplated by Paragraph 62 of the Settlement as a part of its direct testimony. (I&E St. No. 6 at 12). UGI Gas agreed to this recommendation in its rebuttal testimony. (UGI Gas St. No. 9-R at 10).

128. Paragraph 62 of the Settlement is in the public interest and should be approved.

TRANSPORTATION

129. Under the Settlement, UGI Gas will review delivery requirements and flexibility related to its delivery regions, including the ability to move gas between delivery regions whether physically through pipeline transmission system delivery points or in kind by displacement, in the first supplier collaborative meeting held within 90 days after a final order is entered in this proceeding. Supplier feedback will be encouraged for mutual discussion and follow-up action items. (Settlement ¶ 63).

130. NRG recommended that the Commission should direct UGI Gas to provide information to NGSs that outline the full capabilities of its delivery system. (NRG St. No. 1 at 3).

131. The Company opposed this recommendation and argued that it readily offers this information to suppliers on its system on the Company's Energy Management Website. (UGI Gas St. No. 1-R at 22).

132. UGI Gas also stated that it has regularly scheduled supplier collaboratives to review its system demands, address any new or changed circumstances, and provide suppliers with an opportunity to ask the Company questions or seek additional information or insight into the Company's distribution system and delivery regions. (UGI Gas St. No. 1-R at 22-23).

133. Paragraph 63 of the Settlement addresses NRG's concerns and re-affirms UGI Gas's commitment to providing information to NGSs that outline the full capabilities of its delivery system. This provision is reasonable and in the public interest and should be adopted without modification.

134. The Settlement also provides that UGI Gas will undertake an investigation of other utility practices with regard to the management of weekend scheduling mismatches and compile a summary for presentation and discussion as part of UGI Gas's 2023 supplier collaborative. (Settlement ¶ 64).

135. NRG alleged there has been a lack of timely notifications about a mismatch in nominated supply between an interstate pipeline and the receiving utility, resulting in a failure to meet the obligation to the utility. (NRG St. No. 1 at 11-12).

136. NRG recommended UGI Gas be directed to implement automated programming for such notifications or implement weekend staffing. (NRG St. No. 1 at 11-12).

137. The Company opposed these recommendations. (UGI Gas St. No. 1-R at 24-25).

138. Paragraph 64 of the Settlement is a reasonable compromise of competing litigation positions. It is in the public interest and should be adopted without modification.

139. The Settlement further contemplates that: (1) in its 2023 Purchased Gas Cost proceeding, UGI Gas will propose a plan to transition recovery of capacity costs from the current Weighted Average Cost of Delivered Gas ("WACOD") cost recovery method to recovering those costs directly from Rate LFD customers on their UGI Gas bills; and (2) for all future interstate pipeline company Natural Gas Act ("NGA") general Section 4 base rate filings, UGI Gas will provide information on its Energy Management Website showing how the individual Section 4 rate case is expected to impact the WACOD calculation over a forward-looking 12-month period. (*See* Settlement ¶ 65).

140. NRG argued that the WACOD does not show the individual impacts of a specific rate case and recommended that UGI Gas be required to include more detailed information concerning the effect of pipeline rate changes on its Electronic Bulletin Board or through other means, including providing the information by electronic mail to suppliers. (NRG St. No. 1 at 13-15).

141. The Company disagreed with these claims and recommendations and stated that the Company identifies when FERC rate changes are first included in the WACOD. UGI Gas also explained why the Company does not separately itemize FERC rate impacts in the overall calculation of WACOD. (UGI Gas St. No. 1-R at 25-26).

142. Paragraph 65 of the Settlement is a reasonable compromise of competing litigation positions. It is in the public interest and should be adopted without modification.

V. TERMS AND CONDITIONS OF THE SETTLEMENT

The Settlement is a 26-page document signed by UGI Gas, I&E, OCA, OSBA, CAUSE-PA, CEO and NRG. Accompanying the Settlement are appendices A-L. Appendix A is the *pro forma* tariff; Appendix B is the proof of revenue; Appendices C-E are proposed findings of fact, conclusions of law, and ordering paragraphs respectively; Appendices F-L are the statements in support of the settlement by UGI Gas, I&E, OCA, OSBA, CAUSE-PA, CEO, and NRG, respectively.

The essential terms of the Settlement are set forth on pages 8-21. The terms are stated below verbatim and for ease of reference retain the same formatting, numbers, and headings as they appear in the Settlement.[8]

> **A. GENERAL**
>
> 34. The following terms of this Settlement reflect a carefully balanced compromise of the Joint Petitioners' positions on various issues. The Joint Petitioners agree that the Settlement is in the public interest.
>
> 35. The Joint Petitioners agree that UGI Gas's distribution base rate increase filing should be approved, including those tariff changes included in and specifically identified in **Appendix A** attached hereto, subject to the terms and conditions of this Settlement that are specified below.
>
> **B. REVENUE REQUIREMENT**
>
> 36. UGI Gas shall be permitted to implement an increase in base rate revenues of $49.45 million effective October 29, 2022, in lieu of the originally requested $82.7 million increase. This increase in overall pro forma annual operating revenue will be achieved in two-steps, as described below:
>
> - Step 1 – UGI Gas shall be permitted to implement a base rate increase of $38 million, effective October 29, 2022.
> - Step 2 – UGI Gas shall be permitted to implement an additional base rate increase of $11.45 million, effective October 1, 2023.

[8] The numbering of the original footnotes has been changed herein to keep in sequential order within this decision.

37. Stay Out. The Company shall not file a Section 1308(d) general rate increase prior to January 1, 2024; provided, however, that the Company shall not be prevented from filing a tariff or tariff supplement proposing a Section 1308(d) general rate increase in compliance with Commission orders or in response to fundamental changes in regulatory policies or federal tax policies affecting the Company's rates.

C. REVENUE ALLOCATION AND RATE DESIGN

38. Billing Determinants. For the R/RT class, an additional 325,000 Mcf of R/RT usage under present and proposed rates shall be added to the Company's originally filed proposed customer usage billing determinants. (*See* UGI Gas Exhibit E.) For all other billing determinants, the use per customer and number of customer billing determinants utilized in the proof of revenue (UGI Gas Exhibit E) as set forth in the Company's initial filing are approved.

39. Uniform Distribution Rates for Rate N/NT and Rate DS.

a) The Company shall be permitted to unify rates for Rate N/NT, effective October 29, 2022.

b) The Company shall be permitted to increase the rate for the Rate DS North Rate District by one and one-half-times the system average rate increase approved under this Settlement, effective October 29, 2022. The Company reserves the right to propose uniform distribution rates for Rate DS in a subsequent general base rate increase proceeding.

40. Monthly Customer Charges. The Company's proposed customer charges shall be approved, except as set forth below:

a) Rate R/RT: \$15.00 (\$19.95 proposed); and

b) Rate N/NT: \$27.38 (\$30.00 proposed).

41. Revenue Allocation. The increase in base operating revenues provided for by this Settlement shall be allocated among the customer classes in accordance with the following table[9]:

[9] A more detailed version of the settled revenue allocation is provided in Appendix B to this Settlement. The numbers provided below replicate the revenue allocation set forth on page 1 of Appendix B, rounded to the nearest cent.

	Revenue Allocation ($ million)	
	Step 1 (eff. 10/29/2022)	Step 2 (eff. 10/1/2023)
Rate R/RT	$ 31.88	$ 9.10
Rate N/NT	$ 4.59	$ 1.32
Rate DS	$ 0.93	$ 0.24
Rate LFD	$ 2.60	$ 0.78
Rate XD-F	$ (0.96)	$ -
Rate XD-I/IS	$ (1.05)	$ -
Total	$ 38.00	$ 11.45

D. WEATHER NORMALIZATION

42. Tariff Rider C - Weather Normalization Adjustment ("WNA") Pilot.

a) The Company's proposed WNA Tariff Rider C is approved as filed as a five-year pilot program effective October 29, 2022, with the exception that the Company shall modify the originally proposed WNA to include a 3% dead band. The parties reserve the right to challenge the continuation of the WNA Pilot, or to propose changes thereto, in any future general rate increase proceeding or petition filed by the Company, including but not limited to the reports to be filed in accordance with subpart d) below.

b) The Company shall submit two WNA reports per year which will provide the following information for each WNA month, by class:

i) The number of bills to which the WNA applied (i.e., those bills falling outside the dead band of 3%);
ii) The total number of bills;
iii) The total volume adjustment of the WNA for the month;
iv) The total revenue adjustment of the WNA for the month;
v) The normal calendar month weather (heating degree days) for each of the Company's customer regions; and
vi) The actual calendar month weather (heating degree days) for each of the Company's customer regions.

c) Beginning July 1, 2023, the above-described WNA reports shall be filed by the Company and served on the Parties to this proceeding on each July 1 (reporting data for the immediately preceding November through March period). In addition, beginning December 1, 2023, the above-described WNA reports shall be filed by the Company on each December 1 (reporting data for the immediately preceding April through October period).

d) No later than January 31, 2026, the Company shall file, as part of a Section 1308(d) general rate increase filing or a separate petition filing, a request to continue, modify, or terminate the WNA Pilot, with the proposed effective date of any such changes to become effective November 1, 2027. The Company shall provide the available three years of data included in the above-described WNA reports in that filing for all parties to review.

E. TRANSPORTATION BALANCING RATES

43. Rate No-Notice Service ("NNS"). Rate NNS for No-Notice Allowance ("NNA") elections shall be set at \$0.2200 per Mcf per day of elected NNA (\$0.1860/Mcf proposed, *see* UGI Gas St. No. 8 at 21-22).

F. CUSTOMER ASSISTANCE / UNIVERSAL SERVICE

44. Low-Income Usage Reduction Program ("LIURP").

a) UGI Gas will increase its annual LIURP budget by \$250,000 from its current annual budgeted amount of \$3,714,350 to \$3,964,350 beginning January 1, 2023. UGI Gas will then increase the annual LIURP budget by an additional \$250,000 from \$3,964,350, to \$4,214,350, beginning January 1, 2024. The increased LIURP budget effective January 1, 2024, shall remain unchanged until a change is approved by the Commission. If more than 25% of the increased annual budget amount remains unspent on or after January 1, 2025, or in each year thereafter, UGI Gas shall make reasonable efforts to spend the unspent amount within the first six months of the following year. If the full budget is not spent within that six-month period, the remaining unspent funds attributable to this LIURP increase will not roll forward to be included in the subsequent year's budget. Increases to the annual LIURP budgets contemplated by this provision would be recovered through the Rider F Universal Service Programs ("USP") from residential customers.

b) UGI Gas shall be permitted to increase the maximum per-job spend on LIURP projects under its 2020-2025 Universal Service and Energy Conservation Program ("USECP"), where the project involves a furnace replacement, from \$11,000 to \$14,000.

c) UGI Gas will expand LIURP access to customers between 151% and 200% of the Federal Poverty Level ("FPL") to commence no earlier than January 1, 2023. UGI Gas will provide a Warm Referral for customers in this income tier who are rejected from UGI Gas's Customer Assistance Program ("CAP") for being over-income.

d) No later than 90 days after the effective date of rates in this proceeding, UGI Gas will lower its LIURP minimum usage threshold to 73.1 Ccf per month for customers at or below 200% FPL.

45. Conversion of Low-Income Customers To Natural Gas. UGI Gas will provide detailed information regarding its USP, targeted at customers who recently converted to natural gas, in its new customer welcome packet.

46. Low-Income Customer Assessment & Outreach Pilot.

a) The Company will undertake a pilot program in which it will utilize a third-party consultant (to be selected by a competitive bid and evaluation process) to assess, identify, and engage customers who are in the Company's Estimated Low-Income ("ELI") customer population in its service territory (or certain population centers within the Company's service territory should budgetary constraints require) in order to solicit and attempt to qualify those customers as Confirmed Low-Income ("CLI").The costs of the pilot will not exceed $375,000, and the costs will include, but not be limited to third-party consultant fees and other reasonably incurred costs. The Company shall be permitted to recover the actual costs of this pilot up to $375,000 through the Company's Rider F USP.

b) The Company will provide the pilot progress/results with Universal Services Advisory Committee ("USAC") semi-annually.

c) UGI Gas will prioritize the 50 highest users who have been removed from CAP for reenrollment through this pilot.

d) UGI Gas agrees to have a discussion with the USAC regarding the creation of measurable outcome objectives and potential plans to implement measurable outcome objectives, such as: (1) the CLI customer identification rate as a percentage of ELI customers; (2) the CAP participation rate as a percentage of CLI customers; and (3) the CAP default rate as a percentage of participants in the lowest poverty level range.

47. CAP Percent of Income Payment ("PIP") Modifications. UGI Gas shall fully comply, in all respects, with the requirements of the Commission's Order entered June 16, 2022 in Docket Nos. M-2019-3014966 and P-2020-3019196.

48. Customer Outreach.

a) UGI Gas will continue its simplified application process for Low-Income Home Energy Assistance Program ("LIHEAP") recipients seeking to enroll in CAP. UGI Gas will report annually to its USAC about the number of customers who are able to enroll through this process.

b) UGI Gas will continue its outreach to active customers who have been removed from CAP due to failure to recertify. If these customers submit income documentation, they will be reenrolled, and any arrearage accrued will be included with their existing pre-program arrearages. UGI Gas will report to its USAC on the number of customers who have been able to reenroll through this process.

49. Operation Share.

a) The Company shall expand eligibility of the UGI Gas Operation Share grant program to 250% FPL and increase the maximum grant size from $400 to $600, to the extent funds are available.

b) The Company shall provide a one-time payment to Operation Share in the amount of $500,000 during the winter of 2022-2023.

50. Use of Community Based Organizations ("CBOs"). The Company will continue to use the CBOs it has traditionally used in the administration and implementation of its universal service programs, subject to each individual CBO's continued performance in conformance with the Company's USECP rules and its contract with the Company. The Company shall provide notice to any CBO whose performance is not in conformance with the Company's USECP and/or its contract with the Company, and the Company shall provide the CBO with a reasonable time period to address or cure any issues identified.

51. Reconnection Fees. UGI Gas will initiate a study to determine the feasibility, cost, and benefits of exempting CLI customers from reconnection fees and will present the results of this study to the USAC within 180 days of the date of effective rates established in this proceeding.

G. DSIC REPORTING

52. DSIC-Eligible Plant Balances. As of the effective date of rates established in this proceeding, UGI Gas will continue to be eligible to include plant additions in the Distribution System Improvement Charge ("DSIC") once the Company's total net plant in service balances exceed a level of $3,368,005,000. This provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in an FPFTY filing.

53. DSIC Calculation Return on Equity. For purposes of calculating its DSIC, UGI Gas shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1).

54. Test Year Plant Reporting. The Company shall submit an update to UGI Gas Exhibit A, Schedule C-2 no later than January 2, 2023, which will include actual capital expenditures, plant additions, and retirements by month from October 1, 2021, through September 30, 2022. An additional update for actuals from October 1, 2022, through September 30, 2023, shall be filed no later than January 2, 2024.

H. ACCOUNTING

55. Environmental Cost Recovery.

a) *Normalized Allowance*. The Settlement reflects an annual normalized amount of $5.171 million for prospective environmental expenditures under the Consent Order Agreements ("COAs") entered into between the Company and the Pennsylvania Department of Environmental Protection ("DEP"). Annual differences between $5.171 million and actual expenditures will be deferred as a regulatory asset (where expenditures are greater than $5.171 million per year) or as a regulatory liability (where expenditures are less than $5.171 million per year) and accumulated for book and ratemaking purposes until the Company's next base rate case.

b) *Amortization of Prior Balances*.

i. The Company will continue to amortize the remaining $5.898 million balance (as of September 30, 2021) applicable to pre-fiscal year ("FY") 2020 environmental expenditures for book and ratemaking purposes at $1.865 million per year, as adopted by the Commission's October 8, 2020 Final Order at Docket No. R-2019-3015162.

ii. The Company will amortize the $2.327 million balance of under-recovered environmental expenditures applicable to fiscal year 2020 and 2021 for book and ratemaking purposes over a two-year period beginning October 1, 2022.

56. COVID-19-Related Costs.

a) In accordance with this Settlement and the Commission's October 8, 2020 Final Order at Docket No. R-2019-3015162, the Company shall be permitted to amortize over the 10-year period beginning with the effective date of rates established in this proceeding, for purposes of accounting and future ratemaking, the regulatory asset balance of $0.922 million for the Emergency Relief Program ("ERP") costs that accrued prior to October 1, 2021.

b) In accordance with this Settlement and the Commission's October 8, 2020 Final Order at Docket No. R-2019-3015162, the Company shall be permitted to amortize over the 10-year period beginning with the effective date of rates established in this proceeding, for purposes of accounting and future ratemaking, the regulatory asset balance of $1.503 million for uncollectibles that accrued prior to October 1, 2021.

c) In accordance with this Settlement and the Commission's October 8, 2020 Final Order at Docket No. R-2019-3015162, the Company shall be permitted to amortize, over the 10-year period beginning with the effective date of rates established in the Company's next base rate proceeding for purposes of accounting and future ratemaking, the regulatory asset balance that accrues for uncollectibles beginning October 1, 2021, and ending September 30, 2022.

57. ADIT/EDFIT. The Company's Accumulated Deferred Income Tax ("ADIT") and pro-rationing methodology as required by Treasury Regulation 1.167(l)-1(h)(6)(ii) is accepted. (*See* UGI Gas St. No. 7 at 7-8.) Further, the Company's method to amortize Excess Accumulated Deferred Federal Income Taxes ("EDFIT") according to the Average Rate Assumption Method ("ARAM") is accepted. (*See* UGI Gas St. No. 7 at 6.) Absent a change in federal or state law, regulation, judicial precedent, or policy, the remaining unamortized EDFIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers.

58. Repairs Allowance. For purposes of determining the revenue requirement in this case, all capitalized repairs deductions claimed on a federal tax return have been normalized for ratemaking purposes, and the appropriate related amount of tax effect of those deductions has been reflected as ADIT as a reduction to UGI Gas's rate base.

59. Depreciation Rates. For purposes of this Settlement, the Company's as-filed FPFTY depreciation rates are accepted for the Company's accounting purposes. (*See* UGI Gas St. No. 4; *see also* UGI Gas Exhibit C (Fully Projected Future).)

60. Rate Case Expense. The Company's revenue increase provided in this Settlement is reflective of a two-year normalization for ratemaking purposes and a two-year amortization for accounting purposes. The Company will not claim any unamortized amount in a future rate case and agrees that normalization (as opposed to amortization) is the proper treatment for ratemaking purposes.

61. IT Capital Cost Treatment. For purposes of this Settlement, UGI Gas's as-filed capital treatment of certain information technology ("IT") costs is accepted. (*See* UGI Gas St. No. 3 at 22-23.) UGI Gas will capitalize IT costs that include internal labor, external consulting expenses, and other expenses related to the preparation of the vendor and system integrator requests for proposal. Other capitalizable costs include current state assessments, reengineering business processes to adapt to new systems, data conversion, data cleansing, and migration (including field verification and digitization of asset attributes required for accurate data and facility capture), pre-implementation training costs, cloud computing software implementation, and Hypercare.

I. GAS SAFETY

62. Beginning in 2023, UGI Gas will produce a report for pipeline replacements annually on or before March 1. The report will identify UGI Gas's 10 most expensive restoration projects per year over the past three years, and specifically identify costs incurred in excess of the Pennsylvania Department of Transportation restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees. The Company will discuss the results of the annual report on restoration costs with the Commission's Gas Safety Division.

J. TRANSPORTATION

63. Transparency of UGI Gas's Delivery System. In the first supplier collaborative meeting held within 90 days after a final order is entered in this proceeding, UGI Gas will review delivery requirements and flexibility related to its delivery regions, including the ability to move gas between delivery regions whether physically through pipeline transmission system delivery points or in kind by displacement. Supplier feedback will be encouraged for mutual discussion and follow-up action items.

64. Nomination Notifications. UGI Gas will undertake an investigation of other utility practices with regard to the management of weekend scheduling mismatches and compile a summary for presentation and discussion as part of UGI Gas's 2023 supplier collaborative.

65. Weighted Average Cost of Delivered Gas ("WACOD").

a) In its 2023 Purchased Gas Cost proceeding, UGI Gas will propose a plan to transition recovery of capacity costs from the current WACOD cost recovery method to recovering those costs directly from Rate LFD customers on their UGI Gas bills.

b) For all future interstate pipeline company Natural Gas Act ("NGA") general Section 4 base rate filings, UGI Gas will provide information on its Energy Management Website showing how the individual Section 4 rate case is expected to impact the WACOD calculation over a forward-looking 12-month period. This information will be provided twice: (1) when the Federal Energy Regulatory Commission ("FERC") accepts the NGA Section 4 base rate change filing; and (2) when the NGA Section 4 base rate case is settled or otherwise adjudicated. The impact will be reflected in a one-time posting on the Company's Energy Management Website, with the calculation based on a point in time analysis where the future forecast of the WACOD rate is subject to change as a result of other operating circumstances and FERC filing impacts. As these are estimates based on forecasts, UGI Gas is not, and will not be, responsible for their accuracy.

Settlement at 8-21.

In addition, the Settlement is conditioned upon the standard conditions found in most settlements. For example, if the Commission modifies the Settlement, any petitioner may elect to withdraw from the Settlement and proceed with litigation and, in such event, the Settlement will be void and of no effect. Settlement at 22. Furthermore, the Settlement is made without any admission against or prejudice to any position which any petitioner may adopt in the event of any subsequent litigation of these proceedings or any other proceeding. *Id.* The settling parties also agreed that the Settlement should not constitute or be cited as precedent in any other proceeding, except to the extent required to implement the Settlement. *Id.*[10]

[10] *See* Settlement at 22-23 for all of the conditions.

VI. DISCUSSION

A. Legal Standards

Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401. The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a "burden of proof" standard, as is utilized for contested matters. *Pa. Pub. Util. Comm'n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011) (*Lancaster*). Instead, the benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest. *Id., citing*, *Warner v. GTE N., Inc.,* Docket No. C-00902815 (Opinion and Order entered April 1, 1996) (*Warner*); *Pa. Pub. Util. Comm'n. v. CS Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991).

In addition, in this case, the parties have reached what is referred to as a "black box" settlement where the settlement provides for an increase in the utility's revenues but does not indicate the specifics of how the parties calculated the increase. The Commission has permitted "black box" settlements as a means of promoting settlements in contentious base rate proceedings. *Pa. Pub. Util. Comm'n v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662 (Order entered January 13, 2011); *Pa. Pub. Util. Comm'n v. Citizens' Elec. Co. of Lewisburg*, Docket No. R-2010-2172665 (Order entered January 13, 2011). The Commission has observed that determining a utility's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting expenses, depreciation, rate base, taxes and the utility's cost of capital. Reaching an agreement among the parties on each component can be difficult and impractical. As a result of this complexity, the Commission supports the use of "black box" settlements. *Pa. Pub. Util. Comm'n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered December 19, 2013). The submission of a black box settlement in this case is reasonable.

B. Position of the Parties

Each of the Joint Petitioners submitted Statements in Support of the Settlement. Not every issue was of equal concern to every party. Accordingly, each of the Joint Petitioners' Statements in Support did not necessarily address each and every aspect of the Settlement. However, all of the parties agreed that the Settlement is in the public interest and recommended that the Commission approve it. The position of each party is summarized briefly below. The reader is directed to the Statements in Support for a more detailed discussion of each Joint Petitioner's position.

a. *UGI Gas*

In its statement in support of the Settlement, UGI Gas argued that the Settlement is in the public interest and should be approved without modification because the settled revenue requirement increase of $49.5 million is essential to UGI Gas's continued ability to attract capital on reasonable terms and provide safe and reliable service to customers. According to UGI, the Company's current rates do not provide it with a reasonable opportunity to earn a fair rate of return on its investments made to serve the public in the provision of safe and reliable natural gas distribution service. (UGI Gas St. No. 1 at 8-9). Absent rate relief, UGI Gas projected that, for the 12 months ending September 30, 2023, its operations would produce an overall return on rate base of just 6.13%, which equates to a return on common equity of only 7.89%. (UGI Gas St. No. 1 at 9). UGI stated that those returns are not adequate based upon the applicable financial analyses and the risks confronted by the Company, as detailed by UGI Gas witness Paul R. Moul. (UGI Gas St. No. 1 at 9). UGI Gas asserts that unless it receives the requested rate relief, those returns will continue to decline and potentially jeopardize UGI Gas's ability to attract the capital needed to make system investments that support enhancing the reach and capacity of its distribution system. (UGI Gas St. No. 1 at 9).

UGI Gas also detailed the various wide range of other parties' competing litigation positions of the revenue requirements and through extensive negotiations, were able to reach a compromise. UGI Gas asserts that the two-step $49.5 million settlement increase falls within the range of the parties' overall revenue requirements proposals. Further, UGI Gas pointed to the stay-out provision that provides that it will not file a Section 1308(d) general rate increase prior to January 1, 2024, thereby providing customers with a stable rate once the final incremental step goes into effect on October 1, 2023.[11]

Next, UGI Gas explained that the Settlement is in the public interest and should be approved without modification because it relied upon a class cost of service study to allocate its proposed total revenue to each of the retail customer classes, and the agreed-upon revenue allocation moves towards cost of service for all rate classes under its study (citing to UGI Gas St. No. 10 at 4-10; UGI Gas Exh. D – Cost of Service Study; *see also* UGI Gas St. No. 8 at 16-25). As such, UGI Gas submits that the Settlement's proposed revenue allocation is fully consistent with relevant precedent regarding revenue allocation, especially since cost of service is the primary guiding factor.[12]

Next, UGI Gas stated that the proposed overall rate design reflects a gradual increase in rates over the course of the FPFTY, moves all customer classes toward the overall cost of service, and strikes a reasonable balance between the interests of the Company and customers. Citing to the Settlement ¶¶ 38-40, UGI Gas contends that the parties agreed that the *pro forma* annual revenue increase will be incorporated through increases to the Company's monthly customer charges and volumetric distribution charges for the affected classes, and will be based on the Company's filed usage billing determinants. UGI Gas points out that the proposed billing determinants represents a compromise between the parties and is within the range proposed by the parties.[13]

Further, UGI Gas also detailed how the parties reached a compromise from competing positions as to the monthly customer charges. UGI Gas originally proposed increasing the Rate R/RT monthly customer charge to $19.95 from the current charge of $14.60; and increasing the Rate N/NT monthly customer charge to $30.00 from the current charge of

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11 UGI Gas' St. in Support at 4-7.

12 *Id.* at 8.

13 *Id*. at 9-12.

$23.50. These monthly charges were opposed by OCA, CAUSE-PA, CEO and OSBA. However, the parties were able to resolve these charges by agreeing to a Rate R/RT monthly customer charge of $15.00 and a Rate N/NT customer charge of $27.38.[14]

Next, UGI stated that the Settlement is in the public interest and should be approved without modification because the parties achieved a compromise to UGI Gas's proposed weather normalization adjustment, resulting in paragraph 42 of the Settlement. This provision allows for a five-year pilot program effective October 29, 2022, with the exception that the Company shall modify the originally proposed WNA to include a 3% dead band, and also establishes certain reporting requirements that the Company must satisfy as a part of the pilot. (Settlement ¶ 42).

UGI Gas witness Mr. John Taylor testified that a WNA mechanism is designed to adjust a customer's bill due to variations from normal weather, in order to have the bill reflect normal weather conditions. UGI Gas St. No. 11 at 6. In this regard, UGI argues that WNAs reduce the amount of variation in both customer bills and utility revenues—and therefore benefit both customers and utilities by making a compensating adjustment for the difference between actual and normal weather. (UGI Gas St. No. 11 at 6).

Next, under the Settlement, Rate No-Notice Service for No-Notice Allowance elections shall be set at $0.2200 per Mcf per day of elected NNA ($0.1860/Mcf proposed). (Settlement ¶ 43). UGI pointed out that the Company originally proposed to decrease the NNA rate to $0.1860, to which OCA disagreed. The NNA election charge of $0.2200 per Mcf per day established under the Settlement represents a compromise of the parties' competing litigation positions that is within the range of their positions.

Next, UGI Gas originally did not propose any changes regarding the administration or services provided by the universal service programs in this proceeding. However, several parties including OCA, CAUSE-PA and CEO recommended several structural

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[14] *Id.* at 11.

changes. I&E opposed some of these recommendations. UGI Gas pointed out that while it believed that the issues raised by these parties would be more appropriately addressed in the Company's next Universal Service Program filing, the Settlement represents extensive settlement discussions and good-faith compromises amongst all the parties.

For example, OCA, CAUSE-PA, and CEO recommended funding increases to its LIURP spending, which recommended expansions were opposed by I&E.[15] These negotiations resulted in paragraph 44 of the Settlement which represents the agreement for the Company to increase LIURP's budget by $250,000, twice, and increase LIURP access to customers between 151% and 200% of the federal poverty level. Further, the maximum amount that UGI can spend on each LIURP project under its 2020-2025 Universal Service and Energy Conservation Program, where the project involves a furnace replacement, was increased from $11,000 to $14,000. Settlement ¶ 44. In addition, the Settlement also includes a provision that customers who recently converted to natural gas will receive detailed information regarding the company's universal service programs. UGI also agreed to incur $375,000 to undertake a pilot program to utilize a third-party consultant to identify and engage low-income customers.

Next, UGI submits that the Settlement is in the public interest and should be approved without modification because the Settlement's Distribution System Improvement Charge reporting provisions are similar to other settlement provisions the Commission had adopted in recent proceedings.[16] The Settlement provides that, as of the effective date of rates in this proceeding, UGI Gas will be eligible to include plant additions in DSIC once the total net plant balances exceed a level of $3,368,005,000. (Settlement ¶ 52). The Joint Petitioners agree that this provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing. (Settlement ¶ 52).

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15 *Id*. at 17.

16 *See Id*. at 25 and the Commission cases cited by UGI Gas.

Next, the Settlement includes various accounting provisions such as environmental cost recovery, COVID-19 related costs, ADIT/EDFIT, repairs allowance, depreciation rates, rate case expense, and IT capital cost treatment. Some of UGI Gas's original accounting proposals were not opposed, several were. Where there were challenges, UGI argues that the final Settlement provisions represents a reasonable compromise of the parties' positions while balancing the interests of the Company and the customers.[17]

Next, in response to I&E's testimony which raised concerns of restoration costs and leak identification, the Settlement provides that the Company will submit an annual report for pipeline replacements starting on ore before March 1, 2023. (Settlement ¶ 62). Further, the Company will also discuss the results of the annual report on restorations costs with the Commission's Gas Safety Division for the purpose of eliciting input into potential strategies designed to reduce construction and restoration costs associated with pipeline replacement projects.

Finally, UGI Gas points out that as part of the comprehensive Settlement, there were a number of items agreed to by the Joint Petitioners to improve UGI Gas transportation program, which were raised primarily by NRG. For example, in response to NRG's concerns regarding the availability of information about the full capabilities of UGI Gas's delivery system, UGI Gas will review delivery requirements and flexibility related to its delivery regions, including the ability to move gas between delivery regions whether physically through pipeline transmission system delivery points or in kind by displacement in the first supplier collaborative meeting held within 90 days after a final order is entered in this proceeding. Settlement ¶ 63. Further, UGI Gas will undertake an investigation of other utility practices with regard to the management of weekend scheduling mismatches and compile a summary for presentation and discussion as part of UGI Gas's 2023 supplier collaborative. (Settlement ¶ 64). UGI Gas also agreed to (1) in its 2023 Purchased Gas Cost proceeding, UGI Gas will propose a plan to transition recovery of capacity costs from the current WACOD cost recovery method to recovering those costs directly from Rate LFD customers on their UGI Gas bills; and (2) for all

[17] *See,* UGI Gas's St. in Support of Settlement at 25-35 for UGI's detailed discussion of these accounting issues. Some of these issues are discussed more fully below in the other parties' positions.

future interstate pipeline company Natural Gas Act ("NGA") general Section 4 base rate filings, UGI Gas will provide information on its Energy Management Website showing how the individual Section 4 rate case is expected to impact the WACOD calculation over a forward-looking 12-month period. (*See* Settlement ¶ 65).

b. *I&E*

In its statement in support of the Settlement, I&E states that the Settlement is in the public interest and should be approved without modification because it concluded that the Settlement meets all the legal and regulatory standards for approval and protects the public interest in that a comparison of the original filing submitted by the Company and the Settlement demonstrates that compromises are evident throughout the Joint Petition.[18] Revenue requirement was one of several areas of particular concern to I&E. Ultimately, I&E concluded, based on its analysis of the Company's filing and discovery responses, that the rate increased under the proposed Settlement represents a result that is within the range of likely outcomes in the event that the case was fully litigated, and the proposed increase, when accompanied by other important provisions in the Settlement, yields a result that is both just and reasonable and in the public interest.

For example, I&E pointed out that the Settlement addresses I&E's concerns that UGI Gas originally understated the usage per customer for the rate R/RT heating class. I&E noted that following its surrebuttal testimony on this issue, UGI Gas agreed in the Settlement that for the R/RT rate class, an additional 325,000 Mcf of usage shall be added to UGI's originally filed proposed customer usage billing determinants. I&E also noted that shifting costs to the volumetric portion of a customer's bill allows for the immediate realization of the benefit of conserving usage. Therefore, I&E contends that designing rates to allow customers to have greater control of their utility bills is in the public interest. I&E also contends that it was a reasonable compromise of the various parties' litigation positions that UGI Gas agreed to establish the residential customer charge

[18] I&E's St. in Support of Settlement at 5-6.

at $15.00, rather than to its original proposed increase to $19.95, the current monthly residential customer charge being $14.60.

Also of concern to I&E was that UGI Gas did not include in its original filing a deadband for its WNA. A deadband is a threshold of Normal Heating Degree Days where the WNA adjustment is not triggered.[19] I&E proposed a 3% deadband. I&E pointed to the testimony of its witness, Ethan Cline, who explained that without the deadband, customer rates could be subject to constant adjustment for normal weather variations in every billing cycle. (I&E St. No. 4 at 4). As the Company has agreed to include I&E's recommended 3% deadband in its WNA, I&E is satisfied that this term is in the public interest. Further, I&E is satisfied that UGI Gas agreed to provide various reports to the parties at specific times related to the WNA and the fact that the WNA is now being implemented as a pilot program, will allow the parties to further investigate and determine how the WNA is working for UGI Gas. At that point, the parties can propose necessary changes or the discontinuation of the WNA pilot program if deemed appropriate.[20]

I&E stated that the Settlement is in the public interest and should be approved without modification because it also opposed the recommendations that UGI Gas's LIURP budget be increased and submitted the rebuttal testimony of I&E witness Zachari Walker in support of its opposition. Mr. Walker noted that UGI Gas has been unable to exhaust its LIURP budget in the four most recent historic years other than one time for the North District in 2018. (I&E St. No. 1-R, p. 3). I&E is satisfied that its concern has been significantly mitigated inasmuch as in the Settlement, UGI Gas has agreed that it will make reasonable efforts to spend any unspent LIURP funds within the first six months of the following year. I&E asserts that this proposal is in the public interest as there will be sufficient funds available to assist low-income customers without significantly increasing the overall LIURP budget. This term, contends I&E, and other terms related to customer assistance, will serve to protect vulnerable low-income

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[19] *Id.* at 9.

[20] I&E's St. in Support of Settlement at 10.

customers who are facing financial hardship while not imposing undue financial burden on non-low-income customers who must pay for these programs.

I&E also avers that the provisions related to the DSIC are in the public interest and benefits both UGI Gas and its ratepayers. According to I&E, UGI Gas benefits because it will have access to DSIC funding for necessary infrastructure improvements which helps to ensure UGI is able to meet its obligation to provide its customers with safe and reliable service. Customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service.

Next, I&E Gas Safety witness Jessalynn Heydenreich expressed concern about UGI's rising replacement costs. As a result, witness Heydenreich recommended that UGI Gas produce a report detailing the restoration costs for its ten largest projects in the prior three years, identifying costs incurred in excess of the Pennsylvania Department of Transportation restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees.[21] Per the Settlement, UGI Gas has agreed that it will produce said reports beginning in 2023, on or before March 1st, and discuss the results thereof with I&E Gas Safety. Consequently, I&E explains that the Settlement is in the public interest and should be approved without modification because it will have more information about UGI Gas's replacement costs, and the information contained within the reports will show if there are areas where UGI Gas should put forth more effort to reduce costs. Further, the opportunity to discuss the results of these reports with I&E Gas Safety will give I&E and UGI Gas an opportunity to collaborate and discuss more freely these issues without the limitations of a base rate case.

I&E concludes its Statement in Support of Settlement by noting that the remaining issues in I&E's Prehearing Memorandum and testimony have been satisfactorily resolved through discovery and discussions with the Company and are incorporated into the Black Box resolution of the revenue requirement in this proceeding.[22]

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[21] I&E St. No. 6, p. 12.

[22] I&E St. in Support of Settlement at 12.

c. *OCA*

In its statement in support of the Settlement, OCA addressed the areas of particular concern to it including the revenue requirement, DSIC reporting, accounting, revenue allocation and rate design, the WNA, and customer assistance/universal service. OCA stated that the Settlement is in the public interest and should be approved without modification because the terms and conditions of the Settlement satisfactorily address the issues raised in OCA's formal complaint and testimony, and is a fair resolution of the many complex issues presented in this proceeding.[23]

For example, OCA points out that while the final revenue requirement deviates significantly from OCA's litigation position, in its determination to join the Settlement, OCA weighed the risk associated with litigation and the likelihood of an allowed increase against the Settlement as a whole including the other provisions that are beneficial to consumers, the phased approach to the rate increase, and the agreement by UGI for a stay-out until at least 2024. OCA contends that the phased-in provision is carefully designed to balance the interests of UGI Gas and its customers as many customers are continuing to struggle with the ongoing economic impacts of the pandemic, and the extent to which the pandemic may further impact Pennsylvania's economy in the future remains unclear. Further, OCA supports the DSIC provisions in the Settlement because they will ensure that that the Company's DSIC rates continue to be properly calculated in order to prevent duplicative recovery of DSIC expenditures in future rate-setting proceedings, which in turn will prevent the Company from charging these duplicative costs to ratepayers.[24]

Next, the OCA noted that the Settlement is in the public interest and should be approved without modification because of particular concern to OCA was UGI Gas's original proposed filing to increase the fixed customer residential charge from its current rate of $14.60 by $5.35 to $19.95, or by 36.6 percent. (*See*, OCA St. 3 at 35-38). OCA pointed out that UGI Gas's current charge of $14.60 is the second highest among NGDCs in Pennsylvania and

[23] OCA's St. in Support of Settlement at 4.

[24] *Id*. at 6.

increasing the charge to $19.95 would make it over $3.00 higher than the current highest Pennsylvania NGDCs at $16.75. (OCA St. 3 at 37, Table 9). In response to the Company's request, OCA's witness, Jerome Mierzwa, recommended that, if the Commission were to approve a rate increase, the residential customer charge be set no higher than $16.00. *Id.* at 38. Mr. Mierzwa reasoned that this smaller increase recognizes the principles of gradualism, would keep the charge consistent with those of the other Pennsylvania NGDCs, and will incentivize customers to conserve energy where possible. *Id.* Likewise, Mr. Roger Colton testified on OCA's behalf indicating that increases in customer charges disproportionately impact low-income customers and agreed with the recommendation of Mr. Mierzwa. (OCA St. 4 at 6-11). In its rebuttal testimony, UGI Gas continued to advocate for increasing the customer charge to its as-filed position, arguing how it was justified. (*See*, UGI Gas St. 8-R at 17-20).

Thus, in terms of a compromise to resolve all issues in this proceeding, the parties agreed to increase the monthly residential customer charge by $0.40 to $15.00. Settlement ¶ 40(a). The agreed to increase in the customer charge is $4.95 less than the increase amount originally asked for in the Company's filing and $1.00 less than the amount recommended by Mr. Mierzwa if the Company were to be granted its full revenue requirement in its original filing. OCA contends that settling on the residential customer charge increase reduced the risk of a higher increase if the topic were litigated and, at $15.00, the residential customer charge, customers will remain motivated to conserve their natural gas use to control the total of their monthly bill.[25] Further, OCA contends that through a 40.1% lesser increase in annual revenues and a modest increase in the monthly residential customer charge, the terms of the Settlement ensure that during the ongoing repercussions of the pandemic and growing inflation rates, customers will have greater control over their monthly bills by conserving energy where possible, as well as further protecting low-income customers who can be disproportionately impacted by customer charge increases.[26]

[25] *Id*. at 12-13.

[26] *Id*. at 12.

Next, although OCA originally opposed UGI Gas's proposal to implement a WNA because in its view UGI Gas did not provide sufficient evidence as to why the WNA is needed or how the WNA would provide any benefit to consumers, OCA agreed to the WNA settlement terms since it now includes consumer protections attached to it. These protections include the 3% deadband, and certain reporting requirements, which will allow a better understanding of its operation and impact on ratepayers. Further, by implementing it as a five-year pilot program, OCA points out that this allows for a temporary testing of the WNA alternative ratemaking mechanism without any commitment to its permanence if OCA and other parties in opposition to it decide to challenge it in the next rate case.[27]

Finally, OCA spent a considerable portion of its statement in support of the Settlement to address how the various settlement provisions regarding the Company's customer assistance and universal programs is in the public interest and should be approved by the Commission. The OCA submits that the Settlement is in the public interest and should be approved without modification because the additional LIURP dollars provided in the Settlement will allow the Company to treat additional homes and to help LIURP participants to reduce their household natural gas usage. Further, reductions to CAP participants' usage will reduce their CAP Shortfall and help to reduce the costs of the CAP discount for all other residential ratepayers. OCA points out that the Settlement also adopts CAUSE-PA's recommendation to continue to maintain the lowered minimum threshold to reflect average usage, or 73.1 Ccf per month, and expands to customers at or below 200% of the federal poverty level. OCA submits that the LIURP provisions of the Settlement will help additional customers to reduce their usage, and bills, and should be approved as in the public interest.[28]

OCA also submits that the public interest is served by the Settlement provision that provides that customers who recently converted to natural gas will receive detailed information regarding the company's universal service programs. Per OCA, this will accomplish the goal of making eligible customers aware of the program. Further, UGI Gas agreed to incur

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27 *Id.* at 15.

28 *Id*. at 18.

$375,000 to undertake a pilot program to utilize a third-party consultant to identify and engage low-income customers, and provide progress reports semi-annually to the Company's Universal Service and Advisory Committee. UGI Gas will continue its simplified application process for LIHEAP, including continuing its outreach to active customers who have been removed from CAP due to failure to recertify. OCA also pointed to UGI Gas's agreement to expand its grants under Operation Share to customers up to 250% of the FPL and increase the grant from $400 to $600. Finally, in response to OCA's concerns that low-income customers are impacted by reconnection and late fees, UGI Gas will initiate a study to determine the feasibility, cost, and benefits of exempting confirmed low-income customers from reconnection fees and will present the results of the study to USAC.

d. *OSBA*

In its statement in support of the Settlement, OSBA stated that it concluded that the Settlement is in the best interests of UGI Gas's small business customers. OSBA presented evidence regarding revenue allocation. First, OSBA pointed out that OSBA witness Robert D. Knecht took issue with the Company's relative load factors for its R/RT and N/NT customers but that the Joint Petition addresses OSBA's concern. Consequently, OSBA contends that the Company's cost of service methodology in this proceeding is just and reasonable.[29]

Second, OBSA pointed out that the Settlement is in the public interest and should be approved without modification because it proposes an overall revenue increase less than that originally requested by the Company. OSBA recommended a proportional scaleback be used to calculate the final revenue allocation among the various customer classes. OSBA noted that while the share of costs assigned to the N/NT class is higher than proposed by its witness, Mr. Knecht, it is substantially more favorable than that offered by the other parties. Further, while OSBA originally advocated for a decrease in the XD and IS rate classes associated with the DSIC roll-in, thereby allowing for a smaller increase to the other classes, OSBA decided to forego a claim on those rate reductions as part of the consideration of a reduced overall revenue

[29] OSBA's St. in Support of Settlement at 2-3.

requirement. Ultimately, OSBA concluded that, through extensive negotiation among OSBA, the Company, and OCA, which also presented evidence regarding revenue allocation, that the parties were able to reach an agreement and the Settlement's revenue allocation is a just and reasonable resolution of this issue. *See*, Settlement ¶ 41.

Finally, OSBA admits that it had "little enthusiasm for any WNA mechanism" and intended to contest it as not just and reasonable on the grounds that the substantial risk reduction benefits to the Company and the rate instability implications for customers associated with this mechanism are not reasonably reflected in the allowed return on capital claim in this proceeding.[30] However, in order to reach a settlement on this issue, OSBA is able to support the Joint Petition's proposed WNA in light of the concessions from UGI Gas — namely, that it will be a five-year pilot program with a fixed termination date, and UGI agreed to extensive reporting requirements for both the winter and summer seasons.[31]

e. *CAUSE-PA*

In its statement in support of the Settlement, CAUSE-PA acknowledged that the Settlement is in the public interest and should be approved without modification because although its litigation positions were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement addresses the issues of particular concern to CAUSE-PA, regarding the impact of rate increases to low-income customers to access affordable natural gas service, based on reasonable terms and conditions. CAUSE-PA states that the Settlement addresses these critical issues, in that it substantially reduced UGI Gas's proposed rate increase, advances a more equitable rate design, and makes meaningful improvements to UGI's universal service programs to better ensure that UGI Gas's economically vulnerable consumers are able to maintain safe, stable service to their home. Further, if the Settlement is approved, the parties will also avoid considerable litigation and/or appeal costs.[32]

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30 *Id.* at 7.

31 *Id.* at 8.

32 CAUSE-PA's St. in Support of Settlement at 2.

First, CAUSE-PA recognizes that UGI agreed in the Settlement to reduce the amount of the rate increase from $82.7 million to $49.45 million, phased in over a two-year period. Second, when the significant decrease in the overall revenue requirement is coupled with the changes UGI agreed to make to its universal service programs, CAUSE-PA believes that these provisions will lessen the amount of the increase shouldered by low-income customers and will help mitigate the impact of the rate increase. For example, similar to the reasons asserted by OCA, CAUSE-PA also opposed UGI's original filing that would have increased the fixed monthly residential customer charge from $14.60 to $19.95. CAUSE-PA, like OCA, is satisfied that the Settlement includes a modest increase to this charge of $0.40 or 2.7% to $15.00, which will help protect the ability of low-income households to lower their utility costs by reducing consumption and will preserve the ability of LIURP to effectively reduce customer bills and improve payment behavior. (CAUSE-PA St. 1 at 32-35).

Next, CAUSE-PA stated that the Settlement is in the public interest and should be approved without modification because it also opposed the WNA since it shifts all risk of changing weather conditions and temperatures extremes from utilities onto consumers. (CAUSE-PA St. 1 at 35-37). However, CAUSE-PA, similar to I&E, OCA, and OSBA, is satisfied that the conditions attached to the five-year WNA pilot program, as discussed above, strikes an appropriate balance between the interests of the parties and is just and reasonable and should be approved. [33]

Next, CAUSE-PA addressed the remainder of its statement in support of the Settlement to show that the numerous agreed to changes to UGI Gas's customer assistance and universal service programs, as well as changes to the Company's customer service practices, are in the public interest. Therefore, CAUSE-PA addressed how the public interest is served by the following settlement terms: the increased annual budget to LIURP from its current $3,714,350 to $3,964,350, then by additional $250,000; the increased maximum per-job spend on LIURP projects, where the project involves a furnace replacement from $11,000 to $14,000; the expansion of access to customers between 151% and 200% of the FPL; the WARM Referral for

[33] *Id*. at 5.

customers in this income tier who are rejected from CAP for being over-income; and the lowering of its LIURP minimum usage threshold to 73.1 Ccf per month for customers at or below 200% of the FPL.[34]

Further, CAUSE-PA discussed its support for OCA's recommendation that the Company screen gas conversion customers for CAP, which is a part of the Settlement. *See,* Settlement ¶ 45. Additionally, CAUSE-PA discussed UGI Gas's pilot program to incur $375,000 to undertake a pilot program to utilize a third-party consultant to identify and engage low-income customers, also part of the Settlement. Settlement ¶ 46. Further, CAUSE-PA discussed that UGI Gas will continue its simplified application process for LIHEAP, including continuing its outreach to active customers who have been removed from CAP due to failure to recertify and that UGI will expand its grants under Operation Share to customers up to 250% of the federal poverty level and increase the grant from $400 to $600, and initiate a study to determine the feasibility of exempting low-income customer from reconnection fees. Settlement ¶¶ 48 and 49.

CAUSE-PA also asserts that the Settlement is in the public interest and should be approved without modification because the Settlement provision regarding the Company's continued use of community-based organizations (CBOs) to administer and implement its universal service programs helps ensure that low-income households are holistically served, as CBOs most often administer other programming to help improve energy, food, and housing security. CAUSE-PA also explains how the Settlement provision regarding the Company's agreement to initiate a study to determine the feasibility, cost, and benefits of exempting low-income customers from reconnection fees and present the results of this study to the USAC is a step in the right direction toward the elimination of regressive and unduly burdensome charges. CAUSE-PA pointed to its testimony that UGI's current $73.00 reconnection fee amounts to 7.2% of the average monthly income of UGI's confirmed low-income customers. (CAUSE-PA St. 1 at 38-39). This witness also testified that UGI's high connection fee increases the risk of fires and carbon monoxide poisoning by adding additional barriers to the ability of households to

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[34] *Id*. at 6-7.

reconnect natural gas service, thus increasing the risk the household will resort to dangerous alternative heating methods. (*Id.*).

f. *CEO*

In its statement in support of the Settlement, CEO stated that it intervened to address the adequacy of the Company's programs for its low-income customers and the effect of any proposed rate increase or change in rate structure on those programs and customers. Therefore, of particular concern to CEO is the Company's agreed upon provision that the Settlement increases funding for the Company's LIURP program for the residential class. CEO contends that the Settlement is in the public interest and should be approved without modification because this increase will help low-income customers deal with the effect of the rate increase resulting from the Settlement.

Further, CEO points to other Settlement provisions that will benefit low income customers including that: the Company agreed to continue to use the community-based organizations it has traditionally used in the administration and implementation of its universal service program; the Company lessens a negative impact in that it provides for a fixed monthly residential customer charge from its current $14.60 to $15.00 instead of its proposed $19.95; and the Company has agreed to increase the Company's contribution to its Hardship Fund.

g. NRG

In its statement in support of the Settlement, NRG states that the Settlement is in the public interest and should be approved without modification because on balance, the Settlement fairly resolves matters of particular importance to NRG affecting the functioning of the customer choice program, including operational issues that make a difference to NGSs in pricing products and providing quality customer service. There were three areas of particular concern to NRG including (1) the transparency of UGI Gas's delivery system, (2) the management of weekend scheduling mismatches in the nomination process, and (3) the weighted average cost of delivered gas.

NRG noted that the terms of the Settlement that are important to NRG appear in Section J of the Joint Petition. Paragraph 63 addresses NRG's transparency concern wherein UGI Gas commits to holding a supplier collaborative within 90 days after a final order is entered in this proceeding, as well as NRG's concerns regarding the need for an understanding of the full capabilities of UGI Gas's delivery system when it receives gas from the interstate pipelines. This paragraph is in the public interest and ensures that NGSs operating in the UGI Gas service territory are on equal footing with UGI-Energy Services, LLC ("UGI-ES"), an affiliate of UGI Gas in terms of understanding the capabilities of UGI Gas to move gas between regional pools on its delivery system.[35]

NRG also discussed that paragraph 64 of the Settlement satisfactorily addresses NRG's concerns regarding the importance of timely notifications on the weekends for UGI Gas to communicate and confirm that a particular amount of gas is to be delivered or received at the gas delivery point and/or that alternative gas delivery point(s) and providing all information that may be necessary to cause such delivery or receipt to occur. After explaining the importance of weekend timely notifications, the significant financial risk or consequences to NRG due to this operational issue, and its evidence of standard industry practice to alert entities seven days per week, UGI Gas committed to undertake an investigation of other utility practices with regard to the management of weekend scheduling mismatches and will compile a summary for presentation and discussion as part of its 2023 supplier collaborative. (Settlement ¶ 64).

NRG also discussed that paragraph 65 of the Settlement satisfactorily addresses its issue concerning the weighted cost of delivered gas ("WACOD"). In paragraph 65(a) of the Settlement, UGI Gas commits to proposing a plan in its 2023 purchases gas cost proceeding to transition recovery of capacity costs from the current WACOD cost recovery method to recovering those costs directly from Rate Large Firm Delivery customer on the Company's bills. Paragraph 65(b) implements NRG's proposal to provide NGSs with information showing the impact of each individual pipeline rate case along with a 12-month estimate of forward impact from the implementation of a rate change. Further, in all future interstate pipeline company

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35 NRG's St. in Support of Settlement at 5.

Natural Gas Act general Section 4 filings, UGI Gas will provide information on its Energy Management Website showing how the individual Section 4 rate case is expected to impact the WACOD calculation over a forward-looking 12-month period from the implementation of a rate change. These provisions, NRG contends, address its concern regarding the need for this information to improve the pricing of natural gas for NRG's customers, which enhances the overall customer experience with the retail market.[36]

Finally, NRG noted that the Settlement is in the public interest and should be approved without modification because although it has other concerns, NRG is satisfied that the Settlement reflects a carefully balanced compromise. For example, NRG stated that it continues to have concerns about the presence of UGI-ES in the retail competitive market competing against nonaffiliated NGSs and the Settlement does not contain any provision regarding the Commission's Standards of Conduct which contain numerous provisions designed to ensure that NGDCs do not afford their affiliated NGSs an unfair advantage over nonaffiliated NGSs. Nonetheless, NRG is satisfied that the Settlement adequately addresses the other issues raised by NRG in this proceeding.[37]

C. Disposition

Having reviewed the various filings, including the witness testimony, the Settlement and the statements in support of the Settlement, it is clear that the Settlement is in the public interest, supported by substantial evidence and should be adopted in its entirety without modification. *See*, *Lancaster*, *Warner*.

As an initial matter, the Settlement is in the public interest because the originally requested $82.7 million increase has been reduced to a revenue requirement of $49.45 million, effective October 29, 2022. This reduction of more than $33 million in revenue requirement will help to keep utility bills affordable while also allowing the Company to continue to provide safe

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[36] *Id.* at 7-8.

[37] *Id.* at 2; *also see* 52 Pa. Code § 62.142 for the Commission's Standards of Conduct referred to by NRG.

and reliable service. Furthermore, the parties' agreement to implement the increase in two steps is also in the public interest so that only $38 million of the $49.45 million increase will go into effect on October 29, 2022 and the remaining $11.45 million will go into effect on October 1, 2023. This two-step increase will enable consumers to better prepare for the rate increase because the total increase will not be in effect right away. The agreed-upon revenue requirement is also in the public interest because it includes a stay-out period whereby UGI Gas agreed to not file for another rate increase prior to January 1, 2024. This stay-out means that any subsequent rate increase will not take effect until approximately October 1, 2024 (nine months after the earliest date of any subsequent filing) thereby giving consumers rate stability for approximately two years.

The Settlement is also in the public interest and should be approved in its entirety without modification because of the agreements regarding revenue allocation and rate design. These agreements include the addition of a new billing determinant, the unification of certain rates and customer charges that are lower than originally proposed in the rate filing. The parties included a detailed version of the settled revenue allocation as Appendix B to the Settlement. These agreements are in the public interest because they help to ensure that the various customer classes who receive service from UGI Gas more accurately pay for the cost to provide them service.

The Settlement is also in the public interest because of the Weather Normalization Adjustment pilot agreed to by the parties. Here, the parties agreed to UGI Gas's originally proposed WNA with the exception that the parties now also agreed to a 3% deadband. The Settlement also requires UGI Gas to submit two reports each year on the WNA, beginning July 1, 2023, and the company will file a 1308(d) general rate increase filing no later than January 31, 2026 so that any modifications to the WNA can be addressed. This provision of the Settlement is in the public interest because the WNA will help to moderate monthly bills paid by individual consumers and, at the same time, includes protections in the Settlement to ensure that the WNA is working correctly. These provisions will help more consumers afford their utility service by keeping their bills closer to the same level each month and reduce any spikes in bills.

Similarly, we believe that the Settlement is in the public interest and should be approved without modification because of the numerous improvements to UGI Gas's customer assistance and universal service programs. In particular, with regard to LIURP, the agreement to increase LIURP's budget by $250,000, twice, and increasing LIURP access to customers between 151% and 200% of the federal poverty level will enable more UGI Gas customers to benefit from the program. The increase in the maximum amount that UGI Gas can spend on each LIURP project under its current Universal Service and Energy Conservation Program from $11,000 to $14,000 will allow individual customers to receive more benefit under that program. The Settlement also includes other provisions that benefit low-income customers and is therefore in the public interest. For example, customers who recently converted to natural gas will receive detailed information regarding the company's universal service programs. UGI Gas also agreed to incur $375,000 to undertake a pilot program to utilize a third-party consultant to identify and engage low-income customers. UGI Gas will continue its simplified application process for LIHEAP, including continuing its outreach to active customers who have been removed from CAP due to failure to recertify. UGI Gas will expand its grants under *Operation Share* to customers up to 250% of the federal poverty level and increase the grant from $400 to $600 and initiate a study to determine the feasibility of exempting low-income customer from reconnection fees.

All of these customer assistance provisions agreed to in the Settlement will not only increase the benefits themselves but will also increase the number of people who are eligible for those benefits. Giving more consumers greater access to more benefits that allow greater access to vital utility service is in the public interest. These provisions of the Settlement do just that.

Next, the Settlement is also in the public interest because it increases or continues various reporting obligations for UGI Gas that are in the public interest. These reporting requirements include reports regarding the distribution system improvement charge including the actual capital expenditures, plant additions and retirements by month for a period of two years. UGI Gas also agreed to produce a report regarding gas safety that pertains to pipeline replacements, including the ten most expensive restoration projects per year over the past three years and identified related costs. These provisions of the Settlement are in the public interest because the reporting requirements will help the Commission and the parties ensure that UGI Gas is complying with its regulatory obligations regarding DSIC and gas safety. Certainly, infrastructure improvement and gas safety are in the public interest and the reporting requirements agreed to in the Settlement will enable UGI Gas to ensure that it is providing safe and reliable utility service at just and reasonable rates.

The Settlement also contains various accounting provisions that support finding the Settlement to be in the public interest. The accounting provisions pertain to environmental cost recovery, COVID-19 related costs, Accumulated Deferred Income Tax, repair allowance, depreciation rates, rate case expense, and information technology cost treatment. The Settlement also contains provisions regarding normalization and amortization of various expenses which should enable a more efficient and effective examination of UGI Gas's future base rate filings which is also in the public interest.

Finally, the Settlement also contains various provisions regarding transportation services. Some of these provisions include encouraging supplier feedback for mutual discussion and follow up action items at supplier collaborative meetings, as well as investigating other utility practices with regard to managing weekend scheduling mismatches. With regard to weighted average cost of delivered gas, UGI Gas agreed to propose a plan in its next purchased gas cost proceeding to recover those costs directly from Rate LFD customers on their UGI bills and also to provide additional information on its Energy Management Website. The Commission strongly encourages the competitive provision of natural gas supply and these provisions in the Settlement are in the public interest because they will help further the Commission's goals of ensuring a competitive marketplace for these services.

As a result, the Settlement is in the public interest not just because it provides a substantial reduction in the overall revenue requirement, resulting in a savings of $33 million per year, but also because of the specific provisions in the settlement that provide benefits to all of UGI Gas's customers.

In addition, as is the case with all Settlements, the Settlement should be approved as being in the public interest because the settlement will save the parties from expending substantial time and expense involved with further litigation. Although the parties exchanged substantial discovery and submitted several rounds of pre-served testimony, and there has been some hearing time, additional costs would have included extensive hearings, extensive briefing, preparation of exceptions and possible appeals amongst the multitude of parties involved in this proceeding. Minimizing such expenditures reduces the costs that UGI, and others, might ultimately pass on to the ratepayers, and also conserves the resources of all other parties involved in these proceedings and preserves Commission resources as well.

The Settlement is also in the public interest and should be approved without modification because it resolves the complaints filed by various consumers who contested the original filing. As noted above, each of the complainants was provided a copy of the Settlement and given the opportunity to object to it. No objections were received and therefore the complainants were deemed to not oppose the settlement. Therefore, these complaints will be closed as part of the ordering paragraphs below.

The Settlement should be approved as being in the public interest because the parties have exchanged voluminous pre-served testimony and have engaged in extensive discovery and other litigation-related efforts in order to properly investigate and resolve the issues presented, much of which was admitted into the record via stipulation. These efforts demonstrate that the initial filings of the company and the responses to the filings have been thoroughly vetted and considered by all concerned parties. These efforts also demonstrate that the parties are satisfied that there are no unresolved evidentiary issues at this point of the proceeding. As a result, the Settlement is therefore in the public interest and should be approved without modification.

In conclusion, record evidence in this proceeding demonstrates that the Settlement submitted in this case is in the public interest, supported by substantial evidence and should be adopted in its entirety without modification.

VII. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 701, 1301, 1308(d).

2. Under Section 1301 of the Public Utility Code, a public utility's rates must be just and reasonable. 66 Pa.C.S. § 1301.

3. The Commission possesses a great deal of flexibility in its ratemaking function. *Popowsky v. Pa. Pub. Util. Comm'n*, 665 A.2d 808 (Pa. 1995). "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Id*. at 812 (Pa. 1995).

4. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulate; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. Pub. Util. Comm'n v. Pa. Gas & Water Co.*, 424 A.2d 1213 (Pa. 1980).

5. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources. 52 Pa. Code § 69.401

6. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

7. The Commission encourages black box settlements. *Pa. Pub. Util. Comm'n v. Aqua Pa., Inc.,* Docket No. R-2011-2267958 (Order entered June 7, 2012); *Pa. Pub. Util. Comm'n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered December 19, 2013).

8. The benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011); *Warner v. GTE N., Inc.,* Docket No. C-00902815 (Opinion and Order entered April 1, 1996); *Pa. Pub. Util. Comm'n v. UGI Utils., Inc. – Gas Div.*, Docket No. R-2015-2518438 (Opinion and Order entered Oct. 14, 2016).

9. The Joint Petitioners have the burden to prove that the settlement is in the public interest. *Pa. Pub. Util. Comm'n v. Pike Cnty. Light & Power (Elec.),* Docket No. R-2013-2397237 (Opinion and Order entered Sept. 11, 2014).

10. The decision of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704.

11. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dep't of Pub. Welfare*, *White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

12. The rates and terms of service set forth in the Settlement are supported by substantial evidence and are in the public interest. 2 Pa.C.S. § 704; *Pa. Pub. Util. Comm'n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011); *Warner v. GTE N., Inc.,* Docket No. C-00902815 (Opinion and Order entered April 1, 1996); *Pa. Pub. Util. Comm'n v. UGI Utils., Inc. – Gas Div.*, Docket No. R-2015-2518438 (Opinion and Order entered Oct. 14, 2016).

VIII. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That UGI Utilities, Inc. – Gas Division, shall not place into effect the rates contained in Supplement No. 32 to UGI Tariff Gas - Pa. P.U.C. Nos. 7 and 7S which was filed on January 28, 2022 at docket number R-2021-3030218.

2. That the Joint Petition for Approval of Settlement of All Issues filed at docket number R-2021-3030218 filed on June 24, 2022 is approved and adopted in its entirety and without modification.

3. That UGI Utilities, Inc. – Gas Division, shall be permitted to file tariff supplements incorporating the terms of the Settlement and changes to its rates, rules and regulations as set for in Appendix A to the Joint Petition for Settlement filed on June 24, 2022 at docket number R-2021-3030218, to become effective on at least one day's notice after entry of the Commission's Order approving the Settlement for service rendered on and after October 29, 2022 so that base rate revenue increase of $49.45 million will be phased in through two steps with the first step of an increase of $38 million, effective October 29, 2022 and the second step of an additional increase of $11.45 million, effective October 1, 2023.

4. That after UGI Utilities, Inc. – Gas Division files the required tariff supplements set forth in Ordering Paragraph No. 3 above of this Recommended Decision, the investigation concerning UGI Utilities, Inc., – Gas Division, at Docket No. R-2021-3030218 shall be terminated and marked closed.

5. That the formal complaints of the Office of Consumer Advocate at Docket No. C-2022-3030735, and the Office of Small Business Advocate at Docket No. C-2022-3030983 be deemed satisfied and marked closed.

6. That the formal complaint filed by Lyn Rae Spencer at Docket No. C-2022-3033590 is consolidated with the Commission's investigation at Docket No. R-2021-3033218.

7. That the *pro se* formal complaints filed by Paula Mercuri at Docket No. C-2022-3030898, Francis Riviello at Docket No. C-2022-3031238, Paul Forlenza at Docket No. C-2022-3031285, Elisabeth Lynch at Docket No. C-2022-3031232, Joseph Sohn at Docket No. C-2022-3031476, Annette Miraglia at Docket No. C-2022-3031819, Sam Galdieri at Docket No. C-2022-3031822, and Lyn Rae Spencer at Docket No. C-2022-3033590, be deemed satisfied and marked closed.

Date: July 28, 2022

/s/
Joel H. Cheskis
Deputy Chief Administrative Law Judge

/s/
Gail M. Chiodo
Administrative Law Judge

APPENDIX

List of Party Testimony and Exhibits

Pa. Pub. Util. Comm'n et al v. UGI Utilities, Inc.- Gas
Docket Nos. R-2021-3030218, *et al.*

UGI UTILITIES, INC. – GAS DIVISION

UGI Gas Initial Filing

Book I
- Index
- Index of Direct Testimony
- Statement of Reasons
- Plain Language – Statement of Reasons
- Section 53.52 Filing Requirements
- Section 53.62 Filing Requirements
- Section 53.53 – Valuation
- Section 53.53 – Rate of Return
- Section 53.53 – Balance Sheet and Operating Statement
- Section 53.53 – Rate Structure
- Index of Contents on USB Flash Drive
- USB Flash Drive

Book II
- Supplemental Data Requests – Cost of Service
- Supplemental Data Requests – Rate of Return
- Supplemental Data Requests – Revenue Requirements

Book III
- UGI Gas Statement No. 1 – Christopher R. Brown, UGI Gas Exhibit CRB-1
- UGI Gas Statement No. 2 – Tracy A. Hazenstab, UGI Gas Exhibit TAH-1
- UGI Gas Statement No. 3 – Vivian K. Ressler, UGI Gas Exhibit VKR-1
- UGI Gas Statement No. 4 – John F. Wiedmayer
- UGI Gas Statement No. 5 – Vicky A. Schappell, UGI Gas Exhibits VAS-1 and VAS-2

Book IV
- UGI Gas Statement No. 6 – Paul R. Moul
- UGI Gas Statement No. 7 – Nicole M. McKinney, UGI Gas Exhibits NMM-1, NMM-2, NMM-3 and NMM-4

UGI Gas Statement No. 8 – Sherry A. Epler, UGI Gas Exhibits SAE-1, SAE-2, SAE-3, SAE-4, SAE-5, SAE-6, SAE-7, SAE-8, SAE-9, and SAE-10

UGI Gas Statement No. 9 – Timothy J. Angstadt, UGI Gas Exhibit TJA-1

UGI Gas Statement No. 10 – Constance E. Heppenstall

UGI Gas Statement No. 11 – John D. Taylor, UGI Gas Exhibits JDT-1 and JDT-2

Book V
UGI Gas Exhibit A – Fully Projected
UGI Gas Exhibit A – Future
UGI Gas Exhibit A –Historic
UGI Gas Exhibit B – Rate of Return
UGI Gas Exhibit E – Proof of Revenue

Book VI
UGI Gas Exhibit C – Depreciation Study – Fully Projected

Book VII
UGI Gas Exhibit C – Depreciation Study – Future

Book VIII
UGI Gas Exhibit C – Depreciation Study – Historic

Book IX
UGI Gas Exhibit D – Allocated Cost of Service Study

Book X
UGI Gas Exhibit F – Current Tariffs

Book XI
UGI Gas Exhibit F – Proposed Supplement No. 32 to UGI Utilities, Inc. – Gas Division – Pa. P.U.C. Nos. 7 & 7S

UGI Gas Rebuttal Testimony and Exhibits

UGI Gas Statement No. 1-R – Rebuttal Testimony of Christopher R. Brown
UGI Gas Exhibits CRB-1R through CRB-2R

UGI Gas Statement No. 2-R – Rebuttal Testimony of Tracy A. Hazenstab
PUBLIC AND **CONFIDENTIAL**

UGI Gas Exhibit A - Fully Projected (REBUTTAL)

UGI Gas Statement No. 3-R – Rebuttal Testimony of Vivian K. Ressler
PUBLIC AND **CONFIDENTIAL** Versions

UGI Gas Exhibits VKR-1R through VKR-4R, VKR-7R and VKR-9R through VKR-11R

CONFIDENTIAL UGI Gas Exhibits VKR-5R, VKR-6R and VKR-8R

UGI Gas Statement No. 5-R – Rebuttal Testimony of Vicky A. Schappell
UGI Gas Exhibits VAS-2R through VAS-4R

CONFIDENTIAL UGI Gas Exhibit VAS-1R

UGI Gas Statement No. 6-R – Rebuttal Testimony of Paul R. Moul
UGI Gas Exhibit B, Schedule 6, Pages 3 and 4 (Updated)

UGI Gas Statement No. 8-R – Rebuttal Testimony of Sherry A. Epler
UGI Gas Exhibits SAE-1R through SAE-4R

UGI Gas Statement No. 9-R – Rebuttal Testimony of Timothy J. Angstadt
PUBLIC AND **CONFIDENTIAL** Versions

UGI Gas Exhibits TJA-1R through TJA-2R

UGI Gas Statement No. 10-R – Rebuttal Testimony of Constance E. Heppenstall
UGI Gas Exhibit D-R

UGI Gas Exhibit CEH-1R

UGI Gas Statement No. 11-R – Rebuttal Testimony of John D. Taylor

UGI Gas Statement No. 12-R – Rebuttal Testimony of Daniel V. Adamo
UGI Gas Exhibits DVA-1R through DVA-6R

UGI Gas Surrebuttal Testimony and Exhibits

UGI Gas Statement No. 1-SR – Surrebuttal Testimony of Christopher R. Brown

UGI Gas Rejoinder Testimony and Exhibits

UGI Gas Statement No. 1-RJ – Rejoinder Testimony of Christopher R. Brown
UGI Gas Exhibit CRB-1RJ

UGI Gas Statement No. 2-RJ – Rejoinder Testimony of Tracy A. Hazenstab
UGI Gas Exhibit A - Fully Projected (REBUTTAL)

UGI Gas Statement No. 3-RJ – Rejoinder Testimony of Vivian K. Ressler
UGI Gas Exhibit VKR-1RJ

UGI Gas Statement No. 5-RJ – Rejoinder Testimony of Vicky A. Schappell
UGI Gas Exhibit VAS-1RJ

UGI Gas Statement No. 6-RJ – Rejoinder Testimony of Paul R. Moul

UGI Gas Statement No. 8-RJ – Rejoinder Testimony of Sherry A. Epler

UGI Gas Statement No. 9-RJ – Rejoinder Testimony of Timothy J. Angstadt

UGI Gas Statement No. 10-RJ – Rejoinder Testimony of Constance E. Heppenstall
UGI Gas Exhibit CEH-1RJ

UGI Gas Statement No. 11-RJ – Rejoinder Testimony of John D. Taylor

UGI Gas Statement No. 12-RJ – Rejoinder Testimony of Daniel V. Adamo
UGI Gas Exhibit DVA-1RJ

BUREAU OF INVESTIGATION AND ENFORCEMENT

Zachari Walker:	I&E Statement No. 1, I&E Exhibit No. 1 I&E Statement No. 1-R, I&E Exhibit No. 1-R I&E Statement No. 1-SR, I&E Exhibit No. 1-SR Verification Statement
Anthony Spadaccio:	I&E Statement No. 2, I&E Exhibit No. 2 I&E Statement No. 2-SR, Verification Statement
Brian J. LaTorre:	I&E Statement No. 3, I&E Exhibit No. 3 I&E Statement No. 3-SR, Verification Statement
Ethan H. Cline:	I&E Statement No. 4, I&E Exhibit No. 4 I&E Statement No. 4-SR, I&E Exhibit No. 4-SR Verification Statement
Esyan Sakaya:	I&E Statement No. 5, I&E Exhibit No. 5 I&E Statement No. 5-SR, I&E Exhibit No. 5-SR Verification Statement
Jessalynn Heydenreich:	I&E Statement No. 6 ***(Proprietary** and Non-Proprietary)* I&E Exhibit No. 6 *(**Proprietary** and Non-Proprietary)* I&E Statement No. 6-SR, Verification Statement

OFFICE OF CONSUMER ADVOCATE

OCA's Direct Testimony

OCA Statement 1 – Public and **HIGHLY CONFIDENTIAL** Direct Testimony of Dante Mugrace; Schedules DM-1 through DM-20, and Verification

OCA Statement 2 -- Direct Testimony of David J. Garrett – Appendix A, Appendix B, Exhibits DJG-1 through DJG-17, and Verification

OCA Statement 3 -- Direct Testimony of Jerome D. Mierzwa -- Schedules JDM-1 through JDM-3 and Verification

OCA Statement 4 -- Direct Testimony of Roger D. Colton, Appendix A, and Verification

OCA's Rebuttal Testimony

OCA Statement 2R – Rebuttal Testimony of David J. Garrett and Verification

OCA Statement 3R -- Rebuttal Testimony of Jerome D. Mierzwa and Verification

OCA Statement 4R -- Rebuttal Testimony of Roger D. Colton and Verification

OCA's Surrebuttal Testimony

OCA Statement 1-SR – REVISED Public and REVISED HIGHLY CONFIDENTIAL Surrebuttal Testimony of Dante Mugrace and Verification

OCA Statement 2-SR -- Surrebuttal Testimony of David J. Garrett and Verification

OCA Statement 3-SR -- Surrebuttal Testimony of Jerome D. Mierzwa, Revised Scheduled JDM-1, and Verification

OCA Statement 4-SR -- Surrebuttal Testimony of Roger D. Colton and Verification

OCA's Discovery Exhibits

OCA Discovery Exhibit 1 – UGI Response to CAUSE-PA Set II-10

OCA Discovery Exhibit 2 – UGI Responses to CAUSE-PA Set V-1 and 2.

OFFICE OF SMALL BUSINESS ADVOCATE

OSBA Statement No. 1 -- Direct Testimony of Robert D. Knecht, with Exhibits RDK-1 – RDK, and verification

OSBA Statement No. 1-R -- Rebuttal Testimony of Robert D. Knecht, with Exhibit RDK-1R and verification

OSBA Statement No. 1-SR -- Surrebuttal Testimony of Robert D. Knecht, with Exhibits RDK-S1 – RDS-S2, and verification

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

CAUSE-PA Statement 1, the Direct Testimony of Harry S. Geller, Esq., Appendices A and B, and verification

CAUSE-PA Statement 1-R, the Rebuttal Testimony of Harry S. Geller, Esq., verification

CAUSE-PA Statement 1-SR, the Surrebuttal Testimony of Harry S. Geller, Esq., Testimony Verification of Harry S. Geller, Esq., and verification

COMMISSION ON ECONOMIC OPPORTUNITY

CEO Statement No. 1, Direct Testimony of Eugene M. Brady

NRG ENERGY, INC.

NRG's Direct Testimony

NRG Statement No. 1 – Public and **Proprietary** Direct Testimony of Christopher Reyes

NRG Exhibit CR-I, **Confidential** NRG Exhibit CR-2, **Confidential** NRG Exhibit CR-2, NRG Exhibit CR-4, NRG Exhibit CR-5, NRG Exhibit CR-6, and NRG Exhibit CR-7; Verification

NRG's Surrebuttal Testimony

NRG Statement No. 1-SR – Surrebuttal Testimony of Christopher Reyes; NRG Exhibit CR-8; Verification