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Senate of Pennsylvania

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January 30, 2025

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

UGI Utilities, Inc. – Gas Division
Rate Increase Request
Supplement No. 55 to UGI Gas Tariff Numbers 7 & 7S
Docket No R-2024-3052716

Dear Secretary Chiavetta,

As Senator for the 15th Senatorial District, I offer the following public comment on PUC Docket Number R-2024-3052716 expressing my concerns related a proposed rate increase sought by UGI Utilities, Inc. – Gas Division. According to many media reports, the utility company serving a portion of my District has requested an overall rate increase of \$110.4 million per year.

If the increase is granted, it would boost a typical residential bill for a customer using 73.7 ccf per month from \$104.47 to \$115.74 per month, or by 10.8%. The total bill for a typical commercial heating customer using 28.3 mcf per month would increase from \$305.44 to \$331.80 per month or by 8.6%. The total bill for a typical industrial customer using 75.4 mcf per month would increase from \$765.99 to \$823.42 per month or by 7.5%.

Throughout UGI's service territory, ratepayers are struggling. Residents are still firmly in the grip of a recovery in the wake of the COVID-19 pandemic and wrestling with inflationary pressures and price increases for necessities such as food and utility costs. Those financial impacts for working families are devastating. Consumer home heating costs are expected to rise as weeks of freezing temperatures in Pennsylvania are driving up energy demand.

The UGI request also comes in the midst of a lawsuit filed by Governor Shapiro with federal energy regulators to prevent energy price hikes on 65 million consumers, including 13 million Pennsylvanians. Notwithstanding the prospect of a negotiated settlement, the PJM auction issue may also lead to additional price increases on Pennsylvania consumers over and above the proposed UGI price increase.

In my opinion, UGI is not in need of immediate rate relief. The company's current and near-term financial outlook is stable and the utility has sufficient revenues to continue to provide safe and reasonable service, to continue its construction activities, pay all of its expenses and

earn a reasonable profit. In fact, in its most recent annual report UGI reported strong financial results.

"Fiscal 2024 was a pivotal year for UGI as we embarked on a multi-year journey to *unlock greater value for shareholders*," said Mario Longhi, Board Chair of UGI Corporation. "Strong execution against our strategy led to record EBIT from our natural gas businesses, sustainable reductions in operating and administrative expenses, disciplined capital deployment, improved liquidity, and greater financial flexibility within our balance sheet. We have laid a solid foundation and with Bob's leadership, I am confident in UGI's ability to create further value for our customers, employees and shareholders." <https://www.ugicorp.com/news-releases/news-release-details/ugi-reports-strong-fiscal-2024-results>

The pandemic and subsequent inflationary costs have taken an especially heavy toll on both the economic health of low-income and minority households, which face disproportionately high energy costs compared to higher income households. Raising utility rates would compound the already high rates of involuntary termination and exacerbate the disproportionate health impacts on low-income communities and communities of color and prolonging the longer-term economic recovery for these same households.

A 2022 study published in Nature Communications found that 16% of U.S. households experience energy poverty, which researchers defined as spending more than 6% of household income on energy expenditures. An increase of nearly 11% on residential consumers would exacerbate this "energy poverty". <https://www.nature.com/articles/s41467-021-27673-y>

I trust that the Commission will duly consider the economic impact on consumers across the commonwealth. The desire to "unlock greater value for shareholders" should not be financed on the backs of the hard-working constituents of the 15th District who are struggling to make ends meet.

Thank you in advance for your attention to this matter.

Sincerely,


Senator Patty Kim



Senate of Pennsylvania

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