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File #: 172359

May 6, 2025

***VIA ELECTRONIC FILING***

Matthew Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Petition of UGI Utilities, Inc. - Gas Division for Approval of its Phase II Energy  
Efficiency and Conservation Plan  
Docket No. M-2024-3048418**

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Dear Secretary Homsher:

Attached for filing is the Joint Petition for Settlement and Statements in Support thereof on behalf of UGI Utilities, Inc. – Gas Division (“UGI Gas”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Megan E. Rulli

MER/dmc  
Attachment

cc: The Honorable Steven K. Haas (*via email; w/attachment*)  
Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

### VIA E-MAIL

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CAUSE-PA

Date: May 6, 2025

  
\_\_\_\_\_  
Megan E. Rulli

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Utilities, Inc. – Gas :  
Division for Approval of its Phase II : Docket No. M-2024-3048418  
Energy Efficiency and Conservation Plan :

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES**

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**TO ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS:**

UGI Utilities, Inc. – Gas Division (“UGI Gas” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), all parties in the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners” or the “Parties”), hereby submit this Joint Petition for Approval of Settlement of All Issues (“Settlement”) and respectfully request that Administrative Law Judge Steven K. Haas (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) approve this Settlement without modification<sup>1</sup>

As set forth and explained below, the Joint Petitioners have agreed to a settlement of all issues in the above-captioned proceeding. The Settlement provides for the approval of UGI Gas’s Phase II Energy Efficiency and Conservation (“EE&C”) Plan (“Phase II EE&C Plan” or “Plan”), as modified by the terms and conditions of the Settlement.

In support of this Settlement, the Joint Petitioners state the following:

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<sup>1</sup> CAUSE-PA does not join the Settlement provisions in paragraph 36, but does not oppose its inclusion in the Settlement.

## **I. BACKGROUND**

1. On April 15, 2024, UGI Gas filed the above-captioned Petition with the Commission, which included the Company's supporting written direct testimony and exhibits. This filing was made pursuant to the Commission's December 23, 2009 Secretarial Letter at Docket No. M-2009-2142851 ("*December 23, 2009 Secretarial Letter*"), which provided guidance on voluntary Energy Efficiency and Conservation Plans ("EE&C Plans") submitted by electric distribution companies that are not subject to Act 129 of 2008, P.L. 1592, 66 Pa.C.S §§ 2806.1 and 2806.2 ("Act 129").

2. In its Petition, UGI Gas requested Commission approval of the Company's voluntary Phase II EE&C Plan. The voluntary Phase II EE&C Plan includes a broad portfolio of energy efficiency programs, conservation practices, and energy education initiatives for the time period beginning October 1, 2025, through September 30, 2030, which are designed to help customers reduce their energy consumption in a cost-effective manner.

3. On May 3, 2024, the Office of Small Business Advocate ("OSBA") filed a Notice of Appearance, Answer, Notice of Intervention, and Public Statement.

4. On May 6, 2024, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed a Petition to Intervene and Answer.

5. Also on May 6, 2024, the Office of Consumer Advocate ("OCA") filed a Notice of Appearance, Answer, Notice of Intervention, and Public Statement.

6. On September 12, 2024, a Telephonic Prehearing Conference Notice was issued, which scheduled a prehearing conference for September 26, 2024, at 10:00 AM before the ALJ.

7. Via email sent September 24, 2024, the ALJ asked whether the parties would like time to discuss settlement before establishing a litigation schedule. The parties requested time to pursue settlement prior to setting a litigation schedule.

8. On September 25, 2024, the Commission issued a Cancellation Notice, which canceled the Prehearing Conference.

9. Via email sent to the ALJ on November 22, 2024, the parties requested that a prehearing conference be scheduled and a litigation schedule established in order to avoid a compressed litigation schedule while settlement negotiations continue.

10. On January 14, 2025, a second Telephonic Prehearing Conference Notice was issued, which rescheduled the prehearing conference for Friday, January 17, 2025, at 10:00 AM before the ALJ.

11. Also on January 14, 2025, the ALJ directed the parties to submit a list of issues to be addressed at the prehearing conference via email by 12:00 PM on January 16, 2025.

12. On January 16, 2025, UGI Gas and OCA filed prehearing memoranda. No other party filed prehearing memoranda.

13. On January 17, 2025, the prehearing conference was held before the ALJ, during which the Parties, among other things, agreed to a procedural schedule and certain modifications to discovery rules.

14. On January 21, 2025, a Scheduling Order was issued that, among other things, granted the Petition to Intervene of CAUSE-PA, adopted the procedural schedule agreed to by the Parties at the prehearing conference, and established modified discovery rules.

15. On February 11, 2025, OCA, OSBA, and CAUSE-PA served their written direct testimony and exhibits.

16. On March 4, 2025, UGI Gas served its written rebuttal testimony and exhibits.

17. On March 20, 2025, a hearing notice was issued scheduling the telephonic evidentiary hearing for March 27, 2025, before the ALJ.

18. On March 25, 2025, OCA, OSBA, and CAUSE-PA served their written surrebuttal testimony and exhibits.

19. The Joint Petitioners held several settlement conferences in this proceeding. On March 26, 2025, the Joint Petitioners advised the ALJ that they had reached a settlement in principle. In light of the settlement in principle reached, the Joint Petitioners requested that the hearing be canceled and that the evidence be admitted into the record via a joint stipulation for admission of evidence. The ALJ granted this request.

20. On March 26, 2026, a Cancellation Notice was issued, which canceled the evidentiary hearing scheduled for March 27, 2025.

21. On April 8, 2025, the ALJ granted the Joint Petitioners' request to file a joint petition for settlement and statements in support of settlement by the scheduled Reply Brief due date of May 1, 2025.

22. The Joint Petitioners have been able to agree to a settlement of all issues that is in the public interest. The Joint Petitioners also are in full agreement that the Settlement is in the best interests of UGI Gas and its customers. The Settlement terms are set forth in the following Section.

## **II. SETTLEMENT**

23. The Joint Petitioners agree as follows:

24. The Company's Phase II EE&C Plan is approved, subject to the following modifications.

25. For the Combined Heat and Power ("CHP") program, if by the end of program Year 4 there are no additional projects in the pipeline and/or significant budget remaining, then the Company will move those budgeted funds to another commercial program to generate additional savings.

26. UGI Gas will file a one-time informational letter and serve the parties to this docket if the Company begins offering a commercial gas heat pump as a measure in the Plan. The filing shall detail the level of the incentive and the forecasted number of measures to be rebated by year throughout the Plan period. Additionally, the Company should indicate any impacts to the Plan's budgets due to the inclusion of commercial gas heat pumps in the Plan.

27. Before offering any gas-fired heat pump incentives, UGI Gas will undertake a study for the hypothetical, informational analysis of a generic 20-unit multifamily building that uses a master-metered natural gas account and installs a gas fired heat pump. This analysis will include lifecycle energy savings, customer costs (including installation, billing, and maintenance costs), and cost-effectiveness analysis. UGI Gas will provide such hypothetical, informational analysis to the parties to review before offering these incentives.

28. A formalized marketing plan will be established annually, detailing how the Company will achieve the projections in its Phase II EE&C Plan.

29. UGI Gas will file and serve the Company's program evaluations to the parties to this docket.

30. Within 180 days of approval of the Phase II EE&C Plan, UGI Gas will convene a meeting and invite representatives from EDCs with overlapping territory to discuss improved coordination with electric utilities' Act 129 programs and Low-Income Usage Reduction Programs ("LIURP") to install measures with long term bill savings.

31. Once per year, UGI Gas will attend and present at a dedicated multifamily stakeholder meeting, to the extent such a meeting is scheduled and held by CAUSE-PA, where the meeting participants will discuss the extent to which they can provide UGI Gas with information that the Company can use to identify any low-income multifamily efficiency project opportunities.

If any such project opportunities are identified through this process, the Company will perform targeted EE&C outreach to those properties.

32. UGI Gas agrees to update LIURP communications to include information regarding the availability of Residential Retrofit (“RR”) and Residential Prescriptive (“RP”) Program rebates. Within 90 days of a final order in this proceeding, UGI Gas will provide the parties with copies of draft communications and will consider, in good faith, incorporation of any feedback provided. However, no later than 120 days of a final order in this proceeding, UGI Gas will finalize the LIURP communications.

33. UGI Gas will track and report at its annual EE&C stakeholder meeting and in its annual report:

- a. Program participation (unique customers and total number of rebates issued) under the RP Program by rate class (R/RT, N/NT); and
- b. Program participation (unique customers and total number of rebates issued) under the Nonresidential (“NR”) Program by rate class (N/NT, DS, LFD).

34. UGI Gas also will track and report at its annual EE&C stakeholder meeting and in its annual report:

- a. The number of confirmed low income, inclusive of self-reported, customers up to 150% Federal Poverty Level (“FPL”) participating in each of the RP and RR programs;
- b. The specific measures in aggregate accessed by confirmed low income, inclusive of self-reported, participants up to 150% FPL in the RP and RR programs;
- c. The total spending in aggregate on confirmed low income, inclusive of self-

- reported, participants up to 150% FPL in the RP and RR programs;
- d. The net energy savings in aggregate achieved by confirmed low income, inclusive of self-reported participants up to 150% FPL in the RP and RR programs;
- e. The number of EE&C referrals made to LIURP; and
- f. The number of EE&C referrals that received LIURP services.

35. For customers with income at or below 200% of the Federal Poverty Level (“FPL”) who do not meet the LIURP minimum usage threshold and are UGI Gas heating customers (“Qualifying Customers”), UGI Gas will conduct a low-income EE&C Pilot program (“Pilot”). Specifically, starting with the effective date of the Commission’s final order approving this settlement, UGI Gas will conduct a Pilot within its Phase II EE&C Plan incorporating the following provisions for Qualifying Customers up to 200% FPL. The Pilot will end on September 30, 2030. Under the Pilot:

- a. The Company will perform targeted outreach/marketing to Qualifying Customers.
- b. For Qualifying Customers who respond to the targeted outreach/marketing identified in subpart a of this section, the Company will refer those Qualifying Customers to the RR program. At the time of referral, the Company will inform Qualifying Customers that:
  - i. They are eligible under the RR program – at no expense to the customer – for a home energy assessment; and
  - ii. If an RR program assessment occurs and if recommended by the assessment, the Qualifying Customers will be eligible for air sealing and/or insulation measures only – at no expense to the Qualifying Customers, up to \$5,000. Any assessment measure costs over the \$5,000 job cap will be the customer’s responsibility.

- c. For consenting Qualifying Customers, the Company will waive the fee for energy assessment.
- d. For consenting Qualifying Customers, the Company will cover the direct installation costs of air sealing and/or insulation up to a maximum of \$5,000 per job, if recommended as part of the free energy assessment and if the customer agrees. These measures will be directly installed within a reasonable time after the conclusion of the energy assessment.
- e. For consenting Qualifying Customers who undergo an energy assessment where insulation and air sealing measures are not performed following the result of the free energy assessment: (1) UGI Gas's contractors will offer a free energy savings kit during the assessment on a leave-behind basis; (2) UGI Gas's contractors will leave behind the energy savings kit upon customer acceptance;<sup>2</sup> and (3) the consenting Qualifying Customer will be responsible for installing the kit measures.<sup>3</sup>
- f. The Company will budget \$250,000 annually to cover the costs of the provisions set forth in Paragraph 11 a-e above (i.e., targeted outreach/marketing, RR program referrals, fee waivers of energy assessments, energy efficiency kits and direct installation of energy efficiency measures for air sealing and/or insulation at a per job cap of \$5,000). The \$250,000 budget is a part of and not incremental to the RR program budget.
- g. Participation in the Pilot program will not prevent participants from accessing the RP program.

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<sup>2</sup> Kits will not be provided to customers who decline the offer.

<sup>3</sup> UGI Gas's Contractors will not be responsible for the direct installation of the kit measures.

- h. The Company will report progress on spending in its annual EE&C report, including:
  - i. The number of customers receiving air sealing and/or insulation; and
  - ii. The cost per job.

36. UGI Gas will be permitted to continue including fuel switching, and offering rebates to all of its gas customers, in its Gas EE&C program under the following conditions:<sup>4</sup>

- a. UGI Gas will include in its Annual Report the number of residential customers who converted their heating system from electric to gas and received an EE&C rebate during the Program Year.
- b. UGI Gas will continue to not specifically target electric to gas fuel switching as part of its EE&C program.

### **III. CONDITIONS OF SETTLEMENT**

37. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all Joint Petitioners within five (5) business days after the entry of an order modifying the Settlement. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

38. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the

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<sup>4</sup> CAUSE-PA does not join the Settlement provisions in paragraph 36 but does not oppose their inclusion in the Settlement.

Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing, and argument. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding.

39. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

40. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities.

41. If the presiding ALJ adopts the Settlement without modification, the Joint Petitioners agree they will waive the right to file exceptions to the ALJ's decision. If the Commission adopts the Settlement without modification, the Joint Petitioners agree that they waive their right to appeal or to seek reconsideration, rehearing, reargument, or clarification of the Commission's Order approving the Settlement.

#### **IV. MISCELLANEOUS**

42. Attached as Appendix A is the Pro Forma Tariff Supplement for UGI Gas's Phase II Energy Efficiency and Conservation Rider, which the Joint Petitioners respectfully request become effective on one day's advance notice coincident with the effective date of the first quarterly default service rate filing following Commission approval of the Phase II EE&C Plan.

43. Attached as Appendices B through D are Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs, respectively.

44. Attached as Appendices E through H are the Statements in Support of the Settlement setting forth the bases upon which each of the Joint Petitioners believes the Settlement is fair, just, and reasonable and, therefore, in the public interest.

**V. CONCLUSION**

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That the Honorable Administrative Law Judge Steven K. Haas and the Pennsylvania Public Utility Commission approve this Settlement including all terms and conditions thereof without modification;

2. That UGI Utilities, Inc. – Gas Division’s Petition for approval of its Phase II Energy Efficiency and Conservation Plan is granted as modified by this Settlement; and

3. That UGI Utilities, Inc. – Gas Division be permitted to file the Pro Forma Tariff Supplement attached to the Joint Petition for Settlement as Appendix A to become effective on one day’s advance notice coincident with the effective date of the first quarterly default service rate filing following Pennsylvania Public Utility Commission approval of the Phase II Energy Efficiency and Conservation Plan.

Respectfully submitted,



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*Counsel for UGI Utilities, Inc. – Gas Division*

May 6, 2025

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Date

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/s/ Melanie J. El Atieh

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*Counsel for the Office of Consumer Advocate*

May 6, 2025

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Date

/s/ Steven C. Gray

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*Counsel for the Office of Small Business Advocate*

May 6, 2025

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Date



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Ria M. Pereira, Esquire  
Lauren N. Berman, Esquire  
Public Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101

05/06/2025

Date

*Counsel for the Coalition for Affordable Utility  
Services and Energy Efficiency in Pennsylvania*

# **APPENDIX A**

**UGI UTILITIES, INC. - GAS DIVISION**

**GAS TARIFF**

**INCLUDING THE GAS SERVICE TARIFF NO. 7**

**AND**

**THE CHOICE SUPPLIER TARIFF NO. 7S**

Rates and Rules  
Governing the  
Furnishing of  
Gas Service and Choice Aggregation Service  
in the  
Territory Described Herein

Issued: Effective for service rendered on  
and after \_\_\_\_\_. Issued in  
accordance the Commission Order at  
Docket No. M-2024-3048418 entered  
\_\_\_\_\_.

Issued By:

Paul J. Szykman  
Chief Regulatory Officer  
1 UGI Drive  
Denver, PA 17517

<https://www.ugi.com/tariffs>

# **NOTICE**

This tariff makes changes to existing rates (see Page 2).

**LIST OF CHANGES MADE BY THIS SUPPLEMENT**  
(Page Numbers Refer to Official Tariff)

Rule 17, Energy Efficiency and Conservation Charge, Pages 60 - 61.

- The Energy Efficiency and Conservation rider has been updated to include cost recovery for expenses related to the development and implementation of Phase II of the Energy Efficiency and Conservation Plan approved by the Pennsylvania Public Utility Commission by Order entered \_\_\_\_ at Docket No. M-2024-3048418.

**RULES AND REGULATIONS**

**17. RIDER G**

**ENERGY EFFICIENCY AND CONSERVATION RIDER**

Applicability and Purpose

The Energy Efficiency and Conservation Rider ("EEC Rider") shall recover costs related to the Company's Energy Efficiency and Conservation Plan ("EECP"). The EEC Rider shall be computed separately for each of the following four customer classes:

1. Residential customers served under Rate Schedules R/RT,
2. Non-Residential customers served under Rate Schedules N/NT,
3. Non-Residential customers served under Rate Schedule DS, and
4. Non-Residential customers served under Rate Schedule LFD.

EEC Rider Rate:

Rate R/RT	
Rate N/NT	
Rate DS	
Rate LFD	

(C)

The EEC Rider shall be subject to the State Tax Adjustment Surcharge.

Calculation

The EEC Rider shall be determined as follows:

1. Costs to be recovered shall include Company incurred costs to implement its Commission approved EECP during each plan year (October 1<sup>st</sup> through September 30<sup>th</sup>) (Plan Year), including all costs incurred to develop and administer the Company's EECP.
2. The Residential EEC Rider shall be calculated in accordance with the formula below and shall be rounded to the fourth decimal:

$$\text{Residential EEC Rider} = (\text{Cr} / \text{Sr}) - (\text{Er} / \text{Sr}) \text{ where}$$

Cr = Projected Residential EECP Costs.

Sr = Projected Residential Class Sales.

Er = Net over or under collection of the Residential EEC Rider resulting from the difference between the EEC Rider revenues received and the EECP costs incurred.

**(C) Indicates Change**

RULES AND REGULATIONS

17. RIDER G - Continued

ENERGY EFFICIENCY AND CONSERVATION RIDER

3. The Non-Residential EEC Rider shall be calculated in accordance with the formula below and shall be rounded to the fourth decimal:

$$\text{Non-Residential EEC Rider} = (\text{Cn} / \text{Sn}) - (\text{En} / \text{Sn}) \text{ where}$$

Cn = Projected Non-Residential EEC Costs.

Sn = Projected Non-Residential Class Sales.

En = Net over or under collection of the Non-Residential EEC Rider resulting from the difference between the EEC Rider revenues received and the EEC costs incurred.

4. The Residential and Non-Residential EEC Riders will be updated annually and will be filed with the Commission on one day's notice to be effective December 1 of each year. The Company reserves the right to make an interim filing to adjust the EEC Riders to be effective on sixty (60) days' notice. (C)
5. The Riders will be reconciled annually and will be filed with the Commission on or before November 1 of each year. (C)
6. If it is known that there will be a Phase III EE&C Plan at the end of the Final Reconciliation Year related to Phase II, any remaining balance will be recovered/refunded through the Phase III EEC Rider's E-Factor. If there will be no Phase III EE&C Plan, any balance remaining for a customer class at the end of the Final Reconciliation Year will be trued up through a one-time bill credit/debit issued to the applicable customers during the second full billing month following the end of the Final Reconciliation Year. The annual reconciliation and end-of-Plan reconciliation will be subject to Commission review and potential audit, as the Commission deems necessary. (C)

(C) Indicates Change

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Issued: Effective for Service Rendered on and after

# **APPENDIX B**

## **APPENDIX B**

### **PROPOSED FINDINGS OF FACT**

1. UGI Utilities, Inc. – Gas Division (“UGI Gas” or the “Company”) is engaged in the business of selling and distributing natural gas to retail customers within the Commonwealth and is a “public utility” within the meaning of Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, subject to the regulatory jurisdiction of the Commission. *See* 66 Pa. C.S. § 102.

2. UGI Gas provides natural gas distribution service to approximately 700,000 customers in all or parts of forty-five Pennsylvania counties. (UGI Gas Petition ¶¶ 2-3.)

3. On April 15, 2024, UGI Gas filed a voluntary petition (“Petition”) seeking approval of Phase II of its Energy Efficiency and Conservation Plan for the time period beginning October 1, 2025, through September 30, 2030 (“Phase II EE&C Plan” or “Plan”).

4. The Joint Petitioners held several settlement conferences in this proceeding. On March 26, 2025, the Joint Petitioners advised the prevailing Administrative Law Judge (“ALJ”) that they had reached a settlement in principle (“Settlement”) on all issues.

5. The Settlement is supported or not opposed by the active parties in this case: UGI Gas, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”).<sup>1</sup>

6. UGI Gas’s current Phase I EE&C Plan is set to end on September 30, 2025. (UGI Gas St. No. 1, p. 4.)

7. The Company proposed to implement Phase II of the Plan over a five-year period, beginning October 1, 2025, and ending September 30, 2030. (UGI Gas St. No. 1, p. 4.)

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<sup>1</sup> CAUSE-PA does not support the Settlement provisions in paragraph 36 of the Joint Petition for Settlement but does not oppose their inclusion in the Settlement.

8. UGI Gas projected that the Phase II EE&C Plan will cost \$67.8 million over five years, with an average of \$13.6 million per year, while providing \$59.2 million in net benefits under the Total Resource Cost (“TRC”) Test with a Benefit-Cost Ratio (“BCR”) of 1.61. (UGI Gas St. No. 1, p. 8.)

9. Pursuant to the Commission’s guidance in Phase IV of Act 129, UGI Gas used 2% of its revenues to establish a spending cap. (UGI Gas St. No. 2, p. 3.)

10. UGI Gas has constructed the Phase II EE&C Plan using the actual revenue for the 12-months ended September 30, 2019 (FY 2019). (UGI Gas St. No. 2, p. 3.)

11. The jurisdictional revenues for this period were approximately \$830 million. Two percent (2%) of \$830 million results in a single year budget cap of \$16.6 million. (UGI Gas St. No. 2, p. 3.)

12. UGI Gas is projecting annual spending of approximately \$13.9 million per year, with the largest single year’s cost projected to be \$14.9 million, which is below the \$16.6 million cap. (UGI Gas St. No. 1, p. 10.)

13. UGI Gas projected that the Plan would save customers 29,885 BBtus of natural gas and 2 million tons of CO2 emissions over the lifetime of installed measures during the five-year portfolio. (UGI Gas Exhibit 1, p. 10.)

14. The Phase II Plan is a continuation of the Company’s Phase I programs and consists of the following four natural gas energy efficiency programs: (1) Residential Prescriptive (“RP”); (2) Residential New Construction (“RNC”); (3) Residential Retrofit (“RR”); and (4) Nonresidential (“NR”). (UGI Gas St. No. 1, p. 8.)

15. The Plan also includes a proposed Combined Heat and Power (“CHP”) Program that promotes net energy savings, with a budget for portfolio-wide administrative costs. (UGI Gas St. No. 1, p. 8.)

16. UGI Gas projected that the energy efficiency programs in the Plan would save 29,884,754 MMBtus of gas over the lifetime of measures installed, at a cost of \$67.8 million over five years. (UGI Gas St. No. 1, p. 8.)

17. Under the Company’s proposed Plan, the four energy efficiency programs included in the Plan are projected to provide \$59.2 million in TRC net benefits with a TRC BCR of 1.61. (UGI Gas St. No. 1, p. 8.)

18. The CHP Program is projected to save 6,538,217 MMBtus in lifetime net energy savings at a cost of \$1.7 million over five years. The CHP Program is projected to provide \$8.6 million in TRC net benefits with a TRC BCR of 1.38. (UGI Gas St. No. 1, p. 8.)

19. The RP Program provides prescriptive rebates to customers who pursue energy efficiency measures using residential, as opposed to commercial, equipment that saves natural gas. (UGI Gas St. No. 1, p. 12.)

20. The RP Program is expected to cost \$34.2 million over five years with savings of 14,637,868 MMBtus over the lifetime of the measures installed. The program is projected to be cost-effective under the TRC Test, providing \$27.2 million in net benefits with a BCR of 1.58. (UGI Gas St. No. 1, p. 13.)

21. The RNC Program provides incentives for home builders to incorporate natural gas efficiency into the design of their projects and go beyond the minimum standards dictated by building energy codes. (UGI Gas St. No. 1, p. 14.)

22. The RNC Program is expected to cost \$11.6 million over five years with savings of 4,958,753 MMBtu over the lifetime of measures installed. The program is projected to be cost-effective under the TRC Test, providing \$31.6 million in net benefits with a BCR of 3.52. (UGI Gas St. No. 1, pp. 14-15.)

23. The RR Program provides incentives to customers that receive an in-home energy assessment and install insulation and air infiltration reduction measures to make their building envelope more efficient. (UGI Gas St. No. 1, p. 15.)

24. The RR program is expected to cost \$4.4 million over five years with savings of 576,023 MMBtu over the lifetime of measures installed, however, the program is not projected to be cost-effective under the TRC Test, providing \$(1.8) million in net benefits with a BCR of 0.67. (UGI Gas St. No. 1, p. 15.)

25. While the RR program is not cost-effective on its own, the overall portfolio is projected to be cost-effective, which aligns with the Act 129 treatment for approval of programs that are not cost-effective. (UGI Gas St. No. 1, p. 15.)

26. UGI Gas proposed to combine the two existing nonresidential programs into a single consolidated program for Phase II. The former Nonresidential Prescriptive (“NP”) Program and Nonresidential Custom (“NC”) Program are combined into a single Nonresidential (“NR”) Program with prescriptive and custom pathway program components. (UGI Gas St. No. 1, p. 16.)

27. The NR Program provides prescriptive or customized incentives to customers that make natural gas saving upgrades to their building or incorporate natural gas saving measures into their new construction projects. (UGI Gas St. No. 1, pp. 16-17.)

28. The NR Program is expected to cost \$13 million over five years with savings of 9,712,110 MMBtus over the lifetime of measures installed. The program is projected to be cost-

effective under the TRC Test, providing \$6.1 million in net benefits with a BCR of 1.22. (UGI Gas St. No. 1, p. 18.)

29. The CHP Program provides incentives for CHP plants that have net-primary-energy savings and are cost effective under the TRC Test. The program offers incentives of \$750 per kW, with a per project cap minimum of \$250,000 or 50% of the project cost. (UGI Gas St. No. 1, p. 18.)

30. The CHP Program is expected to cost \$1.7 million over five years to provide net lifetime energy savings of 6,538,217 MMBtus, while providing TRC net benefits of \$8.6 million with a BCR of 1.38. (UGI Gas St. No. 1, p. 19.)

31. As a whole, the Phase II EE&C Plan is cost-effective according to the TRC Test established by the Commission. (UGI Gas St. No. 1, p. 15.)

32. UGI Gas proposes to utilize a separate rate mechanism to recover the budgeted costs for development and implementation of the Plan through the Phase II EEC Rider. (UGI Gas St. No. 2, p. 2.)

33. Of the \$69.5 million total Phase II budget, UGI Gas proposes to allocate approximately \$54.0 million over the five years to the residential customer class and approximately \$13.8 million over the five years to the non-residential customer class. (UGI Gas St. No. 2, p. 4.)

34. An additional \$1.7 million is budgeted for the Combined Heat and Power program, which is applicable to the DS and LFD rate classes. (UGI Gas St. No. 2, p. 4.)

35. As in Phase I, the Company proposed to calculate separately the applicable Phase II EE&C Plan costs for four general customer classes on its system: (1) residential customers served under Rate Schedules R and RT; (2) non-residential customers served under Rate Schedules

N and NT; (3) delivery service customers served under Rate Schedule DS; and (4) large firm delivery service customers served under Rate Schedule LFD. (UGI Gas St. No. 2, p. 7.)

36. In direct testimony, OCA raised concerns that the RNC Program does not consider the shift to International Energy Conservation Code (“IECC”) 2021, which will go into effect in July 2025. (OCA St. 1, pp. 10-11.)

37. In rebuttal, the Company stated that the Phase II EE&C Plan was filed in April of 2024, and the move to IECC 2021 was adopted as final in October of 2024. (UGI Gas St. No. 1-R, p. 6.)

38. The Company explained that considering the 2-year grace period under IECC 2021 and the time it will take a building to be constructed before it would be eligible for a rebate, the timeline for adherence to the new code will likely be mid-2028. (UGI Gas St. No. 1-R, p. 6.)

39. Given this timeline, UGI Gas maintained that it is reasonable to have the RNC program shift to a baseline of IECC 2021 starting in FY 2029 (October 1, 2028) to ensure a smooth transition and committed to update its program projections to account for this shift as part of its compliance Phase II EE&C Plan in this proceeding. (UGI Gas St. No. 1-R, p. 6.)

40. UGI Gas proposed to include commercial gas heat pumps in its Nonresidential program for Phase II of its EE&C Plan, as part of its continuing effort to examine other equipment for inclusion in the program and the relative market adoption of equipment already receiving incentives. (UGI Gas Exhibit. 1, p. 49.)

41. The Company did not include any projection or rebates for this equipment in its initial plan, noting that it may include a rebate for the installation of this newer technology as it becomes more available in the marketplace. (UGI Gas Exhibit. 1, p. 49.)

42. In its direct testimony, OSBA argued that it is not typical for utility EE&C programs to incentivize customers to invest in emerging technologies like commercial gas heat pumps and objected to the inclusion of the measures without specific projections. (OSBA St. No. 1, pp. 8, 9.)

43. OSBA recommended that UGI Gas conduct an energy savings and cost-effectiveness analysis before offering incentives for commercial gas heat pumps. (OSBA St. No. 1, pp. 3, 8-9).

44. In rebuttal, UGI Gas argued for the continued inclusion of commercial gas heat pumps in the Phase II EE&C Plan, and maintained that the plan should be flexible to adapt to changing market conditions that support energy saving achievements. (UGI Gas St. No. 1-R, p. 9.)

45. UGI Gas committed to updating its cost-effectiveness analysis for any future gas heat pump offering and making sure that it does not bring down the overall Phase II EE&C Plan portfolio's benefit cost ratio below 1.0. (UGI Gas St. No. 1-R, p. 10.)

46. In its surrebuttal testimony, OSBA reiterated its concerns with the Company's proposed inclusion of gas heat pumps without detailing the measure's projections, rebates, or other success metrics. (OSBA St. No. 1-SR, pp. 1, 2.)

47. Under the settlement, the Joint Petitioners have agreed that UGI Gas will undertake a study for the hypothetical, informational analysis of a generic 20-unit multifamily building that uses a master-metered natural gas account and installs a gas fired heat pump before offering any gas heat pump incentives. (Settlement ¶ 27.)

48. The study will include lifecycle energy savings, customer costs (including installation, billing, and maintenance costs), and a cost-effectiveness analysis. (Settlement ¶ 27.)

49. Under this provision, UGI Gas also agreed to provide the analysis to the Joint Petitioners for review before offering any commercial gas heat pump incentives to customers. (Settlement ¶ 27.)

50. Paragraph 26 of the Settlement provides that the Company will file a one-time informational letter and serve the parties to this docket if the Company begins offering a commercial gas heat pump as a measure in the Plan. (Settlement ¶ 26.)

51. The filing will detail the level of the incentive and the forecasted number of measures to be rebated by year throughout the Plan period and the Company will indicate any impacts to the Plan's budgets due to the inclusion of commercial gas heat pumps in the Plan. (Settlement ¶ 26.)

52. Under Paragraph 25 of the Settlement, the Company has committed to moving funds budgeted for the CHP program to another commercial program to generate additional savings if, by the end of program Year 4, there are no additional projects in the pipeline and/or significant budget remaining for the CHP program. (Settlement ¶ 26.)

53. In direct testimony, OSBA recommended that UGI Gas should break down program participation by rate class in its annual reports as well as track and report program participation by other customer categories, including but not limited to small business and low-income. (OSBA St. No. 1, p. 7.)

54. CAUSE-PA made specific recommendations for reporting Program metrics for low-income participants, including developing an Evaluation, Measurement, and Verification ("EM&V") Plan that contains specific metrics that allow the Commission and stakeholders to evaluate how many low income customers participate in the program, the specific measures they

receive, and whether proportional investments were made for the benefit of low income customers. (CAUSE-PA St. 1, pp. 26, 37.)

55. CAUSE-PA also recommended that UGI Gas hold a dedicated Multifamily stakeholder meeting to improve UGI Gas's ability to reach low income housing projects. (CAUSE-PA St. 1, pp. 31-32.)

56. OCA recommended that UGI Gas file its completed evaluations and all EM&V reports for transparency at the Phase II docket. (OCA St. 1, pp. 8, 15.)

57. In rebuttal, UGI Gas agreed with OCA's recommendation to file any completed evaluations as part of its annual reporting process, as the recommendation was consistent with the settlement reached with stakeholders for UGI Electric's voluntary EE&C Plan. (UGI Gas St. No. 1-SR, p. 35.)

58. In response to OSBA's recommendations, the Company stated that it already provides reporting on costs by rate class for cost recovery purposes. (UGI Gas St. No. 1-SR, p. 40.)

59. In response to CAUSE-PA, the Company stated its intent to provide details on low-income participation in its Phase II annual reports, including specific metrics that allow the Commission and stakeholders to identify how many low-income customers have participated in EE&C programs. (UGI Gas St. No. 1-R, p. 36.)

60. Regarding CAUSE-PA's request for a Multifamily stakeholder meeting, UGI Gas described that, per the terms of its Phase I EE&C Plan settlement, the Company offers multiple channels for Multifamily projects to participate in EE&C measures, including through the RP, NR, and NRC programs. (UGI Gas St. No. 1-SR, pp. 31-32.)

61. The Company stated that it would continue to coordinate efforts with the Pennsylvania Housing Alliance and the Pennsylvania Housing Finance Agency in line with the Phase I settlement terms and, as appropriate, collaborate with neighboring electric distribution companies (“EDC”) at conferences, such as the Keystone Energy Efficiency Alliance (“KEEA”) conference. (UGI Gas St. No. 1-SR, p. 32.)

62. Under the Settlement, UGI Gas will track and report at its annual EE&C stakeholder meeting Program participation by rate class under both the Residential Prescriptive program and the Nonresidential program. (Settlement ¶ 33.)

63. The Settlement also incorporates the Company’s commitment to file and serve its program evaluations to the Joint Petitioners at this docket. (Settlement ¶ 29.)

64. The Company has also committed to track and report specific data related to confirmed low-income customers<sup>2</sup> at its annual EE&C stakeholder meeting, including: (1) the number of confirmed low income customers participating in each of the RP and RR programs; (2) the specific measures in aggregate accessed by confirmed low income customers in the RP and RR programs; (3) the total spending in aggregate on confirmed low income customers in the RP and RR programs; and (4) the net energy savings in aggregate achieved by confirmed low income customers in the RP and RR programs. (Settlement ¶ 34.)

65. In addition, the Company will track the number of EE&C referrals made to the Low-Income Usage Reduction Program (“LIURP”) and the number of EE&C referrals that received LIURP services. (Settlement ¶ 34.)

66. Regarding Multifamily opportunities, the Settlement provides that once per year, UGI Gas will attend and present at a dedicated multifamily stakeholder meeting, to the extent such

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<sup>2</sup> The Settlement specifies that the term “confirmed low-income customers” includes self-reporting customers up to 150% FPL.

a meeting is scheduled and held by CAUSE-PA, where the meeting participants will discuss the extent to which they can provide UGI Gas with information that the Company can use to identify any low-income multifamily efficiency project opportunities. If any such project opportunities are identified through this process, the Company will perform targeted EE&C outreach to those properties. (Settlement ¶ 31.)

67. In direct testimony, OCA raised concerns that the Company did not provide sufficient support of its proposed marketing efforts for the Phase II EE&C Plan. (OCA St. 1, p. 13.)

68. OCA recommended that the Company be required to file within the docket its annual marketing plan, detailing its planned marketing activity on each program. (OCA St. 1, p. 15.)

69. In rebuttal, the Company maintained that it had detailed the marketing efforts for each offering in Section 1.9.2 of the proposed Phase II EE&C Plan, which provides an overview of the portfolio's marketing plans and efforts, and that each program plan has its own section dedicated to the marketing strategy for that specific offering. (UGI Gas St. 1-R, p. 38.)

70. In surrebuttal, OCA maintained its position that the Company should publicly file its marketing plan on an annual basis and include documentation of marketing efforts as part of its annual report.” (OCA St. 1SR, p. 10.)

71. Under the Settlement, a formalized marketing plan will be established annually, detailing how the Company will achieve the projections in its Phase II EE&C Plan. (Settlement ¶ 28.)

72. In its direct testimony, CAUSE-PA argued that the Plan should be rejected unless it is amended to include dedicated and proportional low income efficiency programming

specifically designed to provide meaningful energy savings and corresponding bill reductions for low income households. (CAUSE-PA St. 1, p. 7.)

73. CAUSE-PA argued that UGI Gas serves a substantial number of low income customers, making up an estimated 26.6% of the residential customer base, who struggle to afford utility service and are in need of energy efficiency measures to help control their usage and, in turn, reduce their monthly utility bills. (CAUSE-PA St. 1 at 15-20.)

74. CAUSE-PA argued that while UGI's low-income customers pay for the EE&C programs through rates, UGI's Phase II Plan includes only a single low-income measure and recommended a number of low-income measures be implemented for the Phase II Plan. CAUSE-PA argued that in its Phase I Plan, UGI spent only \$5,750 on the dedicated low income program measure, which was less than 0.5% of the program budget. (CAUSE-PA St. 1 at 19, 21-22, 25, 27; CAUSE-PA St. 1-SR at 9.)

75. In rebuttal, the Company provided an analysis that it maintained demonstrated that UGI Gas achieved savings attributable to low-income customers that were near the levels required for the Act 129 Phase IV EE&C Plan, with 5.8% of total portfolio savings coming from low-income customer participation in its general residential programs. (UGI Gas St. No. 1-R, p. 20.)

76. The Company argued that its analysis showed that at least 4,896 low-income customers were served through the Phase I EE&C Plan and that 5.1% of all gas savings are attributable to low-income customer participation in its general residential programs. (UGI Gas St. No. 1-R, p. 22; Exh. TML-5R.)

77. UGI Gas also stated it would continue to refer customers who meet the LIURP income requirement but do not meet the LIURP minimum usage threshold to the low income

assessment fee waiver measure in order receive a free assessment and free energy assessment kit. (UGI Gas St. No. 1-R, p. 27.)

78. UGI Gas argued that voluntary EE&C Plans are not required to adhere to every requirement set forth in Act 129 for EE&C Plans, including low-income savings targets. (UGI Gas St. No. 1-R, pp. 20-21.)

79. In surrebuttal, CAUSE-PA argued that UGI Gas did not track its Phase I low income participation and that there were numerous variations and inconsistencies in how UGI Gas defines, tracks, and reports how many of its customers are low income. (CAUSE-PA St 1-SR, p. 6-7).

80. CAUSE-PA contended that, for purposes of Act 129 low income savings targets, the Commission does not count savings from non-low income programs, such as general residential programs,, and maintained its position that the Commission should reject the Plan absent a substantial revision to include dedicated and proportional low income programming. (CAUSE-PA St. 1-SR, pp. 5, 8.)

81. CAUSE-PA argued that the Commission should not allow a self-initiated EE&C Plan to be more permissive and exempt from the long established standards and requirements for statutorily authorized EE&C programs and maintained that UGI Gas's elective, ratepayer funded EE&C programming should be held to standards at least as high as programs that are explicitly authorized by statute. (CAUSE-PA St. 1-SR at 16.)

82. Under the Settlement, the Company has agreed to conduct a low income EE&C Pilot program ("Pilot"), which will run from the effective date of the Commission's Final Order approving this Settlement until September 30, 2030. (Settlement ¶ 35.)

83. The Pilot is designed to reach customers with incomes at or below 200% FPL who do not meet the LIURP minimum usage threshold and who are UGI Gas heating customers (“Qualifying Customers”). (Settlement ¶ 35.)

84. Under the Pilot, the Company will perform targeted outreach to Qualifying Customers that includes notification that they are eligible for a home energy assessment and that, if recommended, they could be eligible for air sealing and/or insulation measures up to \$5,000. (Settlement ¶ 35(a)-(b).)

85. If air sealing and/or insulation measures are not recommended, the Qualifying Customers will be offered a free energy savings kit. (Settlement ¶ 35(e).)

86. Qualifying Customers will have the fee for energy assessments waived and participation in the Pilot will not prevent participants from accessing the RP Program. (Settlement ¶¶ 35(c), (g).)

87. The RR budget will include \$250,000 annually to cover the costs of the Pilot Program and the Company will report progress on spending for the Pilot in its annual EE&C report. (Settlement ¶¶ 35(f), (h).)

88. The Settlement provides that within 180 days of approval of Phase II, UGI Gas will convene a meeting and invite representatives from EDCs with overlapping territory to discuss improved coordination with electric utilities’ Act 129 programs and LIURPs to install measures with long term bill savings. (Settlement ¶ 30.)

89. The Settlement also provides that UGI Gas will update LIURP communications to include information regarding the availability of RR and RP Program rebates. (Settlement ¶ 32.)

90. Within 90 days of a final order in this proceeding, UGI Gas will provide the parties with copies of draft communications and will consider, in good faith, incorporation of any

feedback provided. UGI Gas will finalize the LIURP communications no later than 120 days of a final order in this proceeding. (Settlement ¶ 32.)

91. Under the Company's proposed EE&C Plan, customers are eligible to receive rebates for new high efficiency natural gas equipment regardless of their existing fuel type through the RP Program. (UGI Gas St. No. 1-R, p. 10.)

92. The Company stated that it designed the messaging, savings calculations, and incentives for the RP Program to intervene at the time of natural replacement of equipment and ask a customer to consider purchasing baseline efficiency gas equipment to high efficiency gas equipment. (UGI Gas St. No. 1-R, p. 11.)

93. In their direct testimony, OCA and CAUSE-PA argued that these RP Program rebate offerings constitute fuel switching measures and opposed the inclusion of fuel switching measures in the Plan. (*See* OCA St. 1, pp. 7-9, 11-12; CAUSE-PA St. 1, pp. 34-36.)

94. In discovery, UGI Gas reported that 56 of UGI Gas's residential customers who received rebates from the RP program in 2024 converted from electric to natural gas equipment; 55 of which converted from electric heat to natural gas heat. (CAUSE-PA St. 1 at 34-35.)

95. In rebuttal, the Company maintained that the proposed Phase II EE&C Plan does not offer fuel switching measures. (UGI Gas St. No. 1-R, p. 11.)

96. The Company argued that the RP Program is designed to overcome a portion of the cost of going from baseline equipment to high efficiency equipment, not the much greater cost of switching from one fuel to another. (UGI Gas St. No. 1-R, p. 11.)

97. In surrebuttal, OCA and CAUSE-PA maintained their positions that certain of the Plan measures constituted fuel switching. (OCA St. 1-SR, pp. 7-8; CAUSE-PA St. 1-SR, p. 16.)

CAUSE-PA agreed with OCA that EE&C programs are primarily load reduction programs and should not be used to build load. (CAUSE-PA St. 1-SR at 16).

98. OCA and CAUSE-PA also argued that consistent with the existing LIURP regulations and the Commission's recent LIURP final-form rulemaking order at Docket No. L-2016-2557886, UGI Gas should limit fuel switching measures for low-income households to those customers that receive both electric and natural gas utility service from UGI. (OCA St. 1-SR, pp. 8-9; CAUSE-PA St. 1-SR at 17.)

99. Under the Settlement, UGI Gas will be permitted to continue including fuel switching measures and offering rebates to all gas customers during Phase II of its EE&C program. (Settlement ¶ 36.) CAUSE-PA does not join the Settlement provisions in paragraph 36 but does not oppose its inclusion in the Settlement. (*Id.*)

100. The Company also committed to include in its Annual Report the number of residential customers who converted their heating system from electric to gas and received an EE&C rebate during the Program Year, as well as to continue to not specifically target electric to gas fuel switching as part of the Plan. (Settlement ¶ 36.) CAUSE-PA does not join the Settlement provisions in paragraph 36 but does not oppose its inclusion in the Settlement. (*Id.*)

# APPENDIX C

## APPENDIX C

### PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §§ 2806.1, 2806.2.

2. On November 14, 2008, Act 129 became law in the Commonwealth and was made applicable to EDCs with 100,000 or more customers. Act 129 of 2008, P.L. 1592, 66 Pa.C.S §§ 2806.1 and 2806.2 (“Act 129”).

3. Act 129 requires EDCs EDC EE&C Plans to include “specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines.” 66 Pa. C.S § 2806.1(b)(1)(i)(G). The Act further provides: “The number of measures shall be proportionate to those households’ share of the total energy usage in the service territory.” *Id.* These Act 129 low income program requirements must be “in addition to” a utility’s mandatory Low Income Usage Reduction Program (LIURP). *Id.*

4. In Act 129 Phase IV, the Commission required EDCs to obtain a minimum of 5.8% of total energy savings for customers whose income is equal to or less than 150% FPL and explained that these savings must be derived from, “programs solely directed at low income customers or low income-verified participants in multifamily housing programs.” *Implementation of Act 129 of 2008—Phase IV Energy Efficiency and Conservation Plan Template*, Docket No. M-2020-3015228, Docket No. M-2020-3015228 Final Implementation Order, 24-27 (entered June 18, 2020). The Commission further explained: “Savings from non-low income programs, such as general residential programs, would not be counted toward these targets.” *Id.*

5. In December 2009, the Commission issued a Secretarial Letter regarding energy efficiency programming for small EDCs that are not subject to Act 129. *See Re: Voluntary Energy*

*Efficiency and Conservation Program*, Docket No. M-2009-2142851 (Dec. 23, 2009) (“December 23, 2009 Secretarial Letter”). The Commission recognized in the December 23, 2009 Secretarial Letter that the implementation of energy efficiency and conservation measures can assist all electric customers in mitigating retail electric rate increases and ensuring affordable and available electric service.

6. The December 23, 2009 Secretarial Letter encouraged smaller EDCs to file voluntary EE&C plans and provided guidance regarding the content and Commission review of such voluntary plans. *See* EE&C Secretarial Letter.

7. In the December 23, 2009 Secretarial Letter, the Commission directed that petitions for approval of voluntary EE&C plans must be filed in accordance with 52 Pa. Code § 5.41 and must contain the following components:

- A detailed plan and description of the measures to be offered;
- Sufficient supporting documentation and verified statements or testimony or both;
- Proposed energy consumption or peak demand reduction objectives or both, with proposed dates the objectives are to be met;
- A budget showing total planned expenditures by program and customer class;
- Tariffs and a section 1307 cost recovery mechanism; and
- A description of the method for monitoring and verifying plan results.

December 23, 2009 Secretarial Letter at 1, 66 Pa.C.S. § 1307.

8. Voluntary EE&C plans filed pursuant to the December 23, 2009 Secretarial Letter must measure and verify energy savings in the same manner as Act 129 mandated plans. December 23, 2009 Secretarial Letter at 2.

9. For Phase IV of Act 129, the evaluation, measurement and verification (“EM&V”) of energy savings must be performed using the Technical Reference Manual (“TRM”) established at Docket No. M-2019-3006867. *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual 2021 Update*, Docket No. M-2019-3006867 (Order entered Feb. 4, 2021).

10. Voluntary plans, like their mandatory counterparts, must employ the Total Resource Cost (“TRC”) Test, as defined in Act 129 and applied by the Commission to determine whether a certain proposed EE&C plan is cost-effective. *See* 66 Pa.C.S. § 1307; December 23, 2009 Secretarial Letter at 1-2.

11. The Company employed the TRC Test methodology included in the Commission’s *Phase IV TRC Test Order*. *See 2021 Total Resource Cost (TRC) Test*, Docket No. M-2019-3006868 (Order entered Dec. 19, 2019).

12. The Commission encouraged the smaller EDCs that file voluntary EE&C plans to use the Act 129 targets as guiding principles in establishing energy consumption and peak demand reduction objectives. December 23, 2009 Secretarial Letter at 2.

13. The Commission stated that it will require all smaller EDCs that voluntarily file a plan to submit an annual report to the Commission detailing the results of the EE&C plan, its cost-effectiveness, and any additional information required by the Commission. December 23, 2009 Secretarial Letter at 2.

14. 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.

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

16. To accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2015-2518438, *et al.* (Order entered Oct. 14, 2016); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

17. The Joint Petitioners have the burden to prove that the Settlement is in the public interest. *Pa. PUC v. Pike Cnty. Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, *et al.* (Order entered Sept. 11, 2014).

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

19. “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 & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

20. The Phase II Plan submitted by UGI Gas, and the Settlement which modifies it, provide for reduced energy demand and consumption and, based on a totality of the circumstances, reasonably achieves broad efficiency and conservation goals of producing cost-effective energy savings. .

21. The Settlement reached by the parties provides effective EE&C strategies to reduce energy demand and consumption and is in the interest of UGI Gas, its customers, and the public.

# **APPENDIX D**

**APPENDIX D**

**PROPOSED ORDERING PARAGRAPHS**

1. That the Joint Petition for Approval of Settlement of All Issues filed at Docket No. M-2024-3048418 and dated May 6, 2025, is approved in its entirety and without modification.

2. That the *Petition of UGI Utilities, Inc. – Gas Division for Approval of Phase II of its Energy Efficiency and Conservation Plan* for the period of October 1, 2025, through September 30, 2030, is approved, as modified by the terms and conditions of the Joint Petition for Approval of Settlement of All Issues.

3. That UGI Utilities, Inc. – Gas Division is permitted to file the Pro Forma Tariff Supplement attached as Appendix A to the Joint Petition for Approval of Settlement of All Issues to become effective on one day’s advance notice coincident with the effective date of the first quarterly default service rate filing following Pennsylvania Public Utility Commission approval of the Phase II EE&C Plan.

# **APPENDIX E**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Utilities, Inc. – Gas :  
Division for Approval of its Phase II : Docket No. M-2024-3048418  
Energy Efficiency and Conservation Plan :

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**UGI UTILITIES, INC. – GAS DIVISION’S  
STATEMENT IN SUPPORT OF SETTLEMENT PETITION**

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**TO ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS:**

**I. INTRODUCTION**

UGI Utilities, Inc. – Gas Division (“UGI Gas” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Approval of Settlement of All Issues (“Settlement”) entered into by UGI Gas, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), in the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners”). UGI Gas respectfully requests that Administrative Law Judge Steven K. Haas (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) approve the Settlement, including the terms and conditions thereof, without modification.<sup>1</sup>

In this proceeding, UGI Gas presented its proposed Phase II Energy Efficiency and Conservation (“EE&C”) Plan (“Phase II EE&C Plan” or “Plan”), which includes a broad portfolio of energy efficiency programs, conservation practices, and energy education initiatives for the time period beginning October 1, 2025, through September 30, 2030, that are designed to help customers reduce their energy consumption in a cost-effective manner. The Settlement, if

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<sup>1</sup> CAUSE-PA does not join the Settlement provisions in Paragraph 36, but does not oppose its inclusion in the Settlement.

approved, will resolve all issues raised by the Joint Petitioners concerning the Phase II EE&C Plan. Given the diverse interests of the Joint Petitioners and the active role they have taken in this proceeding, the fact that they have resolved their respective issues in this proceeding, in and of itself, provides strong evidence that the Settlement is reasonable and in the public interest. The Settlement was achieved after a thorough review of UGI Gas's proposal in this proceeding. The Company responded to many interrogatories and there were multiple rounds of testimony. The Joint Petitioners participated in a number of settlement discussions that ultimately led to the Settlement.

Further, the Joint Petitioners, through their counsel and experts, have considerable experience in EE&C Plan proceedings. OCA and OSBA are tasked with representing the public interest, while CAUSE-PA represents the interests of low-income customers. This responsibility, combined with their and the Company's knowledge, experience, and ability to evaluate the strengths and weaknesses of their respective litigation positions, provided a strong base upon which to build a consensus resolving the disparity between the parties' positions on UGI Gas's Phase II EE&C Plan.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231(a). Settlements reduce the time and expense the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *See Pa. PUC v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789, 310 P.U.R. 4th 58 (Order entered Dec. 5, 2013). To approve a settlement, the Commission must first determine that

the proposed terms and conditions are in the public interest. *See Pa. PUC v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. PUC 767 (Order entered July 22, 1991).

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners in this proceeding. Therefore, for the reasons explained in this Statement in Support, UGI Gas believes that the Settlement is just, reasonable, and in the public interest and, therefore, should be approved without modification.

In support thereof, UGI Gas states as follows:

## **II. DISCUSSION**

### **A. COMMERCIAL MEASURES**

UGI Gas proposed to include commercial gas heat pumps in its Nonresidential program for Phase II of its EE&C Plan, as part of its continuing effort to examine other equipment for inclusion in the program and the relative market adoption of equipment already receiving incentives. (UGI Gas Exhibit. 1, p. 49.) The Company did not include any projection or rebates for this equipment in its initial plan, noting that it may include a rebate for the installation of this newer technology as it becomes more available in the marketplace. (UGI Gas Exhibit. 1, p. 49.) In addition, the Company proposed one Combined Heat and Power (“CHP”) program, through which UGI Gas plans to invest approximately \$1.68 million over five years with the goal of returning \$8.6 million dollars in present value of total resource net benefits. (UGI Gas Exhibit 1, p. 5.)

OSBA raised concerns regarding the Company’s inclusion of commercial gas heat pumps in its Nonresidential program. OSBA argued that it is not “typical for utility EE&C programs to incentivize customers to invest in emerging technologies like commercial gas heat pumps.”

(OSBA St. No. 1, p. 8.) In addition, OSBA argued that “including gas heat pumps without specific projections ‘just in case’ the technology becomes more readily available in the future is unusual and is not an adequate substitute for a comprehensive pilot study.” (OSBA St. No. 1, p. 9.) Based on these concerns, OSBA recommended that “UGI Gas conduct an energy savings and cost-effectiveness analysis before offering incentives for commercial gas heat pumps.” (OSBA St. No. 1, pp. 3, 8-9).

In rebuttal, UGI Gas argued for the continued inclusion of commercial gas heat pumps in the Phase II EE&C Plan, explaining that the Plan “must be flexible to adapt to changing market conditions that support energy saving achievements, something that gas heat pumps can offer.” (UGI Gas St. No. 1-R, p. 9.) As UGI Gas witness Mr. Love described, “the market for commercial heat pumps has existed for some time and provides significant energy savings compared to existing boiler technology.” (UGI Gas St. No. 1-R, p. 9.) Mr. Love also noted that he is “aware of at least 8 utilities that have programs for gas heat pumps.” (UGI Gas St. No. 1-R, p. 9; UGI Gas Exhibit TML-3R). Given the low deployment of this technology, however, the Company concluded that it was very unlikely that attendant rebates would represent any significant portion of program activity. (UGI Gas St. No. 1-R, p. 10.) The Company explained that it had already screened a generic gas heat pump measure for cost-effectiveness under the TRC test and found it was not cost-effective. This analysis included lifetime savings compared to a natural gas boiler baseline against the incremental cost to install the equipment. (UGI Gas St. No. 1-R, p. 10.) Importantly, the Company maintained that there is no requirement that any individual measure pass the TRC test, as the only cost-effectiveness requirement is that the overall portfolio pass the TRC test. (UGI Gas St. No. 1-R, p. 10.) As such, UGI Gas committed to updating its cost-effectiveness analysis

for any future gas heat pump offering and making sure that it does not bring down the overall Phase II EE&C Plan portfolio's benefit cost ratio below 1.0. (UGI Gas St. No. 1-R, p. 10.)

In its surrebuttal testimony, OSBA reiterated its concerns that the Company's proposed inclusion of "emerging technology in the EE&C Plan as a placeholder measure without pre-established projections, rebates, or other success metrics" is "atypical." (OSBA St. No. 1-SR, pp. 1, 2.) OSBA witness Ms. Vitulli stated that, in her experience, "a market transformation program to test an emerging technology usually has a formal work plan and evaluation plan with clear, pre-determined measures of success." (OSBA St. No. 1-SR, p. 2.)

Under the settlement, the Joint Petitioners have agreed that UGI Gas will undertake a study for the hypothetical, informational analysis of a generic 20-unit multifamily building that uses a master-metered natural gas account and installs a gas fired heat pump before offering any gas heat pump incentives. (Settlement ¶ 27.) The study will include lifecycle energy savings, customer costs (including installation, billing, and maintenance costs), and a cost-effectiveness analysis. (Settlement ¶ 27.) Under this provision, UGI Gas also agreed to provide the analysis to the Joint Petitioners for review before offering any commercial gas heat pump incentives to customers. (Settlement ¶ 27.) In addition, Paragraph 26 of the Settlement provides that the Company will file a one-time informational letter and serve the parties to this docket if the Company begins offering a commercial gas heat pump as a measure in the Plan. (Settlement ¶ 26.) The filing will detail the level of the incentive and the forecasted number of measures to be rebated by year throughout the Plan period. Additionally, the Company will indicate any impacts to the Plan's budgets due to the inclusion of commercial gas heat pumps in the Plan. (Settlement ¶ 26.) Finally, under Paragraph 25 of the Settlement, the Company has committed to moving funds budgeted for the CHP program to another commercial program to generate additional savings if, by the end of program Year 4,

there are no additional projects in the pipeline and/or significant budget remaining for the CHP program. (Settlement ¶ 25.)

These settlement provisions reflect a reasonable compromise of the parties' positions on the issues raised with the Plan's commercial measures. The OSBA's concerns are addressed through the Company's commitment to perform a detailed analysis of any commercial gas heat pump incentives before offering them to customers under the Plan. The Settlement will provide the Joint Petitioners with a copy of the anticipated study for their review. These efforts will ensure that, should the Company ultimately offer commercial gas heat pump measures in the Phase II EE&C Plan, the implementation will be thoroughly vetted and transparent. Finally, the CHP provision ensures that the Company's other commercial programs will generate additional savings should the CHP program budget have funds remaining at the end of Program Year 4. Thus, the settlement provisions are reasonable and in the public interest and, therefore, should be approved without modification.

## **B. TRACKING AND REPORTING**

In their direct testimony, the other parties made various recommendations regarding tracking and reporting the progress of the Phase II programs in the Company's annual reports and stakeholder meetings. For example, OSBA recommended that "UGI Gas should break down program participation by rate class in its annual reports to increase transparency, enable the Company and its stakeholders to assess how program costs and benefits are distributed across rate classes, and identify opportunities for improvement," and that "UGI Gas should also track and report program participation by other customer categories including but not limited to small business and low-income." (OSBA St. No. 1, p. 7.) CAUSE-PA made specific recommendations for reporting Program metrics for low-income participants, including developing an Evaluation, Measurement, and Verification ("EM&V") Plan that "contain[s] specific metrics that allow the

Commission and stakeholders to evaluate how many low income customers participate in the program, the specific measures they receive, and how much money was spent on low income customers.” (CAUSE-PA St. 1, pp. 26, 37.) CAUSE-PA also recommended that UGI Gas hold a dedicated Multifamily stakeholder meeting “to improve UGI’s ability to reach low income housing projects.” (CAUSE-PA St. 1, pp. 31-32.) OCA recommended that UGI Gas “file its completed evaluations” and “all EM&V reports for transparency” at the Phase II docket. (OCA St. 1, pp. 8, 15.)

In rebuttal, UGI Gas agreed with OCA’s recommendation to file any completed evaluations as part of its annual reporting process, as the recommendation was consistent with the settlement reached with stakeholders for UGI Electric’s voluntary EE&C Plan. (UGI Gas St. No. 1-SR, p. 35.) In response to OSBA’s recommendations, the Company explained that Company already provides reporting on costs by rate class for cost recovery purposes. (UGI Gas St. No. 1-SR, p. 40.) In response to CAUSE-PA, the Company stated its intent to provide details on low-income participation in its Phase II annual reports, including specific metrics that allow the Commission and stakeholders to identify how many low-income customers have participated in EE&C programs. (UGI Gas St. No. 1-R, p. 36.)

Regarding CAUSE-PA’s request for a Multifamily stakeholder meeting, UGI Gas explained that, per the terms of its Phase I EE&C Plan settlement, the Company already offers multiple channels for Multifamily projects to participate in EE&C measures, including through the Residential Prescriptive (“RP”), Nonresidential Prescriptive, and Nonresidential Custom Programs. (UGI Gas St. No. 1-SR, p. 31.) The Company also stated that it was unnecessary to hold a dedicated Multifamily stakeholder meeting with the parties listed, as UGI Gas already attends the annual Pennsylvania Housing Alliance (“PHA”) conference to reach these

stakeholders. (UGI Gas St. No. 1-SR, pp. 31-32.) Finally, the Company explained that it would continue to coordinate efforts with the PHA and the Pennsylvania Housing Finance Agency in line with the Phase I settlement terms and, as appropriate, collaborate with neighboring electric distribution companies (“EDC”) at conferences, such as the Keystone Energy Efficiency Alliance (“KEEA”) conference. (UGI Gas St. No. 1-SR, p. 32.)

Under the Settlement, UGI Gas will track and report at its annual EE&C stakeholder meeting Program participation by rate class under both the Residential Prescriptive program and the Nonresidential program. (Settlement ¶ 33.) The Settlement also incorporates the Company’s commitment to file and serve its program evaluations to the Joint Petitioners at this docket. (Settlement ¶ 29.) The Company has also committed to track and report specific data related to confirmed low-income customers<sup>2</sup> at its annual EE&C stakeholder meeting, including: (1) the number of confirmed low income customers participating in each of the RP and Residential Retrofit (“RR”) programs; (2) the specific measures in aggregate accessed by confirmed low income customers in the RP and RR programs; (3) the total spending in aggregate on confirmed low income customers in the RP and RR programs; and (4) the net energy savings in aggregate achieved by confirmed low income customers in the RP and RR programs. (Settlement ¶ 34.) In addition, the Company will track the number of EE&C referrals made to the Low-Income Usage Reduction Program (“LIURP”) and the number of EE&C referrals that received LIURP services. (Settlement ¶ 34.)

Regarding Multifamily opportunities, the Settlement provides that once per year, UGI Gas will attend and present at a dedicated multifamily stakeholder meeting, to the extent such a meeting is scheduled and held by CAUSE-PA, where the meeting participants will discuss the extent to

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<sup>2</sup> The Settlement specifies that the term “confirmed low-income customers” includes self-reporting customers up to 150% FPL.

which they can provide UGI Gas with information that the Company can use to identify any low-income multifamily efficiency project opportunities. If any such project opportunities are identified through this process, the Company will perform targeted EE&C outreach to those properties. (Settlement ¶ 31.)

These settlement provisions reflect a reasonable compromise of the parties' positions and address the tracking and reporting issues raised by OCA, OSBA, and CAUSE-PA. The Settlement addresses the OCA's evaluation concerns by adopting the recommendation to file program evaluations at the Phase II EE&C docket, consistent with EDCs subject to the requirement of Act 129. *See* 66 Pa. C.S. § 2806.1(i). The OSBA's concerns are addressed through the reporting of Program participation by rate class. CAUSE-PA's request to track information specific to low-income customers has also been fully addressed under the Settlement. In addition, the Company has committed to exploring opportunities to better serve Multifamily dwellings by participating in stakeholder meetings with CAUSE-PA. Thus, the settlement provisions are reasonable and in the public interest and, therefore, should be approved without modification.

### **C.     MARKETING**

In direct testimony, OCA raised concerns that the Company did not provide sufficient support of its proposed marketing efforts for the Phase II EE&C Plan. (OCA St. 1, p. 13.) Specifically, OCA witness Ms. Sherwood argued that the Company's descriptions of its proposed marketing efforts were "quite vague," and that the "annual reports on Phase I do not have significant details on [evaluation and marketing] as it relates to the plan." (OCA St. 1, p. 13.) OCA recommended that the Company be required "to file within the docket its annual marketing plan, detailing its planned marketing activity on each program." (OCA St. 1, p. 15.)

In rebuttal, the Company maintained that it had detailed the marketing efforts for each offering in the Plan, noting that “Section 1.9.2 of the proposed Phase II EE&C Plan provides a multi-page overview of the portfolio’s marketing plans and efforts, and then each program plan has its own section dedicated to the marketing strategy for that specific offering.” (UGI Gas St. 1-R, p. 38.) UGI Gas witness Mr. Love stated that he was “not aware of any other voluntary plans that are required to provide” annual marketing plans to the Commission. (UGI Gas St. 1-R, p. 38.) Mr. Love further explained that “[i]f any interested stakeholders have questions about the marketing activity overviews shared by the Company, they have multiple chances to engage with the Company through the filing of the EE&C Plan’s annual report and the annual stakeholder engagement meeting.” (UGI Gas St. 1-R, p. 38.)

In surrebuttal, OCA maintained its position that “[t]he Company should publicly file its marketing plan on an annual basis and include documentation of marketing efforts as part of its annual report.” (OCA St. 1SR, p. 10.) OCA continued to recommend that, to increase transparency, the Company should be required to “file within the docket its annual marketing plan, detailing its planned marketing activity on each program . . . .” (OCA St. 1SR, p. 12.)

Under the Settlement, a formalized marketing plan will be established annually, detailing how the Company will achieve the projections in its Phase II EE&C Plan. (Settlement ¶ 28.) This settlement provision reflects a reasonable compromise of the parties’ positions by requiring the Company to support its projected participation and savings goals through a detailed marketing plan that will help facilitate achievement of its goals. The provision also increases transparency by providing that the parties to this proceeding with the results on the Company’s program evaluations. Thus, the settlement provisions are reasonable and in the public interest and, therefore, should be approved without modification.

#### **D. LOW-INCOME PILOT AND COMMUNICATIONS**

In its direct testimony, CAUSE-PA argued that the Plan should be rejected “unless the Plan is amended to include dedicated low income efficiency programming specifically designed to meaningful energy savings and corresponding bill reductions for low income households.” (CAUSE-PA St. 1, p. 7.) Pointing to Act 129 requirements to provide dedicated low income programming that is accessible to low income households, CAUSE-PA witness Mr. Miller also claimed that it was “unjust and unreasonable to use ratepayer funds to pay for an EE&C program that does not include specific energy efficiency programming for low income customers.” (CAUSE-PA. St. 1, pp. 19-20.)

CAUSE-PA recommended a number of low-income measures be implemented for the Phase II Plan, including that the Company should: (1) “establish a \$650,000 budget within its RR program to support free energy assessments and direct installation of efficiency measures identified through those assessments for low income customers who are ineligible for services through LIURP”; (2) “be required to roll the remaining \$244,250 from its Phase I budget for low income assessment fee waiver and direct measure installation”; (3) use “these dedicated low income funds . . . to cover the full cost of efficiency measures identified in an energy assessment, with a special focus on weatherization measures such as insulation and air sealing”; and (4) “promote the availability of the low income assessment waiver program by informing all customers rejected from the LIURP program about the availability of the assessment waivers and accompanying direct install benefits.” (CAUSE-PA St. 1, p. 25.)

In rebuttal, the Company refuted CAUSE-PA’s characterizations of its EE&C programming and detailed the ways in which the Company has achieved meaningful low-income customer savings using its existing program design. For example, the Company provided an

analysis demonstrating that UGI Gas achieved savings attributable to low-income customers that were near the levels required for the Act 129 Phase IV EE&C Plan, with 5.8% of total portfolio savings coming from the low-income customer sector. (UGI Gas St. No. 1-R, p. 20.) The Company argued that this level of savings demonstrates that UGI Gas's low income customers can access and participate in its efficiency programs. (UGI Gas St. No. 1-R, p. 20.) The Company's analysis also showed that at least 4,896 low-income customers were served through the Phase I EE&C Plan and that 5.1% of all gas savings are attributable to low-income customers. (UGI Gas St. No. 1-R, p. 22; Exh. TML-5R.) Therefore, the Company argued that it has provided a proportionate number of low-income measures and provided a proportionate level of low-income savings, despite those not being requirements for voluntary EE&C Plans. (UGI Gas St. No. 1-R, p. 22.)

In response to CAUSE-PA's recommendation that the Company use \$650,000 to support free energy assessments and direct installs for low income customers who are ineligible for services through LIURP, the Company noted that under the submitted Plan, the Company already proposed to spend up to \$1,250,000 on free energy assessments and the direct installation of energy saving kits, which substantially exceeded Mr. Miller's proposed \$650,000 budget. (UGI Gas St. No. 1-R, p. 26.) Regarding the proposed rollover from the Phase I budget, the Company again pointed out that its proposed fee waiver budget exceeded that proposed by CAUSE-PA witness Mr. Miller under the proposed rollover and so was unnecessary. (UGI Gas St. No. 1-R, p. 27.) UGI Gas also stated it would continue to refer customers who meet the LIURP income requirement but do not meet the LIURP minimum usage threshold to the low income assessment fee waiver measure in order receive a free assessment and free energy assessment kit. (UGI Gas St. No. 1-R, p. 27.) Finally, the Company maintained that voluntary EE&C Plans are not required to comply

with Act 129 and have never been required to meet the same low-income savings targets as Act 129 EE&C Plan portfolios, making Mr. Miller’s reliance on Act 129’s requirement for low-income measures inappropriate. (UGI Gast St. 1-R, p. 20.)

In surrebuttal, CAUSE-PA maintained its position that the Commission should reject the Plan “absent a substantial revision to include dedicated low income programming,” claiming that “it is unjust and unreasonable to use ratepayer funds collected from all customers to pay for an EE&C Plan that does not include specific energy efficiency programming directed at low income customers.” (CAUSE-PA St. 1-SR, p. 5.) Alternatively, CAUSE-PA proposed that low-income customers be exempt from UGI’s EE&C Rider. (CAUSE-PA St. 1-SR, p. 6.)

Under the Settlement, the Company has agreed to conduct a low income EE&C Pilot program (“Pilot”), which will run from the effective date of the Commission’s Final Order approving this Settlement until September 30, 2030. (Settlement ¶ 35.) The Pilot is designed to reach customers with incomes at or below 200% FPL who do not meet the LIURP minimum usage threshold and who are UGI Gas heating customers (“Qualifying Customers”). (Settlement ¶ 35.) Under the Pilot, the Company will perform targeted outreach to Qualifying Customers that includes notification that they are eligible for a home energy assessment and that, if recommended, they could be eligible for air sealing and/or insulation measures up to \$5,000. (Settlement ¶ 35(a)-(b).) If air sealing and/or insulation measures are not recommended, the Qualifying Customers will be offered a free energy savings kit. (Settlement ¶ 35(e).) Qualifying Customers will have the fee for energy assessments waived and participation in the Pilot will not prevent participants from accessing the RP Program. (Settlement ¶¶ 35(c), (g).) The RR budget will include \$250,000 annually to cover the costs of the Pilot Program and the Company will report progress on spending for the Pilot in its annual EE&C report. (Settlement ¶¶ 35(f), (h).)

The Settlement also includes two additional provisions designed to benefit low-income customers. First, the Settlement provides that within 180 days of approval of Phase II, UGI Gas will convene a meeting and invite representatives from EDCs with overlapping territory to discuss improved coordination with electric utilities' Act 129 programs and LIURPs to install measures with long term bill savings. (Settlement ¶ 30.) Second, the Settlement provides that UGI Gas will update LIURP communications to include information regarding the availability of RR and RP Program rebates. (Settlement ¶ 32.) Within 90 days of a final order in this proceeding, UGI Gas will provide the parties with copies of draft communications and will consider, in good faith, incorporation of any feedback provided. UGI Gas will finalize the LIURP communications no later than 120 days of a final order in this proceeding. (Settlement ¶ 32.)

The Settlement reflects a reasonable compromise of the parties' positions regarding the availability of EE&C measures for low-income customers. The Company commits to establishing a new Pilot program that targets customers who are low-income but do not qualify for LIURP. This will ensure those customers remain have access to additional energy saving measures under the Plan. In addition, by requiring UGI Gas to coordinate with EDCs with overlapping service territories, the provisions allow the Company to better find and serve customers that qualify for LIURP or other measures. Finally, by requiring UGI Gas to target LIURP-eligible customers with additional outreach, the Settlement is designed to address CAUSE-PA's recommendation to provide customers with notice of the availability and eligibility for rebates. Thus, the settlement provisions are reasonable and in the public interest and, therefore, should be approved without modification.

## **E. FUEL SWITCHING MEASURES**

Under the Company's proposed EE&C Plan, customers are eligible to receive rebates for new high efficiency natural gas equipment regardless of their existing fuel type through the RP Program. (UGI Gas St. No. 1-R, p. 10.) The RP Program offers rebates for qualifying residential-sized space and water heating equipment for all UGI Gas customers. (UGI Gas Exhibit No. 1, p. 25.) The Company designed the messaging, savings calculations, and incentives for the RP Program to intervene at the time of natural replacement of equipment and push a customer considering purchasing baseline efficiency gas equipment to high efficiency gas equipment. (UGI Gas St. No. 1-R, p. 11.)

In their direct testimony, OCA and CAUSE-PA claimed that these RP Program rebate offerings constitute fuel switching measures and opposed the inclusion of fuel switching measures in the Plan. (*See* OCA St. 1, pp. 7-9, 11-12; CAUSE-PA St. 1, pp. 34-36.) Specifically, Ms. Sherwood claimed that UGI Gas is promoting fuel switching because customers are eligible to receive rebates for new high efficiency natural gas equipment regardless of their existing fuel type under the RP Program. According to Ms. Sherwood, fuel switching should be prohibited under the Phase II EE&C Plan because the Plan should be not used to increase natural gas consumption. (OCA St. 1, pp. 11-12.) Similarly, CAUSE-PA witness Mr. Miller stated that he “do[es] not believe that it would be good use of ratepayer-funded program dollars for the Commission to allow UGI to continue to convert electric heating customers to gas combustion equipment rebate measures.” (CAUSE-PA St. 1, p. 36.)

In rebuttal, the Company clarified that the proposed Phase II EE&C Plan does not offer fuel switching measures as claimed by OCA and CAUSE-PA. Mr. Love explained that “the incentive design [of the RP Program] is meant to overcome a portion of the cost of going from

baseline equipment to high efficiency equipment, not the much greater cost of switching from one fuel to another.” (UGI Gas St. No. 1-R, p. 11.) Importantly, the Company noted that “[w]hile it may be true that a customer can receive an incentive as part of their switch from electric to gas, it is important to separate the decision to switch from electric to gas, from the decision to buy a high efficiency piece of gas equipment.” (UGI Gas St. No. 1-R, p. 11.) Mr. Love further described that “[i]t is reasonable to assume that a customer switching from electric heating and looking at both baseline gas equipment and efficient gas equipment would understand that the incentive offered by UGI Gas is not there to incentivize the switch from electric heating but is instead there to push them towards a more efficient gas option that would reduce their gas consumption.” (UGI Gas St. No. 1-R, p. 12.)

In surrebuttal, OCA and CAUSE-PA continued to characterize certain Plan measures as “fuel switching.” CAUSE-PA maintained that “UGI should not be allowed to continue to use its EE&C program funding to convert electric heating customers to gas combustion equipment rebate measures.” (CAUSE-PA St. 1-SR, p. 16.) OCA acknowledged that the Company had addressed some of its concerns regarding fuel switching in rebuttal, including establishing an efficiency baseline standard and not actively marketing fuel switching, but maintained that the Company should “track and report both increases in consumption and decreases in electric use as the result of fuel switching measures in the Company’s annual report and as part of its future plan modeling.” (OCA St. 1-SR, pp. 7-8.) OCA also argued that consistent with the Commission’s recent LIURP final-form rulemaking order at Docket No. L-2016-2557886, UGI Gas should limit fuel switching measures for low-income households to those customers that receive both electric and natural gas utility service from UGI. (OCA St. 1-SR, pp. 8-9.)

Under the Settlement, UGI Gas will be permitted to continue including fuel switching measures and offering rebates to all gas customers during Phase II of its EE&C program. (Settlement ¶ 36.) The Company also committed to include in its Annual Report the number of residential customers who converted their heating system from electric to gas and received an EE&C rebate during the Program Year, as well as to continue to not specifically target electric to gas fuel switching as part of the Plan. (Settlement ¶ 36.)<sup>3</sup>

The Settlement reflects a reasonable compromise of the parties' positions. The Company can still offer rebates to all customers without specifically targeting electric to gas fuel switching, while reporting out the number of customers who converted their heat system from electric to gas and received an EE&C rebate. This data will help the Joint Petitioners track data related to fuel switching and savings during the period of the Phase II EE&C Plan and will not interfere with customers' ability to receive rebates. Thus, the settlement provisions are reasonable and in the public interest and, therefore, should be approved without modification.

#### **D. MISCELLANEOUS**

The Settlement also sets forth various provisions governing the interpretation and precedential nature of the Settlement as well as certain procedural rules that would apply if the ALJ and the Commission approve the Settlement with or without modification. (Settlement ¶¶ 37-41.) These settlement provisions are reasonable and in the public interest because they help clarify the Settlement, the parties' commitments thereunder, and the procedures that would apply under the various scenarios that may occur prior to the conclusion of this proceeding.

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<sup>3</sup> CAUSE-PA does not join the Settlement provisions in Paragraph 36 but does not oppose their inclusion in the Settlement.

### III. CONCLUSION

The Settlement resolves all of the issues that were raised during this proceeding. For the reasons explained above, the resolution of this proceeding in accordance with the terms of the Settlement is reasonable and in the public interest. As such, UGI Utilities, Inc. – Gas Division respectfully requests that the ALJ recommend approval of the Settlement and that the Pennsylvania Public Utility Commission approve the Settlement without modification.

Respectfully submitted,



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Date: May 6, 2025

Counsel for UGI Utilities, Inc. – Gas Division

# **APPENDIX F**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Utilities, Inc. – Gas	:	
Division for Approval of Phase II of its Energy	:	M-2024-3048418
Efficiency and Conservation Plan	:	

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STATEMENT IN SUPPORT OF SETTLEMENT  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Approval of Settlement of all Issues (Settlement), hereby files this Statement in Support of the Settlement (Statement) before the Honorable Administrative Law Judge (ALJ) Steven K. Haas and the Pennsylvania Public Utility Commission (Commission). The OCA requests that the Commission approve the terms and conditions of the Settlement as being in the public interest for the reasons stated further below.

**I. PROCEDURAL BACKGROUND**

On April 15, 2024, UGI Utilities, Inc. – Gas (UGI Gas or Company) filed a Petition (Petition) for Approval of Phase II of its voluntary Energy Efficiency and Conservation (EE&C) Plan for the period of October 1, 2025, through September 30, 2030 (Phase II EE&C Plan or Phase II Plan or Plan). In the Petition, the Company requests the Commission’s approval to: (1) establish and implement the voluntary Phase II EE&C Plan for the period of October 1, 2025, through September 30, 2030; and (2) recover the costs using a proposed pro forma Phase II EEC Rider to UGI Gas Tariff – Pa. P.U.C. No. 7. Petition at ¶ 30.

On May 3, 2024, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance, Answer, and Public Statement.

On May 6, 2024, the OCA filed an Answer, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a Petition to Intervene and Answer.

The Commission referred the Company's Petition to the Office of Administrative Law Judge (OALJ), which in turn assigned ALJ Steven K. Haas as the presiding officer in the proceeding.

With the ALJ's approval, the parties engaged in settlement discussions.

In early January 2024, the Parties advised ALJ Haas that they believed it would be prudent to schedule a prehearing conference and set a procedural schedule for this matter.

On January 14, 2025, ALJ Haas issued a Telephonic Prehearing Conference Notice (Notice) scheduling a prehearing conference in this matter for January 17, 2025, and requiring that the parties submit prehearing conference memoranda on or before January 16, 2025.

The Company, CAUSE-PA, OCA, and OSBA filed prehearing memoranda on January 16, 2025. ALJ Haas held the prehearing conference as scheduled on January 17, 2025, at which time ALJ Haas established a procedural schedule for the case and addressed other preliminary matters.

As directed in the Honorable ALJ Haas' Prehearing Order issued on January 21, 2025, the Parties submitted pre-filed written testimony and exhibits. On February 11, 2025, the OCA submitted the Direct Testimony of Stacy L. Sherwood (OCA St. No. 1), the OSBA submitted the Direct Testimony of Angela J. Vitulli (OSBA Statement No. 1), and CAUSE-PA submitted Direct Testimony of Mitchell Miller (CAUSE-PA Statement 1). On March 4, 2025, the Company submitted the Rebuttal Testimony of Theodore M. Love (UGI Gas St. No. 1-R), and the Rebuttal

Testimony of Tracy A. Hazenstab (UGI Gas St. No. 2-R). On March 25, 2025, the OCA submitted the Surrebuttal Testimony of Stacy L. Sherwood (OCA Statement 1SR), the OSBA submitted the Surrebuttal Testimony of Angela J. Vitulli (OSBA Statement No. 1-SR) and CAUSE-PA submitted the Surrebuttal Testimony of Mitchell Miller (CAUSE-PA Statement 1-SR).

On March 20, 2025, ALJ Haas issued a Telephonic Hearing Notice for an Evidentiary Hearing to take place on March 27, 2025. On March 26, 2025, Counsel for UGI Gas informed the ALJ that the Parties reached a full settlement in principle. On the same day, ALJ Haas issued a Cancellation Notice for the March 27, 2025, Evidentiary Hearing and communicated via email correspondence to the Parties that he will await a Joint Stipulation for the Submission of Evidence. On April 8, 2025, the Company requested via email correspondence that ALJ Haas accept May 1, 2025, as the deadline for Parties to submit settlement documents. ALJ Haas responded that same day accepting the May 1, 2025, deadline request.

## **II. DESCRIPTION OF THE PHASE II PLAN AND OCA TESTIMONY**

UGI Gas is not subject to the mandatory energy efficiency requirements of Act 129<sup>1</sup> because such requirements are applicable only to electric distribution companies with 100,000 or more customers. 66 Pa.C.S. § 2806.1(l). In the Petition, UGI Gas states its Phase II Plan was developed using the guiding principles of the Commission’s Act 129 Phase IV Implementation Order<sup>2</sup> and the Commission’s Secretarial Letter issued on December 23, 2009,<sup>3</sup> stating that

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<sup>1</sup> Act 129 of 2008, P.L. 1592, 66 Pa.C.S §§ 2806.1 and 2806.2 (Act 129). On November 14, 2008, Act 129 became law in the Commonwealth and was made applicable to electric distribution companies (EDCs) with 100,000 or more customers.

<sup>2</sup> See Energy Efficiency and Conservation Program, Docket No. M-2020-3015228 (Order entered June 18, 2020) (“Phase IV Implementation Order”), clarified, Docket No. M-2020-3015228 (Order entered March 12, 2020).

<sup>3</sup> See Re: Voluntary Energy Efficiency and Conservation Program, Docket No. M-2009-2142851 (Dec. 23, 2009) (“EE&C Secretarial Letter”).

voluntary EE&C Plans must be filed in accordance with 52 Pa. Code Section 5.41. Petition at ¶¶ 19-20.

The Company's Phase II EE&C Plan includes a broad portfolio of energy efficiency programs, conservation practices, and energy education initiatives for the five-year period beginning October 1, 2025, through September 30, 2030. Petition at ¶ 1. These integrated programs are designed to help customers reduce their energy consumption in a cost-effective manner over the five-year duration of the Plan. The Phase II EE&C Plan builds upon the Company's current plan that the Commission approved in UGI Gas's 2019 base rate proceeding (Phase I Plan). It consists of four natural gas efficiency programs and one combined heat and power (CHP) program. Petition at 1. The Plan contains the same types of programs, Technical Reference Manual (TRM), and Total Resource Cost (TRC) Test that are employed in the Phase I Plan. Petition at ¶ 6.

OCA witness Stacy L. Sherwood Witness evaluated the Company's Phase II EE&C Plan and concluded that, as proposed by the Company, it meets the basic elements required for Commission approval of voluntary EE&C plans as outlined in the Secretarial Letter issued on December 23, 2009. OCA St. 1 at 6. Ms. Sherwood also concluded that the program's benefits will outweigh its cost with a TRC ratio 1.57<sup>4</sup> for the five-year period of the Phase II EE&C Plan. *Id.* at 7-8. Furthermore, according to Ms. Sherwood, the Plan does not show any apparent subsidization among customer classes, meaning UGI recovers costs in proportion to the cost expended to serve each customer class. *Id.* at 9.

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<sup>4</sup> From Ms. Sherwood's Direct Testimony: "A total resource cost ("TRC") ratio above 1.0 indicates that the program provides benefits that exceed the costs invested in the program, indicating that ratepayers, including non-participants, receive a return on the investment in energy efficiency." OCA St. 1 at 7-8.

Notwithstanding the foregoing, Ms. Sherwood raised a number of relevant issues that the OCA intended to pursue in litigation regarding the Phase II Plan, which are addressed in the Settlement, and discussed further below in Section IV of this Statement.

### **III. THE COMMISSION'S POLICY ON SETTLEMENTS**

The Commission's policy is to encourage settlements where they can be achieved and are in the public interest. *See* 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement, as supported by the evidentiary record, promotes the public interest. *Pa. PUC v. CS Water and Sewer Associates*, 74 Pa. PUC 767, 711 (1991); *Pa. PUC v. Philadelphia Electric Company*, 60 Pa. PUC 1, 21 (1985).

### **IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

The OCA submits that the terms and conditions of the Settlement are in the public interest and should be approved without modification. Based on the OCA's analysis of the Petition, discovery responses received, and testimony by all parties, the proposed Phase II EE&C Plan, as modified by the Settlement, represents a result that would be within the range of likely outcomes in the event of full litigation of the case and is in the public interest, particularly when accompanied by other important conditions contained in the Settlement.

The OCA submits that this Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. While the Settlement does not reach all the recommendations proposed by the OCA, the OCA recognizes that the Settlement is a product of compromise. As such, the OCA submits that the Settlement is in the public interest and should be approved by the Commission without modification.

The OCA addresses the key provisions of the Settlement that are relevant to the issues that the OCA raised in this matter, as set forth below. The OCA expects that other Parties will address those areas of the Settlement that touch on their respective issues.

**A. Reallocating Unused CHP Program Funds, Settlement ¶25**

Company witness Theodore M. Love testified that UGI – Gas budgeted \$3,442,500 for the CHP Program in the EE&C Phase I Plan, but after the first four years, it only spent \$574,798 of the budgeted funds. UGI Gas St. No. 1 at 6-7. Mr. Love testified that the EE&C Phase II Plan continues the CHP Program, and the Company budgeted \$1.7 million over five years. *Id.* at 8. The CHP Program supports the overall goal of the Phase II EE&C Plan, which OCA witness Stacy L. Sherwood testified to reduce gas consumption. OCA St. 1 at 12. Company witness Love disagreed and stated the purpose of the Plan is to reduce energy consumption. No.1-R at 15. Notwithstanding the different positions on the Plan’s purpose, the Parties agreed to the following provision to help the Company meet the CHP Program’s goals in Phase II:

25. For the CHP program, if by the end of program Year 4 there are no additional projects in the pipeline and/or significant budget remaining, then the Company will move those budgeted funds to another commercial program to generate additional savings.

Settlement ¶25.

Creating a mechanism that redirects CHP Program funds in the event a significant portion of the \$1.7 million remains unspent by the end of Year 4 helps achieve the projected savings associated with the Plan while providing the Company time to build on lessons learned from the program’s Phase I Plan. This provision is a reasonable addition to the Phase II EE&C Plan and is in the public interest, therefore it should be accepted.

**B. Marketing, Settlement ¶28**

The Company's filing included a section on evaluation and marketing for each program offered in the Plan. However, OCA witness Sherwood found the details provided to be insufficient. OCA St. 1 at 13. Ms. Sherwood testified that the evaluation and marketing descriptions are vague and that details from annual reports from the Company's Phase I plan do not provide significant details on marketing. *Id.* The Company disagreed in Rebuttal and stated its Plan "provides a multi-page overview of the portfolio's marketing plans and efforts, and then each program plan has its own section dedicated to the marketing strategy for that specific offering." UGI Gas Statement No.1-R at. 38. The Parties agreed to resolve this issue as follows:

28. A formalized marketing plan will be established annually, detailing how the Company will achieve the projections in its Phase II Gas EE&C Plan.

Settlement ¶28.

The marketing plan requirement will work to increase the effectiveness of the Plan and assist the Company in obtaining results that match the Company's original forecasts. This level of information and transparency will aid the Company and other stakeholders in determining where additional outreach may be necessary to achieve Plan objectives. The OCA submits this provision of the Settlement is in the public interest and should be accepted.

**C. Evaluation Report Transparency, Settlement ¶29**

OCA witness Sherwood testified that the Company should improve transparency of programming evaluations by filing evaluation reports to the proceeding's docket. OCA St. 1 at 13-14. In its Rebuttal, Company witness Theodore M. Love agreed and testified "the Company should file any completed evaluations as part of its annual reporting process. This is consistent with the settlement reached with stakeholders for UGI Electric's voluntary EE&C Plan." UGI Gas Statement No.1-R at 35. Accordingly, the following Settlement provision was agreed to:

29. UGI Gas will file and serve the Company's program evaluations to the parties to this docket.

Settlement ¶29.

This Settlement provision in conjunction with the marketing provision above will provide the Company and stakeholders with transparent data that can inform the actual effectiveness of the Plan. As such, this provision is in the public interest and should be accepted.

**D. Fuel Switching, Settlement, ¶ 36**

The Company's Phase II EE&C Plan offers incentives to customers who engage in fuel switching, meaning customers can switch from electric to natural gas equipment and be eligible for program benefits. OCA St. 1 at 11. According to Ms. Sherwood, fuel switching from electric to gas equipment is contrary to the goal of the Plan, which is to decrease gas consumption, not increase it. *Id* at 12. As described in Subsection A above, Company witness Love disagreed and stated the purpose of the Plan is to reduce energy consumption. No.1-R at 15. According to the Company, a total of 56 out of 8,314 customers who participated in the Residential Prescriptive (RP) Program switched from electricity equipment to natural gas equipment in Fiscal Year 2024, which the Company calculates represents 0.7% of participants for that year. UGI Gas Statement No.1-R at 14-15.

Ms. Sherwood made three suggestions in the event of fuel switching from electric to gas equipment: 1) establish efficiency baseline standards; 2) track and report increases in consumption and decreases in gas/electric use as a result of fuel switching measures in the Company's annual report and as part of its future plan modeling; and 3) the Company should not actively market fuel switching under its program, particularly to customers within the Act 129 EDCs' service territories. OCA St. 1 at 12-13. According to UGI Gas witness Love, Ms. Sherwood's first and third suggestions are utilized in the Company's current practice. No.1-R at 16. Mr. Love testified that

the TRM has clear baseline standards for efficiency and the Company does not market electric to natural gas fuel switching under the RP program. *Id.* The following Settlement provision was agreed to:

36. UGI Gas will be permitted to continue including fuel switching, and offering rebates to all of its gas customers, in its Gas EE&C program under the following conditions: (a) UGI Gas will include in its Annual Report the number of residential customers who converted their heating system from electric to gas and received an EE&C rebate during the Program Year. (b) UGI Gas will continue to not specifically target electric to gas fuel switching as part of its EE&C program.

Settlement ¶ 36.

Due to the de minimis number of customers switching from electric to natural gas in Fiscal Year 2024, the Company's commitment to not engage in targeted marketing of electric to gas fuel switching, and viewing the Settlement as a whole, the OCA believes this provision of the Settlement is reasonable and serves the public interest.

CAUSE-PA requested that it not sign onto Paragraph 12 as a stipulation for agreeing to the overall Settlement, which no other Party objected to.

**E. Low-Income Customers, Settlement ¶ 35**

OCA witness Sherwood noted that the Company's Plan does not have dedicated programs for income eligible customers and testified that all ratepayers have the opportunity to participate in at least one program. OCA St. 1 at 7. Ms. Sherwood stated income eligible customers could potentially be referred to the Company's Low-Income Usage Reduction Program (LIURP) or if they do not qualify, may receive a waived audit fee under the Residential Retrofit (RR) Program. *Id.*

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania's (CAUSE-PA) witness Mitchell Miller similarly stated that the Company's Phase II EE&C Plan

does not include programming for low-income households but took the position that the Commission should not approve the Company's Plan unless it includes dedicated low-income programming. CAUSE-PA St. 1 at 5. Mr. Mitchell testified that EDCs that fall under the Act 129 mandates are required to provide dedicated low-income programming. *Id.* at 8 The Company's witness testified in Rebuttal that its EE&C programs are accessible to low-income customers. Statement No.1-R at 19-20. It added as a voluntary EE&C Plan, it is not required to comply with Act 129 low-income savings targets. *Id.* at 20. As a result of settlement of negotiations, the Company, CAUSE-PA, OCA, and OSBA agreed to the establishment of a new Pilot program that includes the following:

35. For customers with income at or below 200% FPL who do not meet the LIURP minimum usage threshold and are UGI Gas heating customers ("Qualifying Customers"), UGI Gas will conduct a low income EE&C Pilot program ("Pilot"). Specifically, starting with the effective date of the Commission's final order approving this settlement, UGI Gas will conduct a Pilot within its Phase II EE&C Plan incorporating the following provisions for Qualifying Customers up to 200% FPL. The Pilot will end on September 30, 2030.

- a. Perform targeted outreach/marketing to Qualifying Customers.
- b. For Qualifying Customers who respond to the targeted outreach/marketing identified in subpart a of this section, the Company will refer those Qualifying Customers to the RR program. At the time of referral, the Company will inform Qualifying Customers that:
  - i. they are eligible under the RR program – at no expense to the customer – for a home energy assessment; and
  - ii. if an RR program assessment occurs and if recommended by the assessment, the Qualifying Customers will be eligible for air sealing and/or insulation measures only – at no expense to the Qualifying Customers, up to \$5,000. Any assessment measure costs over the \$5,000 job cap will be the customer's responsibility.
- c. For consenting Qualifying Customers, waive the fee for energy assessment.

- d. For consenting Qualifying Customers, the Company will cover the direct installation costs of air sealing and/or insulation up to a maximum of \$5,000 per job, if recommended as part of the free energy assessment and if the customer agrees. These measures will be directly installed within a reasonable time after the conclusion of the energy assessment.
- e. For consenting Qualifying Customers who undergo an energy assessment where insulation and air sealing measures are not performed following the result of the free energy assessment, (1) UGI Gas's Contractors will offer a free energy savings kit during the assessment on a leave-behind basis; (2) UGI Gas's Contractors will leave behind the energy savings kit upon customer acceptance;<sup>5</sup> and (3) the consenting Qualifying Customer will be responsible for installing the kit measures.<sup>6</sup>
- f. Budget \$250,000 annually to cover the costs of the provisions set forth in Paragraph 11 a-e above (i.e., targeted outreach/marketing, RR program referrals, fee waivers of energy assessments, energy efficiency kits and direct installation of energy efficiency measures for air sealing and/or insulation at a per job cap of \$5,000). The \$250,000 budget is a part of and not incremental to the RR program budget.
- g. Participation in the Pilot program will not prevent participants from accessing the RP program.
- h. Report progress on spending in its annual EE&C report, including:
  - i. The number of customers receiving air sealing and/or insulation.
  - ii. the cost per job.

Settlement ¶ 35.

Among the Pilot provisions detailed in Settlement Paragraph 11, the Company agreed to perform targeted outreach/marketing to Qualifying Customers and inform them they are eligible for the RR program and can receive a free home energy assessment and could be eligible for up to \$5,000 for air sealing and/or insulation measures at no expense to Qualifying Customers. *Id.* Additionally, the Company agreed to budget \$250,000 annually for the provisions in Settlement

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<sup>5</sup> Kits will not be provided to customers who decline the offer.

<sup>6</sup> UGI Gas's Contractors will not be responsible for the direct installation of the kit measures.

Paragraph 11. The Pilot program creates a more reasonable opportunity for low-income consumers to take advantage of energy efficiency upgrades in the Phase II EE&C Plan which in turn reduces gas consumption and therefore this Settlement provision is in the public interest and should be accepted.

## V. CONCLUSION

The Settlement is the result of extensive negotiations to achieve a benefit for UGI Gas' ratepayers. For all of the foregoing reasons, the Office of Consumer Advocate submits that the terms and conditions of the Settlement are in the public interest and should be approved by the Commission without modification.

Respectfully Submitted,

/s/ Ryan Morden

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Dated: May 6, 2025

# **APPENDIX G**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of UGI Utilities, Inc. – Gas** : **Docket No. M-2024-3048418**  
**Division for Approval of Phase II of its** :  
**Energy Efficiency and Conservation** :  
**Plan** :

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**STATEMENT OF  
THE OFFICE OF SMALL BUSINESS ADVOCATE  
IN SUPPORT OF THE  
JOINT PETITION FOR APPROVAL OF  
UNANIMOUS SETTLEMENT OF ALL ISSUES**

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**I. Introduction**

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed an answer and notice of intervention in response to the Petition of UGI Utilities, Inc. – Gas Division (“UGI Gas”) for Approval of Phase II of its Energy Efficiency and Conservation (“EE&C”) Plan (“Petition”) that was filed with the Pennsylvania Public Utility Commission (“Commission”) on April 15, 2025.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Settlement of All Issues (“*Joint Petition*”). The *Joint Petition* addresses the issues raised by this office in this proceeding. Therefore, the OSBA submits this statement in support of the *Joint Petition*.

## **II. The Commission's Policy on Settlements**

Section 5.231(a) of the Commission's regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission's regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

## **III. The Joint Petition is in the Public Interest of UGI Gas's Small Business Customers**

### Informational Letter for a possible Commercial Gas Heat Pump EE&C Plan Measure

OSBA witness Angela J. Vitulli testified that commercial gas heat pumps are an emerging technology that is slowly being adopted.<sup>1</sup> However, if UGI Gas started offering this measure in its EE&C Plan, Ms. Vitulli recommended that the Company provide details of the proposed and budget impact upon the Plan.<sup>2</sup>

UGI Gas has agreed with Ms. Vitulli's recommendation. The *Joint Petition* proposed to file an informational letter to the parties if the Company decides to offer commercial gas heat pumps as part of its Plan. Furthermore, the filing will include details on incentive levels, forecasted number of measures, as well as any budget impacts that the commercial heat pumps would impose. *Joint Petition*, Paragraph 26.

The OSBA respectfully submits that this is a reasonable resolution of this issue.

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<sup>1</sup> OSBA Statement No. 1, at 8-9.

<sup>2</sup> OSBA Statement No. 1, at 9.

### A Commercial Gas Heat Pump Cost-Effectiveness Study

Because Ms. Vitulli has concerns about the market readiness and cost-effectiveness of commercial gas heat pumps, she recommended that UGI Gas perform a study to ascertain the lifecycle energy savings and cost-effectiveness of this EE&C measure.<sup>3</sup>

UGI Gas has agreed to perform such a study prior to offering any gas-fired heat pump incentives. The Company's study will include lifecycle energy savings, customer costs, and cost-effectiveness analysis. The study will be provided to the parties prior to UGI Gas offering these incentives. *Joint Petition*, Paragraph 27.

The OSBA respectfully submits that this is a reasonable resolution of this issue.

#### UGI Gas will serve its Program Evaluations to the Parties at this Docket

In her Direct Testimony, Ms. Vitulli recommended that the Company increase transparency of its program evaluations by serving evaluation reports to the parties. With easier access to these evaluations, the parties may be able to help increase customer participation.<sup>4</sup>

UGI Gas has agreed to Ms. Vitulli's recommendation. The Company will file and serve its program evaluations to the parties at this docket. *Joint Petition*, Paragraph 28.

The OSBA respectfully submits that this is a reasonable resolution of this issue.

#### UGI Gas will Provide more Detailed Annual Reporting on Program Participation

In her Direct Testimony, Ms. Vitulli recommended that the Company should "break down program participation by rate class in its annual reports."<sup>5</sup>

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<sup>3</sup> OSBA Statement No. 1, at 9.

<sup>4</sup> OSBA Statement No. 1, at 7-8.

<sup>5</sup> OSBA Statement No. 1, at 7.

UGI Gas has agreed to Ms. Vitulli's recommendation. The *Joint Petition* will provide program participation, by rate class, for both the RP Program and the Non-residential Program. *Joint Petition*, Paragraph 33.

The OSBA respectfully submits that this is a reasonable resolution of this issue.

**IV. Conclusion**

Therefore, for the reasons set forth in the *Joint Petition*, as well as the factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray  
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Dated: May 6, 2025

# **APPENDIX H**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Utilities, Inc. – Gas :  
Division for Approval of Phase II of its : Docket M-2024-3048418  
Energy Efficiency and Conservation Plan :

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**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES  
AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF  
THE JOINT PETITION FOR SETTLEMENT OF ALL ISSUES**

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The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), a signatory party to the Joint Petition for Settlement of All Issues (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Administrative Law Judge Steven K. Haas, and the Pennsylvania Public Utility Commission (Commission). As explained in this Statement in Support, CAUSE-PA does not join paragraph 36 of the Settlement, related to electric-to-gas fuel switching. Nevertheless, for the reasons stated more fully below, CAUSE-PA believes that the balance of the terms and conditions of the Settlement are in the public interest and should be approved.

**I. INTRODUCTION**

CAUSE-PA intervened in this proceeding to address, among other issues, its concern that UGI Gas of Pennsylvania, Inc.’s (UGI’s) proposed Phase II Energy Efficiency and Conservation Plan (EE&C Plan or Plan) failed to offer a proportionate level of dedicated programming for low-income consumers.<sup>1</sup> CAUSE-PA also expressed concern that the Plan did not set forth an adequate proposal for coordination of gas efficiency measures with other local, state, and utility-run

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<sup>1</sup> CAUSE-PA Petition to Intervene and Answer at 3.

weatherization, energy efficiency, and home repair programming. We also raised concerns that UGI's Plan would not provide an appropriate level of benefits to effectively incentivize the adoption of energy efficiency measures in affordable multifamily buildings.<sup>2</sup> CAUSE-PA was also concerned about the use of UGI's EE&C Plan to subsidize electric to gas fuel switching measures.<sup>3</sup>

Through the course of the proceeding, and the testimony of its expert witness Mitchell Miller, CAUSE-PA explained how UGI's EE&C Plan failed to provide dedicated low-income programming and over relied on gas equipment rebates – without pairing critical weatherization measures necessary to reduce overall energy usage and energy costs over the long term.<sup>4</sup> Mr. Miller explained that the plan did not adequately ensure overall energy reduction capable of producing meaningful bill savings and that it was improper to use UGI's proposed gas combustion equipment rebates to subsidize the conversion of electric heating customers to gas fired equipment.<sup>5</sup> Mr. Miller explained that UGI's proposed Phase II Plan did not meet the basic requirements of statutorily authorized Act 129 programming, and concluded that UGI's proposed Plan is not in the public interest, as designed. He explained that the Commission should reject UGI's proposed Plan absent substantial amendment to ensure the equitable delivery of program services to help reduce home energy usage and, in turn, help to meaningfully control high energy costs.<sup>6</sup> He made several recommendations designed to ensure that UGI's programs equitably serve lower income customers who are not eligible for other income-based efficiency programs.<sup>7</sup>

Although CAUSE-PA's litigation positions and Mr. Miller's recommendations were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. While

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<sup>2</sup> *Id.*

<sup>3</sup> CAUSE-PA St. 1 at 7-19.

<sup>4</sup> *Id.* at 6-13.

<sup>5</sup> *Id.* at 7-8, 22, 28, 34-35.

<sup>6</sup> *Id.* at 5, 35-36.

<sup>7</sup> *Id.* at 36.

CAUSE-PA does not join or support the Settlement provisions related to the use of UGI's EE&C Plan to subsidize fuel switching from electric to gas, we nevertheless assert that the balance of the Settlement is in the public interest in that it will help improve the ability of low-income customers to participate in UGI's EE&C programming and will avoid considerable litigation and/or appeals costs.

## **II. BACKGROUND**

For the purposes of this Statement in Support, CAUSE-PA adopts the procedural history as set forth in the attached Joint Petition.<sup>8</sup>

By way of further background, CAUSE-PA submitted the expert testimony of Mitchell Miller in this proceeding, analyzing the details of UGI's proposed Phase II EE&C Plan and its alignment with applicable laws and important policy goals and objectives, and providing recommendations for adjustments to address identified issues.<sup>9</sup>

Through testimony, Mr. Miller explained that UGI serves a substantial number of low income customers who are unable to afford utility service and are in need of energy efficiency measures to help control their usage and, in turn, reduce their monthly electric bills.<sup>10</sup> He explained that UGI's low income customers make up an estimated 26.6% of UGI's residential customer base, and face starkly disproportionate payment trouble and involuntary termination rates.<sup>11</sup> He pointed out that, while UGI's low income customers pay for the EE&C programs through rates, UGI's Phase II Plan includes only a single low income measure to support low-income households to become more energy efficient. As Mr. Miller explained, even those offerings were not appropriately utilized in its Phase I Plan. Through the course of Phase I, UGI

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<sup>8</sup> Joint Pet. at ¶¶ 1-22.

<sup>9</sup> CAUSE-PA St. 1

<sup>10</sup> *Id.* at 15-20.

<sup>11</sup> *Id.* at 16-19.

spent just \$5,750 total for dedicated low income programming - less than 0.5% of the program budget.<sup>12</sup> Mr. Miller explained that UGI's initial proposals for Phase II were woefully inadequate to meet identified need and were not proportionate to the number of low-income customers in UGI's service territory.<sup>13</sup> Mr. Miller noted UGI's mandatory Low Income Usage Reduction Program (LIURP) is not a substitute for offering a proportionate level of programming through a EE&C that is accessible to low income customers.<sup>14</sup> Mr. Miller pointed out that UGI had severely underspent the budget for its low income assessment fee waiver program and recommended the Commission order UGI focus its program on comprehensive building shell measures for low income households.<sup>15</sup>

Mr. Miller also made recommendations designed to improve UGI's ability to identify and serve low-income multifamily properties through its EE&C Plan and improve coordination with other available sources of EE&C measures and funding.<sup>16</sup> He also explained that it is inappropriate for the Commission to allow UGI to continue to use its ratepayer funded EE&C to convert electric heating customers to gas heating.<sup>17</sup>

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<sup>12</sup> *Id.* at 19, 21-22, 27; CAUSE-PA St. 1-SR at 9.

<sup>13</sup> CAUSE-PA St. 1 at 7-8.

<sup>14</sup> CAUSE-PA St. 1 at 10-12, 17-18; See also 66 Pa. C.S. § 2806.1(b)(i)(G):

The plan shall include **specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines**. The number of measures shall be proportionate to the households' share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. **The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low-income usage reduction programs)**. (emphasis added).

<sup>15</sup> CAUSE-PA St. 1 at 24-26.

<sup>16</sup> *Id.* at 29-34.

<sup>17</sup> *Id.* at 34-35.

### **III. SETTLEMENT**

#### **A. Coordination and Outreach**

##### **EDC Coordination**

In his direct testimony, Mr. Miller explained that, while UGI may attend periodic meetings with the EDCs to discuss EE&C program updates, UGI did not present any evidence of specific steps to coordinate electric and gas efficiency projects.<sup>18</sup> He recommended that the Commission require UGI to file a revised plan, including a reasonable plan for effective coordination with the Act 129 programs provided by EDCs with overlapping territory.<sup>19</sup>

Under the terms of the Settlement, within 180 days of approval of Phase II, UGI Gas will convene a meeting and invite representatives from EDCs with overlapping territory to discuss improved coordination with electric utilities' Act 129 programs and LIURPs to install measures with long term bill savings.<sup>20</sup>

This term will help improve UGI's coordination with Act 129 EE&C and LIURP programs run by EDCs which, in turn, will help lower costs by utilizing efficiencies and reach a larger number of customers in need of EE&C measures. Thus, CAUSE-PA believes this term is just, reasonable, and in the public interest.

#### **B. Identification and Treatment of Low-Income Multifamily Housing**

In his testimony, Mr. Miller explained that while, in Phase I, UGI participated in some training and events designed to market to multifamily customers and multifamily new construction, these efforts are quite sparse over the Plan period and do not adequately increase

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<sup>18</sup> CAUSE-PA St. 1 at 33.

<sup>19</sup> *Id.*

<sup>20</sup> Joint Pet. at ¶ 30.

engagement with housing providers across its service territory.<sup>21</sup> He also pointed out that UGI does not have criteria for classifying low income multifamily properties.<sup>22</sup>

Under the terms of the Settlement, once per year, UGI Gas will attend and present at a dedicated multifamily stakeholder meeting, to the extent such a meeting is scheduled and held by CAUSE-PA. As part of the stakeholder meeting, participants will help the Company to identify low-income multifamily efficiency project opportunities.<sup>23</sup> If any such project opportunities are identified through this process, UGI will perform targeted EE&C outreach to those properties.<sup>24</sup>

This term is designed to improve UGI's ability to reach low-income multifamily properties through its EE&C programs. Thus, we submit that this term is just, reasonable, and in the public interest.

### **C. Low Income Outreach**

In testimony, Mr. Miller explained that it is important for UGI's EE&C to be implemented in a manner that is complimentary to its LIURP program.<sup>25</sup> He explained that UGI's LIURP is only available to higher usage low income customers, with at least 877 ccf of annual usage, meaning only approximately 17% of UGI's low income customers qualified for LIURP.<sup>26</sup> He also pointed out that, in Phase I, UGI only referred 15 customers from EE&C to its LIURP and, of those referrals, only 5 were able to access LIURP services.<sup>27</sup> He explained that, while LIURP should be the first option for low income customers in need of weatherization, UGI should ensure that low income customers who are ineligible for LIURP are served through its EE&C programs.<sup>28</sup>

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<sup>21</sup> CAUSE-PA St. 1 at 30.

<sup>22</sup> *Id.*

<sup>23</sup> Joint Pet. at ¶ 31

<sup>24</sup> *Id.*

<sup>25</sup> CAUSE-PA St. 1 at 10-11, 34.

<sup>26</sup> *Id.* at 10.

<sup>27</sup> *Id.* at 34.

<sup>28</sup> *Id.*

Under the terms of the Settlement, UGI will update its LIURP communications to include information regarding the availability of RR and RP Program rebates.<sup>29</sup> Within 90 days of a final order in this proceeding, UGI Gas will provide the parties with copies of draft communications and will consider, in good faith, incorporation of any feedback provided.<sup>30</sup>

This provision will help ensure that low-income households who are ineligible for LIURP are made aware of the availability of UGI's EE&C programs and that the parties to this proceeding are able to have their input considered in the development of the communications used for those purposes. Therefore, this provision is just, reasonable and in the public interest and should be approved.

#### **D. Program Reporting and Evaluation**

In his direct testimony, Mr. Miller pointed out that UGI does not track the energy savings attributable to low-income customers, nor does it track any actual energy savings from its measures to ensure that the programs are helping to meaningfully reduce customers' energy usage.<sup>31</sup> He also explained that the limitations on the available data regarding UGI's EE&C programs made it difficult to determine whether customers received any meaningful energy or bill savings from UGI's Phase I EE&C program.<sup>32</sup>

Under the terms of the Settlement, UGI Gas will file and serve the Company's program evaluations to the parties to this docket.<sup>33</sup> UGI Gas will track and report at its annual EE&C stakeholder meeting and in its annual report:

- Program participation (unique customers and total number of rebates issued) under the Residential Prescriptive program by rate class (R/RT, N/NT).

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<sup>29</sup> Joint Pet at ¶ 32

<sup>30</sup> *Id.*

<sup>31</sup> CAUSE-PA St. 1 at 8.

<sup>32</sup> *Id.* at 22

<sup>33</sup> Joint Pet. at ¶ 29.

- Program participation (unique customers and total number of rebates issued) under the nonresidential program by rate class (N/NT, DS, LFD).
- The number of confirmed low income, inclusive of self-reported, customers up to 150% FPL participating in each of the RP and RR programs.
- The specific measures in aggregate accessed by confirmed low income, inclusive of self-reported, participants up to 150% FPL in the RP and RR programs.
- The total spending in aggregate on confirmed low income, inclusive of self-reported, participants up to 150% FPL in the RP and RR programs.
- The net energy savings in aggregate achieved by confirmed low income, inclusive of self-reported participants up to 150% FPL in the RP and RR programs.
- The number of EE&C referrals made to LIURP.
- The number of EE&C referrals that received LIURP services.<sup>34</sup>

While these metrics do not reach the level of specificity recommended by Mr. Miller, tracking and reporting these metrics will help UGI and its stakeholders better understand and evaluate whether and how UGI is serving low-income customers through its EE&C programs. Thus, we believe this term is just, reasonable, and in the public interest.

#### **E. Low Income Programs**

In testimony, Mr. Miller explained that UGI's Petition cited and relied upon Act 129 to justify approval of the program, but failed to provide the dedicated, proportionate low income programming required of electric distribution companies (EDCs) under Act 129.<sup>35</sup> He pointed out that UGI was required under the Settlement for its Phase I EE&C program to establish a Low-Income Assessment Fee Waiver program that would provide EE&C assessment fee waivers and direct install follow up measures for low income households.<sup>36</sup> However, UGI elected to spend only \$5,750 on the program – less than 0.5% of the program budget, and far from proportionate to UGI's low income customer base.<sup>37</sup> He further pointed out that UGI had failed to provide any direct install or follow up measures to low-income households with needs identified through the

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<sup>34</sup> *Id.* at ¶¶ 33-34.

<sup>35</sup> CAUSE-PA St. 1 at 7-14.

<sup>36</sup> CAUSE-PA St. 1 at 9, CAUSE-PA St. 1-SR at 11.

<sup>37</sup> CAUSE-PA St. 1 at 9, CAUSE-PA St. 1-SR at 11.

fee waived EE&C assessments.<sup>38</sup> He recommended that the Commission reject UGI's proposed Phase II Plan, and order the Company to submit a revised plan that includes dedicated and proportionate programming designed to effectively reach its low income customer base.<sup>39</sup>

Under the terms of the Settlement, UGI will implement a low-income EE&C Pilot Program (Pilot) for customers with income at or below 200% FPL who do not meet the LIURP minimum usage threshold and are UGI Gas heating customers (Qualifying Customers) with an end date of September 30, 2030.<sup>40</sup> Through the Pilot program, UGI will take the following steps:

- Perform targeted outreach/marketing to Qualifying Customers.
- Refer Qualifying Customers to the RR program. At the time of referral, the Company will inform Qualifying Customers that:
  - they are eligible under the RR program – at no expense to the customer – for a home energy assessment; and
  - if an RR program assessment occurs and if recommended by the assessment, the Qualifying Customers will be eligible for air sealing and/or insulation measures only – at no expense to the Qualifying Customers, up to \$5,000. Any assessment measure costs over the \$5,000 job cap will be the customer's responsibility.
- For consenting Qualifying Customers, waive the fee for energy assessment.
- For consenting Qualifying Customers, the Company will cover the direct installation costs of air sealing and/or insulation up to a maximum of \$5,000 per job, if recommended as part of the free energy assessment and if the customer agrees. These measures will be directly installed within a reasonable time after the conclusion of the energy assessment.
- For consenting Qualifying Customers who undergo an energy assessment where insulation and air sealing measures are not performed following the result of the free energy assessment, (1) UGI Gas's Contractors will offer a free energy savings kit during the assessment on a leave-behind basis.
- Budget \$250,000 annually to cover the costs of the provisions set forth in Paragraph 11 a-e above (i.e., targeted outreach/marketing, RR program referrals,

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<sup>38</sup> CAUSE-PA St. SR at 9.

<sup>39</sup> *Id.* at 19.

<sup>40</sup> Joint Pet. at ¶ 35.

fee waivers of energy assessments, energy efficiency kits and direct installation of energy efficiency measures for air sealing and/or insulation at a per job cap of \$5,000). The \$250,000 budget is a part of and not incremental to the RR program budget.

- Participation in the Pilot program will not prevent participants from accessing the RP program.<sup>41</sup>

UGI will also report progress on spending in its annual EE&C report, including: (1) the number of customers receiving air sealing and/or insulation; and (2) the cost per job.<sup>42</sup>

While this Pilot will still not provide the level of proportionate treatment of low-income customers provided by EDCs through statutory Act 129 programming, it will meaningfully improve the level of service provided to low-income customers through UGI's EE&C relative to Phase I. Thus, we believe this term is just, reasonable, and in the public interest and should be approved by the Commission.

#### **F. Fuel Switching**

In his direct testimony, Mr. Miller pointed out that UGI does not request information about a customers' fuel source during the rebate application process and that 56 residential customers converted from electric to gas equipment using rebates from UGI's RP program in 2024; 55 of which converted from electric heat to gas heat.<sup>43</sup> Mr. Miller explained that it is inappropriate for the Commission to allow UGI to continue to use its ratepayer funded EE&C to convert electric heating customers to gas heating.<sup>44</sup> He explained that the purpose of the program is to reduce gas usage and that converting electric heating customers increases the amount of gas the household will use.<sup>45</sup> He noted that fuel switching in this manner is explicitly prohibited in the Commission's

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<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> CAUSE-PA St. 1 at 34-35.

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

LIURP regulations and that it has strict limitations and is treated as a negative TRC benefit in the context of Act 129.<sup>46</sup>

Under the terms of the Settlement, UGI Gas will be permitted to continue including electric to gas fuel switching, and offering rebates to all of its gas customers through its Gas EE&C program under the following conditions: (1) UGI Gas will include in its Annual Report the number of residential customers who converted their heating system from electric to gas and received an EE&C rebate during the Program Year. (2) UGI Gas will continue to not specifically target electric to gas fuel switching as part of its EE&C program.<sup>47</sup>

CAUSE-PA continues to stand by Mr. Miller's position that it is inappropriate for the Commission to allow UGI to continue to use its ratepayer funded EE&C to convert electric heating customers to gas heating.<sup>48</sup> However, in consideration of the totality of other terms in this Settlement, CAUSE-PA agrees not to oppose the inclusion of this provision in the Settlement.

#### **IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

The Commission's regulations declare: "It is the policy of the Commission to encourage settlements."<sup>49</sup> The Commission has explained that the results achieved from a negotiated settlement, in which the interested parties have had an opportunity to participate, "are often preferable to those achieved at the conclusion of a fully litigated proceeding."<sup>50</sup>

This Settlement was achieved by the Joint Petitioners after an extensive investigation of UGI's filing, including informal and formal discovery and the submission of direct, rebuttal and surrebuttal testimony by a number of the Joint Petitioners. Approval of this Settlement will avoid

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<sup>46</sup> *Id.*

<sup>47</sup> Joint Pet. at ¶ 36.

<sup>48</sup> CAUSE-PA St. 1 at 35.

<sup>49</sup> 52 Pa. Code § 5.231.

<sup>50</sup> 52 Pa. Code § 69.401.

the necessity of further administrative and possibly appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and ratepayers.

Although CAUSE-PA's litigation positions were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses the ability of low-income customers' ability to access UGI's EE&C programs, (2) balances the interests of the parties, and (3) fairly resolves a number of critical issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals. Thus, CAUSE-PA hereby asserts that the Settlement is just and reasonable and in the public interest and should, therefore, be approved by the Commission.

#### **IV. CONCLUSION**

CAUSE-PA submits that the Settlement, which was achieved by the Joint Petitioners after an investigation of UGI's filing and negotiations amongst the parties, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues – which would have been undertaken at a substantial cost to the Joint Petitioners and UGI's customers. Accordingly, CAUSE-PA respectfully requests that request that Administrative Law Judge Steven K. Haas, and the Commission approve the Settlement without modification.

Respectfully submitted,

*Counsel for CAUSE-PA*

A handwritten signature in black ink, appearing to read "John W. Sweet". The signature is written in a cursive style with a horizontal line above the name.

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