

COMMONWEALTH OF PENNSYLVANIA



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September 18, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
vs.
UGI Utilities, Inc. – Electric Division

Docket No. R-2025-3059430

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in Opposition to the Joint Petition for Approval of Non Unanimous Settlement of All Issues in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
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Enclosures

cc: The Honorable Stephen K. Haas (email only)
The Honorable Chad L. Allensworth (email only)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3059430
	:	
UGI Utilities, Inc. – Electric Division	:	
	:	

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Comments in Opposition to the Joint Petition for Approval of Non Unanimous Settlement of All Issues, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 18th day of September, 2026.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3059430
	:	
UGI Utilities, Inc. – Electric Division	:	
	:	

COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE
IN OPPOSITION TO THE JOINT PETITION FOR APPROVAL
OF NON-UNANIMOUS SETTLEMENT OF ALL ISSUES

TO THE ADMINISTRATIVE LAW JUDGES STEVEN K. HAAS AND CHAD L. ALLENSWORTH:

AND NOW, before the Administrative Law Judges (ALJs) Steven K. Haas and Chad L. Allensworth, and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), submits these comments in opposition to the Joint Petition for Approval of Non-Unanimous Settlement of All Issues (Non-Unanimous Settlement) in the above captioned proceeding, requesting that the Commission reject the terms and conditions of the Non-Unanimous Settlement because it is not supported by substantial record evidence or in the public interest. As explained in more detail below, the Non-Unanimous Settlement is not in the public interest due to (1) an unnecessarily high, significant, and unsupported stipulated revenue requirement increase and (2) unjust and unreasonable resulting rates. For the reasons set forth below, the OCA does not believe that the terms and conditions of the Non-Unanimous Settlement viewed as a whole are in the public interest.

The OCA respectfully requests that the Commission carefully (1) scrutinize the record of this proceeding and consider the arguments contained herein as well as in the OCA’s Main and

Reply Briefs; and (2) find that the OCA’s fully litigated proposals and recommendations are in the public interest, supported by substantial record evidence, would result in just and reasonable rates, and better balance the utility’s need for sufficient revenue with the public’s need for rate affordability than the Non-Unanimous Settlement.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. Sec. 309-4. The OCA’s interest in this case is to ensure that utility consumers – who ultimately pay the revenue requirement to the utility – are paying no more than is necessary, to ensure that public utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

B. Procedural Background

On March 27, 2026, UGI Utilities – Electric Division (UGI), filed Supplement No. 92 to UGI Electric Tariff – Pa. P.U.C. No. 6 with the Commission to become effective on June 1, 2026. UGI’s proposed tariffs would have increased the Company’s total annual base rate operating revenues by approximately \$17.283 million, or 11.89% overall, based on a fully projected future test year (FPFTY) ending September 30, 2027. On April 8, 2026, the OCA filed its Formal Complaint and Public Statement challenging the lawfulness of the proposed rate increase.

On April 16, 2026, the Commission entered an Order at the captioned docket, suspending the tariff by operation of law until January 1, 2027, instituting an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations, and assigning the rate filings to the Office of Administrative Law Judge (OALJ) for the prompt

scheduling of hearings as may be necessary culminating in the issuance of a recommended decision.

Customers filed approximately four formal complaints and fifteen informal comments. There were 4 Public Input Hearings of which five customers and one public official testified under oath, a majority of them in opposition to the Company's rate relief request.¹ The Public Input Hearings were held as follows:

- June 10, 2026 – Scranton at 1 pm and 6 pm
- June 11, 2026 – Telephonic at 1 pm and 6 pm

Consistent with the procedural schedule issued by the Administrative Law Judges (ALJs) Steven K. Haas and Chad L. Allensworth, the OCA served on the ALJs and the parties its written Direct and Surrebuttal Testimonies from OCA witnesses Michael W. Deupree, Dante Mugrace, David J. Garrett, James S. Garren, Barbara R. Alexander, Roger Colton, and Zach Teti, on June 18, 2026, July 17, 2026, and August 5, 2026, respectively, in which the OCA opposed and/or recommended adjustments to the Company's requests.

On August 12-13, 2026, ALJs Steven K. Haas and Chad L. Allensworth, held evidentiary hearings, during which, the ALJs admitted the OCA's written direct, supplemental direct, rebuttal, and surrebuttal testimonies, and accompanying exhibits into the record. The OCA conducted cross-examination of UGI witnesses John F. Wiedmeyer. UGI conducted cross-examination of OCA witnesses Michael Deupree, David J. Garrett, and James S. Garren.

UGI, OCA, the Bureau of Investigation and Enforcement (I&E), and the Office of Small Business Advocate (OSBA), engaged in settlement discussions in an attempt to resolve the issues presented in this proceeding. On September 3, 2026, UGI and OSBA (collectively Joint

¹ OCA St. 7.

Petitioners) reached a Non-Unanimous Settlement of the issues litigated between the Parties in the case.

On September 4, 2026, the ALJs directed the parties to file Main Briefs on September 8, 2026, the Joint Petitioners to file their Settlement and Statements in Support by September 10, 2026, and all Reply Briefs and Comments in Opposition to the Settlement by September 18, 2026. On September 8, 2026, the OCA, I&E and UGI submitted Main Briefs. The Joint Petitioners filed the Non-Unanimous Settlement on September 10, 2026.

In accordance with the ALJs' direction in this proceeding, the OCA now submits these Comments in Opposition to the Non-Unanimous Settlement.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

A. Utility Rates Must Be Just and Reasonable

As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations or orders of the Commission.² A public utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment."³

The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates."⁴ The Commission's discretion to determine if a requested rate is just and reasonable includes the "power to make and apply policy" concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors.⁵

² 66 Pa. C.S. Sec. 1301(a).

³ *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*Lancaster 2002*).

⁴ *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. Ct. 1996) (*Popowsky 1996*) (emphasis added).

⁵ *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995) (*Popowsky 1995*).

B. No Deference is Owed to the Non-Unanimous Settlement.

The Non-Unanimous Settlement is not entitled to deference under the Commission’s policy of supporting settlements because, while the Commission has adopted a policy which encourages settlements at 52 Pa. Code Section 5.231(a), a previously adopted “policy cannot be made a substitute for evidence in a proceeding before” the Commission and “[t]he [C]ommission must remain free at all times in order to carry out the objectives of the utility law.”⁶ The Commission’s policy that encourages settlements does so only to the extent that the results achieved from a negotiated settlement are preferable to those secured at the conclusion of a fully litigated proceeding.⁷ The standard for approving a non-unanimous rate-case settlement is the same as for a fully litigated case: the settlement must be supported by substantial evidence and comply with the law.⁸ Here, the OCA’s litigated position is preferable to the results of the Non-Unanimous Settlement as a whole, is supported by substantial record evidence, and will produce just and reasonable rates.

C. Burden of Proof

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable.⁹

Proponents of an order bear the burden of proof.¹⁰ Because the Joint Petitioners request that the Commission enter an order adopting the Non-Unanimous Settlement without modification, they share the burden of proof to show that the terms and conditions of the Non-Unanimous Settlement are in the public interest.¹¹ “It is the Commission’s duty to determine the public interest

⁶ *Aizen v. Pa. PUC*, 60 A.2d 443, 449 (Pa. Super. Ct. 1948).

⁷ 52 Pa. Code Sec. 69.401.

⁸ 2 Pa. C.S. Sec. 704; *ARIPPA v. Pa. PUC*, 792 A.2d 636, 659-660 (Pa. Cmwlth. 2002) (*ARIPPA*).

⁹ 66 Pa.C.S. Sec. 1301(a), 315(a).

¹⁰ 66 Pa.C.S. Sec. 332(a).

¹¹ 66 Pa.C.S. Sec. 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.

and to protect the rights of the public.”¹² Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.”¹³

“The Commission’s standards for reviewing a non-unanimous settlement . . . are the same as those for deciding a fully contested proceeding.”¹⁴ As such, every rate the public utility proposes to charge under the terms of the settlement must still be just and reasonable.¹⁵ The non-unanimous settlement must demonstrate that the proposed rates are “supported by substantial evidence of record, achieve a fair and equitable balance of the issues impacting the Company, residential consumers, business customers, and the public interest at large, and are in the public interest.”¹⁶ If the petitioners fail to meet their burden of proof, the Commission must deny the petition for settlement. In this case, the Joint Petitioners fail to meet the public interest or just and reasonable standard, warranting rejection of the Joint Petition.

III. SUMMARY OF OCA’S POSITION

In these Comments in Opposition, the OCA demonstrates that the following Settlement provisions are not in the public interest, will not result in just and reasonable rates, and are not supported by substantial evidence: the proposed \$10.70 million revenue requirement, the new rates going into effect on one day’s notice after entry of a Commission order, the revenue allocation, the depreciation rates, the universal service cost recovery, and the Argo transaction.¹⁷

¹² *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted).

¹³ 71 P.S. Sec. 309-5.

¹⁴ *Joint App. of West Penn Power Co. d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp.*, Docket Nos. A 2010 2176520 and A-2010-2176732 (Order entered March 8, 2011) (*West Penn 2011*) at 17; *ARIPPA* at 659-660.

¹⁵ *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. Ct. 1996) (*Popowsky 1996*); 66 Pa. C.S. Sec. 1301(a).

¹⁶ *Pa. PUC v. Pa.-American Water Co.*, Docket Nos. R-2020-3019369 *et al.* (Order entered Feb. 25, 2021) (*PAWC 2021*) at 46.

¹⁷ The OCA does not directly oppose the terms provided in the Non-Unanimous Settlements that are not specifically addressed in these Comments, if the Commission finds them to be in the public interest and that they would result in just and reasonable rates. However, the Non-Unanimous Settlement as a whole is not in the public interest and would not result in just and reasonable rates and, therefore, should be rejected.

The OCA further demonstrates that the terms of the Non-Unanimous Settlement, when taken as a whole,¹⁸ are not in the public interest and would not result in just and reasonable rates. Therefore, the OCA respectfully requests that the Joint Petition for Non-Unanimous Settlement be rejected as not being in the public interest and the OCA's recommendations set forth fully in its Main Brief be adopted because they are supported by substantial evidence and meet the applicable legal standards governing the litigated case.

IV. COMMENTS

A. Revenue Requirement (Non-Unanimous Settlement at ¶ 29)

1. Substantial Record Evidence Demonstrates the UGI Does Not Need \$10.70 million in Rate Relief to Offer Reasonable, Safe, and Reliable Distribution Service. (¶ 29).

The Joint Petitioners have proposed the following term regarding revenue requirement:

Base rate revenue increase of \$10,700,000 effective on one day's notice after entry of a Commission order.¹⁹

UGI could continue operations, recover all of its expenses, and have the opportunity to earn a fair return with either no increase²⁰ or, in the alternative, a revenue requirement increase of no more than \$5,127,616, as proposed by the OCA.²¹ The \$10.7 million offered by the Non-Unanimous Settlement is excessive and unnecessary, and it constitutes a substantial harm to UGI's ratepayers by needlessly increasing rates beyond the level required by UGI. The OCA's Main Brief contains a full discussion of this issue.²² Substantial evidence supports the OCA's proposal for no increase or its alternative calculated rate relief, and adopting a higher rate increase is not in the public interest.

¹⁸ The Non-Unanimous Settlement itself states that the "Settlement's provisions cannot and should not be viewed in isolation." Non-Unanimous Settlement at 2.

¹⁹ Non-Unanimous Settlement ¶ 29.

²⁰ OCA M.B. at 15-28.

²¹ OCA M.B. at 28, 44; OCA St. 2SR at 3.

²² OCA M.B. at 15-69.

The Non-Unanimous Settlement is a “black box” settlement, meaning that the settling parties – in reaching the final revenue requirement authorized by the Non-Unanimous Settlement – have chosen not to break down how the \$10.7 million increase was achieved with respect to allowance of particular utility plant and expenses and at what return on equity the Company is permitted to recover.²³ “Black box” settlements have historically been permitted by the Commission.²⁴ However, the use of a black box settlement does not alleviate the Settling Parties’ burden of proof to show that the proposed \$10.7 million increase would result in just and reasonable rates.²⁵ The Settling Parties have not met their burden of proof.

Importantly, by its nature, the black box settlement of a revenue requirement does not provide transparency or impose the kind of discipline on UGI that is necessary to ensure that they engage in prudent management, as would be expected of a company that does not have captive customers. By way of example, the OCA recommended the disallowances of \$10,922,384 in expenses claimed by UGI which should not be passed on to ratepayers.²⁶ Such expenses included funding for UGI’s association dues, incentive compensation programs compensating employees for a utility’s financial performance, and lobbying expenses.²⁷ There is simply no reasonable means of ensuring that UGI will not continue this practice under the terms of the Non-Unanimous Settlement – because it is black box. Costs such as these should not be passed on to ratepayers because they do not improve safety, reliability, or quality of service, or customer service or are otherwise necessary to the provision of electric distribution service.

²³ The OSBA calculated that the Joint Petition would result in an ROE of approximately 9.5-10%. OSBA SIS at 3.

²⁴ *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Order entered December 19, 2013) at 28.

²⁵ 66 Pa.C.S. Sec. 315, 332(a).

²⁶ OCA M.B. at 44-56.

²⁷ OCA M.B. at 18; OCA St. 2 at 42, 43;

While UGI and OSBA may claim that the stipulated \$10.7 million revenue increase represents a compromise of their litigation positions, the OCA submits that awarding revenue at this unsubstantiated level only compromises one thing: the interests of ratepayers in just and reasonable rates. The fact that the revenue requirement increase is *lower* than what UGI initially requested does not inherently make it *in the public interest*. The appropriate standard for approving the Joint Petition is not “less harmful than filed.” The Joint Petitioners are charged with demonstrating that a \$10.7 million revenue requirement increase is in the public interest *and* would result in just and reasonable rates.²⁸ They have failed to do so.

The Statements in Support of UGI and OSBA make much of the reduction to the overall revenue requirement from UGI’s originally filed request.²⁹ However, neither UGI nor OSBA point to substantial evidence, let alone any specific evidence, which supports that the Non-Unanimous Settlement’s proposed \$10.7 million revenue requirement increase would be in the public interest or would result in just and reasonable rates. This includes a lack of evidentiary support for the assumptions, reductions, capital structure, and return that would be authorized under this amount. Instead, both UGI and OSBA emphasize that the \$10.7 million is a decrease from UGI’s initial request.³⁰

OSBA further states that it is consistent with the testimony of OSBA witness Ewen,³¹ but because OSBA witness Ewen did not provide recommendations on a specific ROE or revenue requirement, the OSBA-calculated ROE of approximately 9.5-10% is not substantiated by Mr. Ewen’s testimony.³² UGI further states that it is less than I&E’s litigated position before its

²⁸ *West Penn 2011* at 17.

²⁹ UGI SIS at 4-5; OSBA SIS at 3.

³⁰ UGI SIS at 4; OSBA SIS at 3.

³¹ UGI SIS at 5; OSBA SIS at 3.

³² *See generally* OSBA St. 1; OSBA SIS at 3.

adjustment related to the Argo transaction and claims that I&E's calculated revenue allocation was also based on an improper capital structure.³³ However, neither UGI nor OSBA address the fact that it is over \$5 million higher than the OCA's alternative litigation position.

The difference between the negotiated amount of \$10.7 million and the OCA's litigation positions of no increase or, in the alternative, of \$5,127,616, should not be overlooked in light of the fact that the evidence of record demonstrates that either no increase or at most a revenue requirement increase of \$5,127,616 million is sufficient to allow UGI the opportunity to earn a fair rate of return. UGI claims in their Main Brief that the "primary need for UGI Electric's proposed rate increase is the Company's continued extensive efforts to repair, replace, improve, and modernize the aging portions of its distribution system, so that the Company can continue providing safe, efficient, adequate, reliable, and reasonable service."³⁴ Importantly, the OCA has not challenged UGI's significant and extensive updates to its plant in service of "tens of millions of dollars of capital investment";³⁵ rather, the OCA's revenue requirement would fully allow this investment. UGI's customers are entitled to safe and reliable service and – as identified by UGI – the Company's investment in its plant is focused on the replacement of aging infrastructure.³⁶ The OCA supports both the investment in UGI's system to ensure safe and reliable service and ensuring that ratepayers are protected. The revenue requirement supported by the case presented by the OCA adequately balances both of these interests and does not include excessive or unnecessary costs.

UGI recommended substantially higher revenue requirements than the OCA because of its calculated cost of equity. UGI's calculated cost of equity is far in excess of the OCA's

³³ UGI SIS at 4-5.

³⁴ UGI M.B. at 1; *see also* UGI SIS at 3.

³⁵ UGI SIS at 3.

³⁶ 66 Pa. C.S. Sec. 1501; UGI St. 1 at 6-7.

recommendation because UGI uses unsustainably high growth rates as high as 11%,³⁷ and an unreasonable Equity Risk Premium.³⁸ In contrast, the OCA's recommended 8.7% cost of equity is market-based, calculated on reasonable growth rates and Equity Risk Premium, and would provide sufficient capital to UGI to continue investing in plant.³⁹

UGI contends that a revenue requirement lower than the amount reached through the Non-Unanimous Settlement is not possibly without “the rejection of longstanding precedent that has been affirmed more than once in the last 12 months; (2) the adoption of deeply factually and legally flawed proposals advanced by OCA and I&E; or (3) both.”⁴⁰ The OCA's Main Brief, however, shows that the OCA's proposals are not factually or legally flawed and should be adopted by the Commission.⁴¹

Put simply, UGI's as-filed 10.85% return on equity claim is unsupported by the record. A maximum return on equity of 8.7% as proposed by the OCA balances the interests of consumers and the Company by seeking to maximize the affordability of the Company's rates while still conforming to market-based expectations rooted in historical and expected option and dividend growth. As noted above, the appropriate standard for approving the Joint Petition is not “less harmful than filed.” Instead, the analysis of whether the Non-Unanimous Settlement's revenue requirement increase is in the public interest must be compared to market-based calculations of UGI's cost of equity which balance the interests of the Company and its ratepayers, such as that presented by the OCA, and the resulting calculated revenue requirement. There is little evidence of weight to support such a rate increase over and above the OCA's recommendation, whereas the

³⁷ OCA M.B. at 64; OCA St. 3 at 29.

³⁸ OCA M.B. at 67-68; OCA St. 3 at 41.

³⁹ OCA St. 3 at 23, 27-41; OCA M.B. at 62-69.

⁴⁰ UGI SIS at 5.

⁴¹ OCA M.B. at 15-69.

OCA's recommendation is in the public interest and should be adopted as supported by substantial evidence.

In addition to recommending a cost of equity which will ensure UGI's access to sufficient revenue, the OCA's recommended rate relief also considers UGI's customers interests, as UGI's rates are already unaffordable for customers *at present*. In the past seven years, UGI's revenues have increased by more than 57.80 percent in just seven years, averaging nearly 8.26 percent per year."⁴² Additionally, "more than one quarter (26.25) of *all* [UGI] residential customers are in arrears of some age, while one-in-eight (11.5%), of all residential customers are 180 or more days in arrears."⁴³ OCA witness Colton further calculated the burden of affording electric service at UGI's current rates is an average of 4.9%.⁴⁴ Low-income customers face the most significant cost burden, as utility bills continue to occupy greater portions of their income while income growth is not nearly as high.⁴⁵

Affordability concerns properly lay at the heart of this proceeding. Moreover, affordability is important for both UGI customers and the Company itself.⁴⁶ The Commission is not limited to considering only the prudence of the Company's investments and costs, all while pending sale, as UGI suggests in its Main Brief.⁴⁷ When setting just and reasonable rates, the Commission can consider the impact of new rates on customers' ability to afford their utility bills.⁴⁸ "The

⁴² OCA M.B. at 20; OCA Corrected St. 1 at 6-7.

⁴³ OCA M.B. at 20-21; OCA Corrected St. 6 at 23 (emphasis in original).

⁴⁴ OCA M.B. at 20; OCA Corrected St. 6 at 19-25.

⁴⁵ *Id.* at 7.

⁴⁶ OCA St. 6 at 14; *Pa. PUC v. Roaring Creek Water Co.*, 73 Pa. PUC 373, 400 (1990) (*Roaring Creek 1990*) (affordability "is in both the shareholders' and ratepayers' best interest. Affordable bills will maximize revenues for the Company and will enable ratepayers to continue to receive an essential service.").

⁴⁷ UGI M.B. at 14.

⁴⁸ OCA M.B. at 18- 19, 22-24, 27; *Pa. PUC et al. v. Pennsylvania-American Water Company*, Docket Nos. R-2025-3058051 (Order July 26, 2026) (*PAWC 2026*), at 36; *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket Nos. R-2025-3053499 (Opinion and Order entered December 9, 2025) (*Columbia Gas 2025*), at 33; *Pa. PUC v. Columbia Gas of Pa., Inc.*, R-2020-3018835 (Order Feb. 19, 2021) (*Columbia 2021*) at 46-47 (citing *Pa. PUC et. al v. Twin Lakes Utilities, Inc.*, Docket No. R-2019-3010958 (Order entered March 26, 2020) at 48, 80)).

Commission stands between the public and the utility and under the law the Commission is charged with the duty of protecting the rights of the public,” a right which includes access to essential utility service.⁴⁹ Rates that are unaffordable endanger the utility’s customers but can also create financial and regulatory risks for the utility.⁵⁰

As the data provided in this case suggests,⁵¹ UGI’s customers are struggling and will continue to struggle with current and increased rates. The Statements in Support offered with the Non-Unanimous Settlement simply do not sufficiently address ratepayers’ interests in affordable bills or minimized rate increases when setting the authorized revenue requirement increase.⁵² The parties’ failure to consider ratepayer interests when establishing the amount of rate relief is a clear and compelling example of how the stipulated revenue requirement increase is not in the public interest. The parties to the Non-Unanimous Settlement failed at a core duty to ensure that, not only will shareholders benefit from the Non-Unanimous Settlement, but so too will ratepayers. In weighing the evidence in support of and against the Non-Unanimous Settlement, the Commission is required to appropriately give due consideration to the interests of consumers.⁵³

Furthermore, the Company has not demonstrated that the rate increase authorized in the Non-Unanimous Settlement is necessary to provide safe and adequate service. No party, in its Statement in Support, indicated that a revenue requirement *lower* than \$10.7 million would present a threat to UGI’s ability to continue with capital investment. Instead, UGI and OSBA merely claimed that the \$10.7 million revenue requirement was lower than UGI’s initial request, not that it was a floor on necessary rate relief. Instead, the OCA submits that the Non-Unanimous

⁴⁹ *Pittsburgh v. Pa. PUC*, 126 A.2d 777, 784-85 (Pa. Super Ct. 1956).

⁵⁰ OCA M.B. at 95-97; OCA Corrected St. 6 at 8, 21-22.

⁵¹ OCA M.B. at 18-27, 94-117.

⁵² See UGI SIS at 3-5.

⁵³ See 71 P.S. Sec. 309-5 (providing that when a utility’s general rate increase request will substantially affect the interests of consumers, the Commission must “consistent with its other statutory responsibilities, take such action with due consideration to the interests of consumers.”).

Settlement's revenue requirement increase is above the ceiling on just and reasonable rate relief, a conclusion which is supported by evidence of substantial weight, considering both UGI's customers' and shareholders' interest in having affordable rates and that no evidence indicates that UGI would be put into financial jeopardy under the OCA's recommendation.

It is axiomatic that only after the Commission finds a rate proposal to balance the interests of both the public and the Company that the proposed rates can be found to be just and reasonable.⁵⁴ Consumers rely on the Commission to provide "a complete, permanent, and effective bond of protection from excessive rates and charges" of public utilities.⁵⁵ Rates within this "zone of reasonableness" protect consumers from excessive rates while ensuring the financial integrity of the utility, though they do not ensure that the utility will receive net revenues.⁵⁶ UGI's rates proposed in its initial filing were beyond the zone of reasonableness. The fact that UGI has moderated its request does not mean that *any* decreased revenue requirement request would result in rates within the zone of reasonableness.

The Non-Unanimous Settlement provides rate relief still beyond the zone of reasonableness. As discussed in OCA witness Colton's testimony, many customers are struggling to afford UGI's service at present rates.⁵⁷ Authorizing an increase of \$10.7 million will unnecessarily exacerbate the unaffordability of UGI's rates. The Non-Unanimous Settlement's revenue requirement term is not in the public interest and should be rejected, as it provides returns to the Company far greater than the benefits received by UGI's customers.⁵⁸ The weight of the

⁵⁴ *Permian Basin Area Rate Cases*, 390 U.S. 747, 794-95 (1968).

⁵⁵ *Id.*

⁵⁶ *Id.*; *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

⁵⁷ See OCA St. 7 (summarizing the public input hearing testimony of consumers who indicated that UGI's rates are currently unaffordable and a rate increase should not be authorized to prevent further unaffordability).

⁵⁸ See *Pa. PUC v. Pa. Power Co.*, 55 Pa. PUC 552, 579 (1982) ("The interests of the Company and its investors are to be considered along with those of the customers, *all to the end of assuring adequate service to the public at the least cost*, while at the same time maintaining the financial integrity of the utility.") (emphasis added).

evidence presented supports UGI could receive no rate increase, or in the alternative, could increase revenues by no more than \$5,127,616, as recommended by the OCA, and maintain its financial integrity. The OCA fully addresses the support for its \$5,127,616, revenue requirement authorized increase in its Main Brief and response to UGI's arguments in its Reply Brief. The Non-Unanimous Settlement's proposed authorized rate increase is not supported by substantial evidence and is not in the public interest and does not result in just and reasonable rates. The Non-Unanimous settlement should be rejected. Instead, the OCA's fully substantiated recommendations should be adopted as just and reasonable.

2. Permitting recovery of any new rates on one day's notice of a Commission Order is not in the public interest. (¶29).

Under the terms of the Non-Unanimous Settlement, UGI's new rates and revenue requirement increase would go in effect on one day's notice of a Commission Order instead of on the January 1, 2027, the suspension date ordered by the Commission.⁵⁹ UGI states that it agreed to this term "because its FPFTY is based on the 12 months ended September 30, 2027 [and] [a]s such, by the time the Commission enters its Final Order in this proceeding, UGI Electric will already be operating in the FPFTY."⁶⁰ UGI states that it should thus "be permitted to implement the revenue increase effective on one day's notice so that it can begin to recover the reasonable and prudent costs of its expenditures in the FPFTY and limit unnecessary regulatory lag."⁶¹

Allowing UGI to have new rates go into effect on one day's notice is not in the public interest and is contrary to the Commission's Suspension Order in this proceeding. The fact that UGI will already be operating in the FPFTY before January 1, 2027, the suspension date for its rate case, is not substantial evidence showing this agreed upon term should be granted. UGI is

⁵⁹ Non-Unanimous Settlement at ¶ 29.

⁶⁰ Non-Unanimous Settlement at 4, n.9.

⁶¹ *Id.*

aware of how long the suspension period is for a rate case brought under Section 1308(d) of the Public Utility Code is, and, as the utility bringing the case, sets the filing date. Section 1308(d) sets forth the timeline for implementation of new rates and the timeframe set forth by statute should not be permitted to be shortened by settlement. If UGI wished for any granted rate increase to go into effect by the start of the FPFTY, it knew by which date it had to file its rate case for the suspension period to properly align. UGI simply failed to file at a time which would allow for rates to go into effect by September 20, 2026. This term should thus be rejected as not in the public interest.

B. Revenue Allocation and Rate Design (Non-Unanimous Settlement at ¶¶30-32)

1. Billing Determinants (¶ 30)

The Settling Parties have proposed the following term:

Billing Determinants. As per UGI Electric Exhibit E – Proof of Revenue and inclusive of detailed adjustments identified in UGI Electric Exhibit SAE-4.⁶²

The OCA does not have a position with respect to this provision. The lack thereof should not be interpreted as support for, approval of, or acquiescence to the provision, nor should it be understood as establishing or carrying forward an OCA position beyond the circumstances of this particular case. The OCA expressly preserves its right to litigate this issue in other proceedings and cases. For all the reasons herein, and for the reasons set forth in the OCA’s Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

⁶² Non-Unanimous Settlement at ¶¶ 30.

2. Monthly Customer Charges (¶ 31)

In its initial filing, UGI proposed to increase the residential customer charge by \$11.25, or 104.7%, from \$10.75 to \$22.00.⁶³ The OCA recommends in its Main Brief that the Commission deny UGI's request to provide an increase to its residential customer charge because (1) UGI earns sufficient revenue through its existing customer charge to cover its customer-related costs without the need for an additional increase; (2) if UGI's proposed customer charge were adopted, UGI would have a residential customer charge substantially higher than the average among electric distribution companies in the region; (3) the customer charge increase would deter energy efficiency and conservation and reduce customers' control over their bills; and (4) the proposed customer charge increase would negatively impact the ability of low-income, low usage households to afford their monthly bills.⁶⁴

OCA witness Deupree testified that the current residential customer charge of \$10.75 per month recovers 39.44% of the estimated customer-related cost of \$27.26 per month at the Company's as-filed revenue requirement position.⁶⁵ Additionally, a decrease in revenue requirement and reductions to UGI's proposed return on equity have a significant impact on the portion of customer-related costs.⁶⁶ For those reasons, OCA witness Deupree concluded that the Company's current recovery of project customer-related costs "do not demonstrate a need to increase residential and general service customer charges on a cost-causation basis."⁶⁷ OCA witness Deupree further testified that the average customer charge among electric distribution companies in the region is \$11.24 per month.⁶⁸ The OCA's Briefs further explain how UGI failed

⁶³ OCA Corrected St. 1 at 42.

⁶⁴ OCA M.B. at 79-82.

⁶⁵ OCA Corrected St. 1 at 44.

⁶⁶ OCA M.B. at 79 (citing UGI St. 2-R at 2-5).

⁶⁷ OCA Corrected St. 1 at 44.

⁶⁸ OCA Corrected St. 1 at 45-46.

to meet its burden of proof regarding an increase to residential customer charges and demonstrate why the OCA's litigation position is fully justified and supported by the record.⁶⁹

The Settling Parties proposed the following term:

The customer charges shall be those proposed by the Company except as set forth below:

Rate R: \$ 12.00

Rate GS-1: \$25.00

Rate GS-5: \$12.00⁷⁰

In its Statement in Support of the Non-Unanimous Settlement, UGI makes much of the proposal being only \$1.25 higher than the existing charge supported by the OCA and the Commission on Economic Opportunity, while being \$1.30 less than that advocated for by I&E and \$10 less than that advocated for by UGI in its testimony.⁷¹ The OCA recognizes that this proposed term represents a compromise on the parts of the parties in the proceeding, however, the OCA disagrees that the Company's proposed increase to the customer charge is supported by UGI's evidence and maintains its position that no increase to the customer charge is the correct way to go in this proceeding and that this position is fully supported by the OCA's evidence presented above and in its Briefs and testimony. The OCA also opposed an increase to the small general service customer charge because the current customer charge already recovers 184.45% of what OCA witness Deupree calculated as the customer-related costs and maintains that position as well.⁷²

UGI, in its Statement of Support, states that the OCA's analysis supported a residential customer charge above \$27.10.⁷³ OCA witness Deupree, however, further testified that although

⁶⁹ OCA M.B. at 79-82; OCA R.B. at 39-42.

⁷⁰ Non-Unanimous Settlement at ¶ 31.

⁷¹ UGI SIS at 7.

⁷² OCA Corrected St. 1 at 5.

⁷³ UGI SIS at 7.

there are estimated customer-related costs above \$27, because the current customer charge recovers almost 40% of his estimated customer-related costs, that UGI had not “demonstrate[d] a need to increase residential and general service customer charges on a cost-causation basis.”⁷⁴ The OCA maintains that the evidence does not support a need for UGI to recover more of the customer-related costs via increasing the fixed customer charge and that its position should be adopted by the Commission.

The Non-Unanimous Settlement’s proposed customer charge increases are not supported by substantial evidence and are not in the public interest and do not result in just and reasonable rates. The Non-Unanimous Settlement should be rejected. Instead, the OCA’s fully substantiated recommendations should be adopted as just and reasonable.

3. Revenue Allocation (§ 32)

The revenue allocation proposed in the Non-Unanimous Settlement is not in the public interest as it would not result in just and reasonable rates. The proposed revenue allocation was achieved through mixing the different cost of service study methodologies utilized by the parties—and thus arrives at a faulty allocation that still allocates 88.5% of the revenue requirement increase to the residential customers as opposed to the initial allocation proposed by the Company of 89%.⁷⁵ The OCA explained through testimony and its briefs, the problems with the Company’s faulty Minimum System Study (MSS) allocated cost of service study (ACOSS) and why its alternative ACOSS, as provided by OCA witness Deupree, should be adopted by the Commission.⁷⁶ The OCA’s recommended ACOSS more accurately reflects cost causation on UGI’s distribution system and thus more accurately allocates any increased revenue requirement.⁷⁷

⁷⁴ OCA Corrected St. 1 at 44.

⁷⁵ See Non-Unanimous Settlement, App’x B.

⁷⁶ OCA M.B. at 69-76

⁷⁷ See OCA M.B. at 76.

OCA witness Deupree further testified as to policy considerations that should be taken into account when determining the appropriate cost of service for each class. The OCA, in its Main Brief, addressed why those policy considerations lend further substantiation to the OCA's recommended ACOSS and why the OCA's proposed revenue allocation is in line with the Commonwealth's concerns in *Lloyd*.⁷⁸ The OCA incorporates the arguments and testimony in its Main Brief here by reference.

Most important is the consideration of gradualism, with OCA witness Deupree having recommended a gradualism ceiling of 1.15 times.⁷⁹ This recommendation is consistent with applicable Commission precedent and supported by the evidentiary record because of significant revenue increases required of the residential and general service customer classes in this proceeding.⁸⁰

The Settling Parties proposed the following term:

The revenue increase shall be achieved via the allocation set forth in the spreadsheet attached hereto as Appendix B.⁸¹

UGI represents that the revenue allocation is a reasonable compromise of the parties' positions that will produce just and reasonable rates based on the substantial evidence in the record.⁸² OSBA further represents that it supports the compromise revenue allocation as a just and reasonable outcome for UGI Electric's small business customers.⁸³ However, given that it is still based in part on UGI's flawed MSS ACOSS, substantial evidence does not support the proposed

⁷⁸ OCA M.B. at 77; *Lloyd v. Pa. PUC*, 904 A. 2d 1010, 1020 (Pa. Cmwlth. 2006).

⁷⁹ OCA Corrected St. 1 at 36-40.

⁸⁰ See OCA M.B. at 77.

⁸¹ Non-Unanimous Settlement at ¶ 32.

⁸² UGI SIS at 8.

⁸³ OSBA SIS at 4.

allocation. Instead, the Commission should use the alternative ACOSS proposed by OCA witness Deupree and as recommended by the OCA in its Main Brief.⁸⁴

The OCA's recommendation is supported by the weight of the evidence in this proceeding, which is substantial, and is in the public interest. Moreover, in light of the significant affordability challenges that UGI's customers face,⁸⁵ as indicated by record evidence in this proceeding, the OCA's recommended revenue allocation provides the best apportionment of revenue through its ACOSS selection and gradualism constraints.⁸⁶ The Settling Parties have not met their burden of proof that the disproportionate allocation of revenues to the residential class would be in the public interest or would result in just and reasonable rates. Therefore, the Non- Unanimous Settlement's revenue allocation should not be adopted, and the OCA's recommended revenue allocation should be adopted, instead, as it is supported by substantial evidence and is in the public interest.

The revenue allocation proposed in the Non-Unanimous Settlement is not in the public interest as it would not result in just and reasonable rates.

C. Customer Assistance/Relations (§§ 33-46)

Although the OCA does not disagree with many of the individual terms set forth in this section, the terms cannot be reviewed individually, and the Non-Unanimous Settlement fails as a whole to provide just and reasonable rates and to be in the public interest. In its Statement of Support, UGI repeatedly makes much of the fact that the OCA agreed to similar customer assistance terms in the pending *UGI Gas Settlement*.⁸⁷ UGI attempts to use that support to paint

⁸⁴ OCA M.B at

⁸⁵ OCA Corrected St. 1 at 5-20; OCA St. 1SR at 2-7; OCA Corrected St. 6 at 6-41; OCA Corrected St. 6SR at 2-4, 13-18, 22-23, 30-44.

⁸⁶ OCA Corrected St. 1 at 5-20, 27; OCA St. 1SR at 1-8; *Popowsky v. Pa. Pub. Util. Comm'n*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky 1996*) (providing that the Commission is vested with significant discretion in determining what factors to consider when establishing just and reasonable rates).

⁸⁷ UGI SIS at 10 (Expanded Arrearage Forgiveness Program, ¶), 14 (Victims of Domestic Violence ¶), 15-16 (Security Deposit Refunds ¶), 17 (Low-Income Screening ¶), 19 (Field Conduct ¶), 20 (Targeted Customer Communications ¶), 21 (Root Cause Analysis ¶).

the entire Non-Unanimous Settlement as reasonable and in the public interest. In doing so, UGI forgets that the Non-Unanimous Settlement is to be judged as a whole package and does not rise or fall on the individual terms.⁸⁸

The OCA's support for the same or similar customer assistance terms in the UGI Gas Settlement does not equate to substantial evidence that the Non-Unanimous Settlement is in the public interest and should be adopted. The OCA considered the pending *UGI Gas Settlement* as a whole package and determined that the customer assistance terms coupled with the agreed upon revenue requirement, a phase-in of the rates, and a rate case stay-out was in the public interest.⁸⁹ UGI Electric did not agree to any phase in or rate case stay-out in this proceeding and additionally agreed to an unreasonable revenue requirement effective on one day's notice of a Commission Order.

Moreover, UGI Electric currently has an application pending before the Commission for its assets and operations to be acquired by Argo Infrastructure Partners LLC (Argo).⁹⁰ UGI hopes to have the transaction close by the end of the first quarter of 2027.⁹¹ Given the pending sale, UGI agreed, in the instant Non-Unanimous Settlement, to not oppose a requirement that Argo be bound by the terms of the Non-Unanimous Settlement if the sale is approved.⁹² An agreement to not oppose such a requirement, however, is not a guarantee that if the sale is approved, Argo will

⁸⁸ See UGI SIS at 2 (noting that “the Settlement’s provisions cannot and should not be viewed in isolation.”).

⁸⁹ See *Pa. PUC v. UGI Utilities, Inc. – Gas Div.*, Docket No R-2025-3059523 *et al.*, Joint Petition for Approval of Settlement of All Issues, (July 6, 2026) Appx. I, 5 (“The OCA submits that the Settlement, *taken as a whole*, is a reasonable compromise in consideration of likely litigation outcomes before the Commission.”) (emphasis added).

⁹⁰ See *Joint Application of UGI Utilities, Inc. and Argo Infrastructure Partners LLC for a Certificate of Public Convenience Under Chapter 11 of the Public Utility Code and all other Necessary Approvals (I) For the Conversion of UGI Utilities, Inc. to UGI Utilities, LLC, (II) to Effect a Division of the Assets and Liabilities of UGI Utilities, LLC, (III) To Establish a New Entity to Own and Operate the Assets of UGI Utilities, LLC – Electric Division and Provide Retail Electric Service as a Public Utility, (IV) For the Sale and Transfer of the Membership Purchase Interests in the New Entity to a New Limited Liability Company to be Formed, Owned and Controlled by an Affiliate of Argo Infrastructure Partners LLC, and (V) for the Cessation and Abandonment of any and all Retail Electric Service in Pennsylvania for UGI Utilities, Inc.*, Docket Nos. A-2026-3063610, *et al.* (June 24, 2026) (*Argo Transaction*).

⁹¹ See Non-Unanimous Settlement at ¶¶ 31-34; I&E St. 1 at 6; UGI M.B. at 15.

⁹² Non-Unanimous Settlement ¶ 58; UGI SIS at 30.

maintain or be bound by the terms and conditions set forth in the instant Non-Unanimous Settlement. UGI Gas was not under a pending application to be sold at the time that the *UGI Gas Settlement* occurred. For all these reasons, the two settlements are different and the OCA's support for some of the terms included cannot and should not be taken as evidence that the entire Non-Unanimous Settlement is in the public interest. Moreover, the *UGI Gas Settlement* expressly states that:

The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Joint Petitioner's position with respect to the facts of this specific case *and are the product of compromise for the sole purpose of settling this case*. 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 Parties may advance on the merits of the issues in future proceedings*. This Settlement *does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities* under Section 1308 of the Public Utility Code, 66 Pa.C.S. Sec. 1308, or any other proceeding.⁹³

The OCA addresses the *UGI Gas Settlement* under the appropriate paragraphs to respond to UGI's statements that that OCA supported these same provisions in the *UGI Gas Settlement*. The OCA notes that, although these are sister public utility companies, they are not the same, and the facts in this case are not the same as the facts presented in the UGI Gas case. The *UGI Gas Settlement* is not precedential and, to the extent UGI seeks to use it in that manner in its Statement in Support, it is inappropriately used. Additionally, the terms found in paragraph 33, proposing a study for ceasing use of customer social security numbers, and paragraph 36, creating a more distinctive section of its website have deadlines occurring after UGI hopes to have a Commission order approving the sale of UGI Electric to Argo.⁹⁴ There is thus no guarantee from the parties to the Non-Unanimous Settlement, that if the terms of the Non-Unanimous Settlement are approved, and Argo's proposed acquisition of UGI Electric is also approved, that these terms will be

⁹³ *UGI Gas Settlement*, at 24-25 (emphases added).

⁹⁴ See *Argo Transaction*, *supra* n.90; Non-Unanimous Settlement at ¶¶ 31-34.

completed. This is particularly so, given the language in paragraph 58 of the Non-Unanimous Settlement where UGI Electric agrees only to not oppose a requirement that Argo be bound by the terms of this Non-Unanimous Settlement if its proposed acquisition is approved.

1. Social Security Numbers (¶ 33)

UGI collects Social Security Numbers (SSNs) from 99.3% of its customers to run a credit check on these customers through a third-party credit service and retains SSNs in perpetuity without providing customers with advance notice of UGI's use and retention of the SSNs.⁹⁵ UGI did not propose any adjustments to its SSN collection or retention policies as part of this proceeding, including in response to the OCA's testimony regarding these policies.⁹⁶

OCA witness Colton testified that the Commission should affirmatively prohibit UGI from collecting SSNs on a going forward basis and should be directed to seek out alternatives to the use of collecting SSNs, due to the use of SSNs in enabling the crime of identity theft.⁹⁷

As Mr. Colton stated:

The use of SSNs by private entities is one of the leading causes of identity theft. SSNs, along with a person's date of birth and name, are the three most sought-after pieces of personal information sought by identity thieves. According to the 2007 report of the Presidential Task Force on Identity Theft, a person's SSN is the single most important piece of personally identifiable information available to identity thieves. Unlike names and addresses, which can change over a person's lifetime, it is "virtually impossible" for a person to change his/her SSN.⁹⁸

SSNs are viewed as a "breeder document" by identity thieves, a fact that UGI conceded it is aware of.⁹⁹ With a Social Security Number, an identity thief can create other false documents supporting a false identity, including a driver's license, retail credit account, credit card account,

⁹⁵ OCA M.B. at 140, *citing* OCA Corrected St. 6 at 78, (citing UGI Electric response to OCA-IV-8).

⁹⁶ OCA M.B. at 141.

⁹⁷ *See* OCA M.B. at 137-140.

⁹⁸ OCA M.B. at 138, *citing* OCA Corrected St. 6 at 71.

⁹⁹ OCA M.B. at 143.

bank account, and similar papers.¹⁰⁰ Indeed, given the lack of a standard protocol for truncating SSNs, even truncated SSNs are not helpful in preventing identity theft.¹⁰¹ While some businesses truncate the first five digits of an SSN, other businesses truncate the last four.¹⁰² Not only can SSNs thus be reformulated with information from multiple sources, but those multiple sources need also not be illicitly gained.¹⁰³ Public documents such as tax liens, driving histories, voter registrations, bankruptcies, and the like, are all publicly available information which might be used to match all or part of an SSN obtained from a utility record with a specific individual.¹⁰⁴

The risk of the undisciplined collection and retention of SSNs is sufficient that federal agencies have cut back on their own usage of SSNs, and the Federal Trade Commission has recommended that the unnecessary collection and retention of SSNs be eliminated, past two decades.¹⁰⁵ SSNs are also not effective means to suit UGI's stated needs of identity verification because they are widely known or knowable.¹⁰⁶ While the OCA did not recommend a specific alternative to the collection and retention of customer SSNs for identity verification purposes, it is under no obligation to do so.¹⁰⁷

The OCA addressed the issue of UGI's collection and use of Social Security numbers through OCA witness Colton's testimony, as noted above, and in its Main Brief and incorporates that section of its Main Brief by reference.¹⁰⁸ The OCA recommended and continues to recommend that UGI conduct efforts to eliminate the collection of SSNs and to eliminate all retained SSNs.

¹⁰⁰ OCA M.B. at 139.

¹⁰¹ OCA M.B. at 139-140.

¹⁰² *Id.*

¹⁰³ OCA Corrected St. 6 at 72.

¹⁰⁴ *Id.*

¹⁰⁵ OCA Corrected St. 6 at 72-73.

¹⁰⁶ OCA Corrected St. 6 at 76.

¹⁰⁷ OCA Corrected St. 6SR at 10.

¹⁰⁸ OCA M.B. at 137-143.

The Settling Parties have also proposed the following term:

Social Security Numbers. UGI Electric agrees to undertake a study that will identify the feasibility of ceasing use of customer social security numbers, any associated policy/system changes required and the cost thereof, and the timeline for implementation. UGI Electric agrees to provide the results of the study to the parties to this proceeding on or before October 1, 2027.¹⁰⁹

This term is not a direct adoption of the OCA's recommendations regarding UGI's collection and use of customer Social Security numbers, and reflects a compromise that was made and agreed to in the pending *UGI Gas Settlement* as designed to address and develop a record of how to make the transition to not using Social Security numbers and the costs of making that transition.¹¹⁰ Although this is a term that the OCA agreed to in the pending *UGI Gas Settlement* and found to be in the public interest in the context of the complete settlement therein and as already described above, it did so based on the totality of the terms in that settlement and its agreement in a completely different, separate case does not equate to substantial evidence that the Non-Unanimous Settlement is in the public interest and should be adopted.

Based on the totality of the terms in *this* instant Non-Unanimous Settlement, however, the OCA maintains that its litigation position as reflected in its Main Brief, is fully justified and should be adopted by the Commission. Further, using UGI's underlying logic, the Settling Parties could have agreed to greater consumer protections than what is present in this instant settlement. The settlement provides fewer consumer protections than UGI Gas's, and its duration is entirely speculative given UGI's pending acquisition petition.

This is particularly so, given the timeline for UGI to meet this condition, which extends beyond the timeframe that UGI anticipates continuing to own UGI Electric if the pending

¹⁰⁹ Non-Unanimous Settlement at ¶ 33.

¹¹⁰ *UGI Gas Settlement*, at 26.

transaction with Argo is approved.¹¹¹ Given the term UGI agreed to under paragraph 58, there is no guarantee that UGI will see this term through and that Argo as the potential new owner would not continue to collect Social Security numbers in this manner.

Therefore, for all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

2. Expanded Arrearage Forgiveness Pilot Program (§ 34)

OCA witness Colton testified that, under the current rates, UGI Gas must address the volatility in monthly bills to avoid putting substantial seasonal billings at risk.¹¹² Namely, “[t]here is a population of low-income customers for whom the lack of resources, as well as income will make it highly unlikely that their past-due account balances can or will be retired.”¹¹³ Mr. Colton's analysis supporting this conclusion compares mean and median residential usage, bills, and arrears.¹¹⁴ His analysis found that the mean level of arrears was significantly higher than the median, indicating that arrears among low-income customers are unevenly distributed, with a disproportionately high number of customers experiencing arrears above the average level.¹¹⁵ Based on the data presented in Mr. Colton's testimony, while customers are often able to pay down arrears accrued during higher billing, colder months in the course of the lower billing, warmer months, the lack of resources available to low- and moderate-income households during the current period of low affordability presents a substantial risk to those households should *any* increase in UGI's cost of service be established.¹¹⁶

¹¹¹ See *Argo Transaction*, *supra* n.90; Non-Unanimous Settlement at §§ 31-34.

¹¹² OCA Corrected St. 6 at 31-32.

¹¹³ OCA Corrected St. 6 at 32.

¹¹⁴ OCA Corrected St. 6 at 31-32.

¹¹⁵ OCA Corrected St. 6 at 43, 51.

¹¹⁶ OCA Corrected St. 6 at 33.

OCA witness Colton testified that UGI could do better to identify and recognize customers with an inability to pay due to a lack of resources, as such customers struggle more to respond to the monthly volatility in bills.¹¹⁷ Furthermore, Mr. Colton found that nearly 20% of Pennsylvania households with annual incomes below \$75,000 reported being unable to pay their energy bills in full either almost every month or in some months.¹¹⁸ It should also be observed that these difficulties arise not only from the affordability crisis caused by persistently high inflation, but also from the depletion of liquid assets among households that have historically relied on savings accounts to manage financial pressures.¹¹⁹

The Company's delinquency and nonpayment rates demonstrate a significant affordability concern among its residential customers.¹²⁰ Although an affordability problem need not affect every customer to warrant consideration, the extent of the problem is particularly concerning where approximately one in eight residential customers is more than six months in arrears and customers subject to disconnection have accumulated arrears exceeding \$3,400 at the time of disconnection, as Mr. Colton demonstrated with record evidence.¹²¹ In light of these circumstances, it is difficult to credibly characterize the Company's residential bills as generally affordable as is, let alone after an increase during such a speculative time.¹²²

The Commission should be particularly concerned that the monthly average number of "payment-troubled" residential customers appears to represent approximately 55% to 60% of the number of new payment arrangements established each month.¹²³ Mr. Colton cautions that this comparison likely still understates the extent to which payment arrangements are unsuccessful,

¹¹⁷ OCA Corrected St. 6 at 30-33.

¹¹⁸ OCA Corrected St. 6 at 18-19.

¹¹⁹ OCA Corrected St. 6 at 19.

¹²⁰ OCA Corrected St. 6 at 24-25.

¹²¹ *Id.*

¹²² *See Id.*

¹²³ OCA Corrected St. 6 at 47-48.

because the monthly count of payment-troubled customers may include some customers more than once but does not capture the full extent of repeated or broken arrangements.¹²⁴

Mr. Colton's concern is further supported by the relationship between new and active payment arrangements.¹²⁵ Although UGI Electric reports establishing more than 300 new residential payment arrangements each month on average, the total number of active arrangements does not correspondingly increase.¹²⁶ For example, in both 2024 and 2025, UGI Electric's year-end number of active residential payment arrangements was lower than the corresponding number at the beginning of each year, despite the Company reporting 3,982 new arrangements in 2024 and 3,860 new arrangements in 2025.¹²⁷ The Company also reports that it does not have the capacity to track how many customers successfully complete their payment arrangements.¹²⁸ Taken together, these circumstances suggest that a substantial portion of payment arrangements may be unsuccessful and that the available data likely understates the prevalence of payment difficulties among current residential customers under current rates.¹²⁹

Based on this analysis, OCA witness Colton recommended that the Commission consider household resources, in addition to bill affordability, when setting rates in this proceeding.¹³⁰ Further, Mr. Colton recommended that UGI should improve its identification of low-income customers, its enrollment of low-income customers in CAP, its marketing of budget billing to customers experiencing payment difficulties, and its credit and collection techniques.¹³¹ Finally, Mr. Colton recommended that the cost of UGI's credit and collection activities be shared equally

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ OCA Corrected St. 6 at 48.

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ OCA Corrected St. 6 at 29-30.

¹³¹ *See* OCA St. 6 at 38.

between UGI's ratepayers and shareholders, reflecting the inefficiency, ineffectiveness, and inadequacy of UGI's current credit and collections practices.¹³²

The OCA addressed the issue of arrears and arrearage forgiveness through testimony, as noted above, and in its Main Brief and incorporates that section of its Main Brief by reference.¹³³

The Settling Parties have proposed the following terms:

a. Beginning on April 1, 2027, UGI Electric will implement an Expanded Arrearage Forgiveness Pilot Program that will remain in place through the effective date of rates established in its next base rate case. This program will be available to active customers with income levels of 151% to 300% of the Federal Poverty Income Guidelines ("FPIG"). UGI Electric will provide an eligible customer with the option of a 24-month payment plan on 50% of their current arrears. UGI Electric will require the customer to enroll in budget billing. Once enrolled, 50% of the arrears will be deferred (the "deferred balance"). For each in full payment that the customer makes on their budget bill plus their arrears payment arrangement amount, UGI Electric will forgive 1/24th of the customer's deferred balance. Forgiveness dollars will be fully recoverable through the Company's Rider F – Universal Service Program ("USP"). The Joint Petitioners agree that cost recovery for the expanded arrearage forgiveness program will be capped at a maximum of \$0.90 on the average residential customer's monthly bill. Once the program reaches the cap, the Company will stop enrolling new customers in the Expanded Arrearage Forgiveness Pilot Program. The Company shall track the yearly balances and present a yearly accounting in the next base rate filing.

b. If a customer participating in the Expanded Arrearage Forgiveness Pilot Program defaults on their payment arrangement, they will be permitted to catch up all missed payments and earn forgiveness so long as they are a customer. UGI Electric will provide billing information consistent with the treatment of CAP customers that are past due, i.e., these customers will only see the past due amount on their arrangement/budget and not the total arrearage.

c. During the term of the Expanded Arrearage Forgiveness Pilot Program, a customer will only be able to participate in the pilot for one set of arrearages.

d. In its next base rate case, the Company will provide an analysis of the function of the Expanded Arrearage Forgiveness Pilot Program and propose whether it should continue or be terminated.¹³⁴

¹³² OCA Corrected St. 6 at 55.

¹³³ OCA M.B. at 131-136.

¹³⁴ Non-Unanimous Settlement at ¶ 34.

This term is not a direct adoption of the OCA's recommendations regarding UGI's arrearage and affordability issues, and reflects a significant compromise that was made and agreed to in the pending *UGI Gas Settlement* as designed to provide an important benefit to low-to-moderate income customers struggling to pay their bills but who may be ineligible for other forms of assistance.¹³⁵ Although this is a term that the OCA agreed to in the pending *UGI Gas Settlement* and found to be in the public interest, it did so based on the totality of the terms in that settlement.¹³⁶ Based on the totality of the terms in *this* Non-Unanimous Settlement, however, the OCA maintains that its litigation positions on UGI's rate affordability for both low- and moderate-income customers, as reflected in its Main Brief, are fully justified and should be adopted by the Commission.

This is particularly so, given the timeline for UGI to begin this enhanced forgiveness pilot program, which extends beyond the timeframe that UGI anticipates continuing to own UGI Electric if the pending transaction with Argo is approved.¹³⁷ Given the term UGI agreed to under paragraph 58 of the instant Settlement, there is no guarantee that Argo as the potential new owner would continue the pilot program and follow through on the terms set out above. While the OCA appreciates arrearage forgiveness and efforts to lighten the burden on the customers that Mr. Colton has proven so desperately need it, the instant Settlement does not go far enough. This case involving UGI Electric presents a materially different situation. UGI Gas agreed to more robust consumer protections, including a stay-out provision and a phase-in of rates. Moreover, UGI Gas is not currently facing a pending acquisition by an investment firm, meaning that its commitments to those protections are likely to remain in place for a meaningful period of time and therefore

¹³⁵ See *UGI Gas Settlement*, at 26.

¹³⁶ See *Id.*

¹³⁷ See *Argo Transaction*, *supra* n.90; Non-Unanimous Settlement at ¶¶ 31-34.

carry greater weight from the consumer advocate's perspective. By contrast, UGI Electric could undergo a change in ownership in the very near future, making even its more limited commitments less certain and potentially less durable. For all the reasons above, and the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

3. Small Business Payment Arrangement Program (¶ 35)

The Joint Petitioners agreed to the following term:

UGI Electric's Rate GS-1, GS-4, and GS-5 customers will be eligible to seek participation in the Company's formal program for payment arrangements for Rate GS-1, GS-4, and GS-5 customers, as provided in the *pro forma* tariff supplement attached as **Appendix G**. The formal program offers a standard six (6) month payment plan to payment-troubled Rate GS-1, GS-4, and GS-5 customers. A Rate GS-1, GS-4, and GS-5 customer with an existing payment plan shall not be eligible for a new payment plan until such time as the existing payment plan is paid in full.¹³⁸

In review of the Settling Parties' Statements in Support, there is little offered to support this term.¹³⁹ However, while the OCA appreciates efforts to make service more affordable to small businesses in the Commonwealth, the OCA is concerned with the wording herein. Particularly of issue is the last sentence, whereby customers in the outlined rate classes are not eligible to rework their payment plans as payment trouble may persist. The OCA respectfully asserts that the tariff should not categorically prevent a small-business customer from obtaining a modified or subsequent payment arrangement when the customer is making good-faith efforts to pay but experiences a continuing or renewed financial hardship.

¹³⁸ Non-Unanimous Settlement ¶ 35.

¹³⁹ UGI SIS at 12-13; OSBA SIS at 5.

Further, the provision does not make clear whether customers must remain current on their ongoing monthly bills while making payments toward arrearages, whether a missed installment automatically terminates the arrangement or triggers collection or termination activity, whether service may be terminated while an approved payment arrangement remains in effect, whether the six-month arrangement applies solely to existing arrearages or may account for subsequent charges, or what collection remedies remain available to the Company for any unpaid balance following termination. These omissions are material because the provision could permit a customer to defer payment for a substantial period while simultaneously leaving the customer uncertain as to the amount that must be paid to remain in good standing and the consequences of a payment shortfall.

The categorical restriction that a customer with an existing arrangement is ineligible for a new arrangement until the existing arrangement is paid in full further provides no mechanism to address changed circumstances or a subsequent period of financial hardship. In other words, what happens if the small business is unable to pay and there is a gap due to the default?

Thus, the OCA respectfully avers that this provision is ambiguous and raises significant concern regarding its impact on small business customers. The OCA does not support the inclusion of this provision in the Non-Unanimous Settlement because it does not clearly define the rights and obligations of customers participating in a payment arrangement or the consequences of default, termination, or an outstanding balance. Moreover, this provision, when considered in the context of the other terms and conditions contained in the Non-Unanimous Settlement, does not support a finding that the Settlement, viewed as a whole, is in the public interest. As UGI has recognized, the Commission must consider the Non-Unanimous Settlement in its entirety when determining whether it is in the public interest. Based on the totality of the terms and conditions

of the Non-Unanimous Settlement, including the concerns identified above, the OCA cannot support its adoption. Accordingly, the OCA respectfully maintains that the Non-Unanimous Settlement, viewed as a whole, is not in the public interest and should not be adopted by the Commission.

4. Website Information (§ 36)

OCA Witness Alexander observed that UGI's web portal serves both its Pennsylvania gas and electric customers but is predominantly oriented toward its larger gas customer base.¹⁴⁰ She recommended creating a more distinct and dedicated section of the website that provides targeted information specifically for electric service customers.¹⁴¹ Although UGI witness Adamo testified that many of the pages listed on UGI's landing page apply to both electric and gas customers,¹⁴² the landing page also contains several prominent sections devoted to the marketing of natural gas service that are unrelated to safety or reliability.¹⁴³ There is therefore no apparent safety or reliability-related justification for dedicating such a substantial portion of the website to information directed toward natural gas customers.¹⁴⁴ Thus, as Ms. Alexander demonstrated in record evidence, requiring UGI to establish a more distinctive section of its website for electric customers would provide an opportunity to present information specifically tailored to the needs and interests of its electric service customers.¹⁴⁵

The Settling Parties have proposed the following provisions as to the website:

UGI Electric will include OSBA's and OCA's contact information and a description of their services on the Company's website. The Company will also include a link to the Pennsylvania Bar Association's free legal answers. The information should be included at a prominent location on the relevant customer service page of the website. In addition, on or before October 1, 2027, the Company

¹⁴⁰ OCA M.B. at 85.

¹⁴¹ OCA M.B. at 91.

¹⁴² *Id.*

¹⁴³ OCA M.B. at 91.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

will implement a more distinctive section of its website to provide a targeted set of information for electric service customers.¹⁴⁶

The OCA appreciates the Settling Parties' proposition to provide customers with information regarding OSBA and the OCA, as well as a link to the Pennsylvania Bar Association's free legal assistance resources and recognizes that these commitments will improve the accessibility of certain resources for certain customers. The OCA also appreciates the acceptance of Ms. Alexander's recommendation to implement a more distinctive section of its website. However, the provision to create a more distinctive section for electric customers by October 1, 2027, which is after the time UGI expects to no longer own UGI Electric,¹⁴⁷ while a step in the right direction, does not specify the scope or content of that section. Accordingly, the OCA appreciates these provisions but does not believe, given the implementation timeframe, they fully resolve the underlying concern regarding the accessibility and prominence of information specifically directed to UGI Electric's residential customers.

Therefore, for all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

5. Victims of Domestic Violence (§ 37)

The OCA did not provide testimony on the issue of what information should be accepted by UGI for victims of domestic violence. The OCA did, in its recommendations regarding field agent training,¹⁴⁸ recommend that field agents be familiar with "indications of a protection from

¹⁴⁶ Non-Unanimous Settlement ¶ 36.

¹⁴⁷ See *Argo Transaction*, *supra* n.90; Non-Unanimous Settlement at ¶¶ 31-34.

¹⁴⁸ See Section XX.

abuse order or other evidence of domestic violence.”¹⁴⁹ UGI used this testimony as support for the Settling Parties’ proposed term as follows:¹⁵⁰

UGI Electric will update protections for victims of domestic violence to also accept a written certification from a domestic violence counselor/advocate. This information will be treated as non-public and confidential under the Company’s confidentiality protocols for victims of domestic violence.¹⁵¹

The OCA appreciates that this term represents a broadening of protections provided to some of UGI’s most vulnerable customers beyond that which is currently required by the Commission’s regulations.¹⁵² However, although this is a term that the OCA agreed to in the pending *UGI Gas Settlement* and found to be in the public interest in the context of the complete settlement therein,¹⁵³ it did so based on the totality of the terms in that settlement and its agreement in a completely different, separate case does not equate to substantial evidence that the Non-Uniform Settlement is in the public interest and should be adopted.

Based on the totality of the terms in *this* instant Non-Uniform Settlement, the OCA cannot support the Non-Uniform Settlement. This term being in the public interest, does not support that the Non-Uniform Settlement, when viewed in its entirety, as UGI states it must be,¹⁵⁴ is in the public interest. The OCA maintains that the Non-Uniform Settlement is not in the public interest and should not be adopted by the Commission.

6. Security Deposit Refunds and Low-Income Screening (§§ 38-39)

Through Mr. Colton’s testimony, the OCA also demonstrated concerns regarding UGI Electric’s reliance on traditional credit and collection practices in the face of volatile electric bills

¹⁴⁹ See OCA St. 5 (PUBLIC) at 17-18; OCA M.B. at 89.

¹⁵⁰ UGI SIS at 14.

¹⁵¹ Non-Uniform Settlement ¶ 37.

¹⁵² 52 Pa. Code §§ 56.251-56.453; *Regulations Governing the Public Utility Commission’s General Provisions, 52 Pa. Code Chapters 1, 3, and 5 (relating to Rules of Administrative Practice and Procedure; Special Provisions; and Formal Proceedings*, Clarified Notice of Proposed Rulemaking Order and Annex at 72 (Aug. 22, 2024).

¹⁵³ *UGI Gas Settlement* at 32-33.

¹⁵⁴ See UGI SIS at 2 (noting that “the Settlement’s provisions cannot and should not be viewed in isolation.”).

and the limited financial resources of low-income customers.¹⁵⁵ He raised concerns that practices such as issuing termination notices, requiring substantial down payments to establish payment arrangements, and retaining customer deposits are ineffective in addressing the underlying affordability challenges faced by customers who lack sufficient resources to absorb unexpected bill increases.¹⁵⁶ Mr. Colton's testimony further suggests that continued reliance on these collection practices, without adequately accounting for customers' limited ability to withstand bill volatility, may be both inefficient and ineffective.¹⁵⁷ Instead, record evidence supports a greater emphasis on affordable payment structures, appropriate use of budget billing, and proactive enrollment of eligible customers in CAP, rather than relying primarily on collection efforts after customers have already fallen behind.¹⁵⁸

Mr. Colton recommends that the Commission direct UGI Electric to modify its processes and procedures governing the exemption of low-income customers from cash security deposits.¹⁵⁹ Specifically, he recommends that UGI Electric accept documentation beyond income and household size that demonstrates a household's eligibility for a state benefit consistent with CAP income requirements.¹⁶⁰ As discussed in his testimony, COMPASS information is one example of documentation that could be used to establish Confirmed Low-Income status.¹⁶¹ Once that status is established, UGI Electric could then determine whether a customer's cash security deposit should be waived, refunded, or required.¹⁶²

¹⁵⁵ OCA M.B. at 119.

¹⁵⁶ OCA M.B. at 119.

¹⁵⁷ *Id.*

¹⁵⁸ *Id.*

¹⁵⁹ OCA M.B. at 135.

¹⁶⁰ *Id.*

¹⁶¹ *Id.*

¹⁶² *Id.*

Record evidence establishes that UGI continues to muddy the waters in how it treats low income customers, and that the Company does not understand the different levels of protections afforded in different situations to low income customers.¹⁶³ In an effort to appropriately disentangle UGI's conflation of concepts in this arena, the record demonstrates that UGI Electric should eliminate its requirement that a customer apply for CAP and be verified as income-eligible through the CAP application process before receiving a deposit exemption.¹⁶⁴ CAP enrollment should not be a prerequisite to establishing eligibility for the low-income deposit exemption where other reliable documentation demonstrates that the customer satisfies the applicable low-income standard.¹⁶⁵ Eligibility for a deposit exemption, instead, should be based on whether a customer meets the applicable low-income criteria, rather than on whether the customer has completed the separate CAP enrollment process.¹⁶⁶ Treating CAP enrollment as a prerequisite unnecessarily conflates eligibility for two distinct customer protections and may prevent otherwise eligible low-income customers from receiving an exemption to which they should be entitled.¹⁶⁷

The OCA recommends that, within three months of the entry of a final Commission order in this proceeding, and every three months thereafter, UGI Electric review the cash security deposits it holds.¹⁶⁸ To the extent UGI Electric holds a cash security deposit for a Confirmed Low-Income customer, the OCA recommends that the deposit be refunded consistent with Commission precedent.¹⁶⁹ Mr. Colton explains that the Commission's regulation exempting low-income customers from posting cash security deposits, or providing for a refund of a previously posted deposit, does not require a customer to complete an income-verification process through CAP or

¹⁶³ OCA M.B. at 135-137.

¹⁶⁴ *Id.*

¹⁶⁵ OCA M.B. at 135.

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ OCA M.B. at 136.

¹⁶⁹ *Id.*

LIHEAP.¹⁷⁰ Rather, the regulation requires only that the customer demonstrate receipt of public assistance through a program whose income eligibility requirements are “consistent with” those applicable to CAP.¹⁷¹

Despite the record evidence, the Settling Parties propose the following terms:

38. UGI Electric will initiate a quarterly review of security deposits and refund all security deposits being held from accounts designated as income verified low income to the customer within 30 days.¹⁷²

a. UGI Electric will amend Tariff Rule 3.3 (f) to clarify that customers are exempt from security deposits once they “are confirmed to be eligible for the Company’s Customer Assistance Program”.

b. UGI Electric will modify its processes and procedures regarding the low-income exemption from deposits. UGI Electric will accept *any* information beyond information on income and household size that would “attest to” the household’s eligibility for a state benefit that is consistent with CAP income requirements. The Company will meet in a collaborative within 90 days of a final order in this proceeding to discuss with interested parties how COMPASS information may be used to confirm low-income customer exemption from deposits.

The OCA acknowledges that these terms represent a modest improvement over UGI Electric’s current practices. In particular, the quarterly review of security deposits and the commitment to refund deposits held from income-verified low-income customers provide greater assurance that customers who have already been identified as low-income will receive the benefit of the applicable exemption. The term to consider information beyond income and household size, including potentially COMPASS information, is also a step toward a more accessible process for establishing low-income status.

Nevertheless, the terms fall short of the relief recommended by Mr. Colton and Mr. Colton’s recommendations are to ensure that the Company is complying with consumer protection

¹⁷⁰ OCA M.B. at 136.

¹⁷¹ *Id.*

¹⁷² Non-Unanimous Settlement ¶ 38.

laws. Most significantly, this Settlement provision continues to tie the deposit exemption to confirmation of eligibility for CAP, rather than allowing a customer to establish eligibility for the exemption through other reliable evidence of qualifying low-income status. The provision to meet in a collaborative to discuss how COMPASS information may be used also leaves the ultimate process unresolved and provides no assurance that such information will actually be accepted as sufficient to establish exemption eligibility.

While the OCA appreciates the proposed Settlement's marginal efforts to improve UGI Electric's treatment of security deposits, these provisions do not go far enough to address the concerns established by Mr. Colton's unrefuted testimony. The proposed terms largely preserve the Company's existing framework for determining eligibility and continue to make confirmation through the CAP process the principal pathway to obtaining the low-income deposit exemption. This approach fails to recognize that a customer may satisfy the applicable low-income standard and demonstrate eligibility through other reliable sources of information without participating in CAP. Moreover, the provision to discuss the potential use of COMPASS information in a collaborative does not guarantee that such information will ultimately be accepted to establish exemption eligibility. Given the significant financial hardship experienced by low-income customers, requiring them to navigate an additional program or verification process before receiving relief from a security deposit creates an unnecessary barrier. Accordingly, although the Settlement represents a marginal improvement over current practices, it does not provide the clear, accessible, and comprehensive deposit protections warranted by the record in this proceeding.

Therefore, for all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the

Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

The Settling Parties have also proposed the following terms as to low-income screening:

a. UGI Electric will inform all new and moving customers that UGI Electric has reduced billed rates for income eligible households. UGI Electric will inquire whether these customers would like to provide their income to learn if they qualify. If a customer wants more information, UGI Electric will provide additional information on the program and eligibility.

b. UGI Electric will ask all non-emergency callers at the outset of the call whether as part of the call they would like to hear information regarding customer programs that provide reduced billed rates for income eligible households.

c. UGI Electric customers identified as low income through these regular screening processes will be offered an opportunity to enroll in the Company's CAP at that time and, if they are not able to be enrolled shall be referred for enrollment in CAP and other universal service programs – as well as the Low-Income Home Energy Assistance Program ("LIHEAP").¹⁷³

Provision (a) would require UGI Electric to inform new and moving customers that reduced billed rates are available to income-eligible households and to inquire whether those customers wish to provide income information to determine whether they qualify. This provision is inadequate because the record does not establish that the principal deficiency is simply a lack of notice concerning reduced-rate programs. Rather, the record demonstrates that UGI Electric has improperly blurred the distinction between low-income status and CAP enrollment.

Nor do these settlement provisions address the underlying affordability problem confronting low-income customers. A customer with limited resources may be unable to absorb an unexpected increase in his/her/their electric bill regardless of the Company's subsequent collection efforts. As Mr. Colton's testimony demonstrates, continued reliance on collection mechanisms after a customer has fallen behind may be both inefficient and ineffective. The record

¹⁷³ Non-Unanimous Settlement ¶ 39.

instead supports a more proactive approach emphasizing affordable payment arrangements, appropriate use of budget billing, and early identification and enrollment of eligible customers in CAP and other assistance programs.

The proposed settlement provisions also do not provide the remedies required by the record evidence. Rather, the settlement would principally require UGI Electric to tell customers about assistance programs, ask whether customers want additional information, and make referrals. Those measures may have value, but they do not meaningfully alter the Company's underlying processes for identifying and protecting vulnerable customers before they experience termination threats, significant payment requirements, or other collection consequences. The settlement therefore fails to adequately address the problem established by the record.

The record also demonstrates that a customer's eligibility for low-income protections should not depend upon completing the separate CAP application and verification process. Mr. Colton specifically testified that UGI Electric should accept other reliable documentation demonstrating eligibility for a public benefit with income requirements consistent with CAP, including COMPASS information, to establish Confirmed Low-Income status. Once that Confirmed Low-Income status is established, UGI Electric should independently determine whether the customer qualifies for a waiver or refund of a cash security deposit. Provisions (a), (b), and (c) contain no such requirement. Instead, they continue to direct customers toward CAP enrollment and referrals without establishing a separate process for recognizing low-income status and applying the protections associated with that status.

The provisions are also insufficient because they emphasize information and referral rather than proactive relief. The record establishes that low-income customers facing volatile electric bills may lack the resources to absorb unexpected increases and may subsequently face termination

notices, substantial down payments, or other collection measures. Simply informing customers of available programs or asking whether they would like additional information does not address those affordability challenges. Nor does it ensure that customers who qualify for low-income protections actually receive them.

Most significantly, the proposed provisions do not require UGI Electric to review existing cash security deposits to identify Confirmed Low-Income customers or to refund deposits held from customers who satisfy the applicable low-income criteria. Thus, even if the provisions improve outreach going forward, they leave unresolved the existing treatment of customers who may already be entitled to a deposit exemption or refund. Thus, taken together in this instant settlement and without broader consumer protections as included in the non-precedential UGI Gas settlement, the OCA cannot agree that these provisions adequately address UGI Electric's inability to understand the varying consumer protections available to low-income customers. The OCA implores the Commission to reject the settlement and direct UGI Electric to adopt Mr. Colton's recommendations to untangle the Company from its overreliance on the CAP program during these unaffordable times.

For all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Uniform Settlement, is not in the public interest and should not be accepted by the Commission.

7. Reconnection Fees (¶ 40)

The Settling Parties propose the following:

Reconnection fees shall be waived for low-income customers, as provided in the *pro forma* tariff supplement attached as **Appendix G**.¹⁷⁴

¹⁷⁴ Non-Uniform Settlement ¶ 40.

The OCA appreciates the provision above. The OCA recognizes that this provision provides a meaningful benefit to low-income customers who have experienced termination of service. Nevertheless, this provision, standing alone, is insufficient to support the OCA's approval of the settlement. The Commission's regulations permit utilities to impose reconnection fees following lawful termination of service, subject to the requirements governing restoration of service.¹⁷⁵

Further, the waiver does not address the broader concerns established by the record regarding UGI Electric's treatment of low-income customers. As discussed above, the record demonstrates the need for more substantive reforms concerning the identification of low-income customers, the distinction between low-income status and CAP enrollment, the treatment of cash security deposits, and UGI Electric's reliance on traditional collection practices in the face of bill volatility and limited customer resources. Accordingly, while the OCA appreciates the reconnection-fee waiver, the provision is not sufficient, in the context of the settlement as a whole, to resolve the deficiencies demonstrated by the record or provide a sufficient basis for the OCA to support the settlement. The Commission should therefore require additional substantive measures addressing the concerns identified in the OCA's testimony before approving a settlement of these issues.

8. Screening for Electric Resistance Space Heating (§ 41)

The Settling Parties propose the following:

Within 90 days of the Commission's approval of this Settlement, UGI Electric shall conduct a territory-wide screening of residential customers to identify households with electric resistance space heating and, where income and occupancy information is available, to identify customers with an annual electric energy burden of 6 percent or greater. The Company shall use available customer usage data, program participation data, customer surveys, home energy assessments, and other reasonably available information to identify qualifying dwellings. The

¹⁷⁵ See 52 Pa. Code Sec. 56.191(a), (c).

Company shall not limit eligibility to customers previously enrolled in a UGI Electric universal-service program.¹⁷⁶

The OCA appreciates the inclusion of this provision and that the provision appropriately recognizes that energy burden and the type of heating system are important indicators of affordability and that identification of vulnerable households should not be limited to customers who have previously participated in a UGI Electric universal-service program.

The proposed electric heating provisions were not meaningfully developed in the evidentiary record. By contrast, the record is clear that UGI must first address its fundamental misunderstanding of low-income status and the protections afforded thereto. Only after addressing that issue first and foremost before expanding resolution to include additional provisions affecting these customers. Accordingly, while the OCA supports this provision and views the territory-wide screening requirement as a constructive improvement, it should not be viewed as sufficient, by itself, to resolve the broader concerns established by the record or to provide a basis for the OCA to support the settlement as a whole. The provision identifies the customers most in need; the Commission should also require UGI Electric to take meaningful action once those customers are identified. For all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

9. Field Conduct (§ 42)

UGI acknowledged through OCA discovery that it does not have any documents or written classroom formal training for field agents regarding service disconnection for nonpayment.¹⁷⁷

¹⁷⁶ Non-Unanimous Settlement § 41.

¹⁷⁷ OCA St. 5 (PUBLIC) at 16-17 (citing Exhibit BA-3 (UGI Electric Response to OCA-3-6)).

Further, UGI's responses to the OCA's discovery failed to make mention of Chapter 56 mandates requiring an attempt at personal contact immediately prior to termination of service.¹⁷⁸ UGI instead responded that it "plans to evaluate this element of training along with other field training as part of its approach to continuous improvement in the near future."¹⁷⁹

OCA witness Alexander testified regarding her concerns and recommended that UGI be required to develop proper agent training and compliance related documents that included:

- The training materials need to reflect a written manual that includes a complete description of the obligation to knock on the customer's door prior to termination of service and require that the field agents are familiar with and can properly react to all the rights that a customer has to avoid termination of service, including a declaration of a medical emergency, a statement that payment has been made, a request for a payment plan and access to low income affordability programs, and indication of a protection from abuse order or other evidence of domestic violence.
- A high priority should be implemented to promptly train and supervise for compliance on these long-standing regulatory requirements.
- The purpose of the attempt at contact should require the field technician to at least refer the customer to their rights as stated in the most recent notice and solicit customer statements. If there is visible evidence of criteria that would trigger these rights, such as medical equipment, the field technician should be required to affirmatively inquire as to the existence of a medical emergency.¹⁸⁰

Without these requirements, UGI's training for field agents is deficient and does not properly protect customers' rights regarding customer service.¹⁸¹ The OCA established in its Main Brief that UGI's field agents are the correct individuals to be trained regarding customers' rights and that a written manual should be developed.¹⁸² Moreover, the record supports the OCA's

¹⁷⁸ OCA St. 5 (PUBLIC) at 17.

¹⁷⁹ OCA St. 5 (PUBLIC) at 17.

¹⁸⁰ OCA St. 5 (PUBLIC) at 17-18.

¹⁸¹ See OCA St. 5 (PUBLIC) at 17-18; OCA St. 5SR at 12-13.

¹⁸² OCA M.B. at 88-90.

recommendations and the Main Brief and reply brief rebut UGI's arguments rejecting the OCA's recommendations.¹⁸³

The Settling Parties propose the following provisions:

a. UGI Electric will develop a field training manual that sets forth the conditions that would require its field employees to not proceed with termination under the Commission's regulations at 52 Pa. Code Sec. 56.94(1). UGI Electric will submit a draft of this field training manual to its USAC within 90 days of the date of entry of a final order approving this Settlement.

b. UGI Electric agrees that, beginning in the FPFTY, it will provide a dedicated reporting process for field workers to report customers identified as potentially being in distress or in need of assistance so that appropriate Company or community partners can conduct outreach. Beginning in the FPFTY and on an annual basis, UGI Electric will conduct mandatory training for all field employees to inform them of the program. The training will instruct employees on how to recognize observable indicators, including health concerns, confusion or disorientation, and unsafe home or equipment conditions, as well as the appropriate procedures for referring customers through the dedicated reporting process.¹⁸⁴

While the OCA appreciates the proposed Non-Unanimous Settlement's efforts to improve UGI Electric's training of field agents by providing more easily accessible training materials for its field employees and providing a dedicated reporting process for field workers, these provisions do not fully address the concerns established by Ms. Alexander's testimony. Instead, it represents a significant compromise on the parts of the litigating parties' positions and a move away from the OCA's litigation position which recommended specific descriptions of the requirement to knock on a customer's door and affirmatively inquire as to the existence of customer protections from terminations.

Although this is a term that the OCA agreed to in the pending *UGI Gas Settlement* and found to be in the public interest in the context of the complete settlement therein, it did so based on the totality of the terms in that settlement and its agreement in a completely different, separate

¹⁸³ OCA M.B. at 88-90; OCA R.B. at 44.

¹⁸⁴ Non-Unanimous Settlement ¶ 42.

case does not equate to substantial evidence that the Non-Unanimous Settlement is in the public interest and should be adopted. Based on the totality of the terms in *this* instant Non-Unanimous Settlement, however, the OCA maintains that its litigation position as reflected in its Main Brief, is fully justified and should be adopted by the Commission.

There is no reason that the Commission cannot order UGI to create a dedicated reporting process for field workers in this proceeding, given Ms. Alexander's testimony that field technicians "need to be trained on how to response to evidence of those rights expressed at the customer's premises, including how and when to halt the termination and/or report the customer's situation to internal management."¹⁸⁵ Finally, the duration of this dedicated training and referral process is speculative given UGI's pending acquisition and the possibility that a new owner would not be bound by the terms of this agreement. Accordingly, although the Settlement represents a marginal improvement over current practices, it does not provide the clear, accessible, and comprehensive deposit protections warranted by the record in this proceeding.

Therefore, for all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement and the OCA's litigation position, is not in the public interest and should not be accepted by the Commission.

10. Targeted Customer Communications (¶ 43)

In her testimony, OCA witness Alexander reviewed UGI Electric's calculations of how much customers paid to an Electric Generation Supplier (EGS) compared to UGI's price to compare (PTC), calculations which revealed an excess of \$230,291 in charges.¹⁸⁶ She further reviewed UGI's standardized information about retail choice and noted her concern that UGI does

¹⁸⁵ OCA ST. 5SR at 13.

¹⁸⁶ OCA St. 5 (PUBLIC) at 21 (citing Exhibit BA-7 (UGI Electric Response to OCA 3-43)).

not provide any customer specific communications about comparing EGS charges to the PTC.¹⁸⁷ Ms. Alexander provided several recommendations regarding the communications and information that UGI provides to its customers on shopping, which are fully explained in the OCA's Main Brief, and incorporated into these comments.¹⁸⁸ The OCA recommended that UGI more directly link the terms PTC and Generation Charges, recommended changes to their statements in the bill insert materials provided to customers, and recommended that UGI develop targeted communications for those customers whose EGS charges increase significantly over the PTC.¹⁸⁹

The Settling Parties propose the following term:

UGI Electric will convene a collaborative of interested stakeholders, including the parties to this proceeding, to discuss the development of customer communications regarding electric supply shopping within 60 days of the entry of an order approving the settlement.¹⁹⁰

The OCA appreciates the proposed Non-Unanimous Settlement's efforts to compromise on the issue of providing targeted communications to customers. However, this term represents a significant compromise between the parties' positions on the OCA's part, and a significant move away from the OCA's litigation position, which is justified and supported by the record. In its Statement in Support, UGI stated that it identified flaws with OCA's recommended changes to the bill presentation but did not identify those flaws until its Main Brief.¹⁹¹ Moreover, the above term provides no guarantee as to the outcome of the customer communications and, since it is labeled as "Targeted Customer Communications," the term does not guarantee that bill presentation changes as recommended by the OCA will be discussed by the collaborative.¹⁹²

¹⁸⁷ OCA St. 5 (PUBLIC) at 21.

¹⁸⁸ OCA M.B. at 90-93.

¹⁸⁹ *See id.*; OCA

¹⁹⁰ Non-Unanimous Settlement ¶ 43.

¹⁹¹ *See* UGI SIS at 20; UGI M.B. at 131; OCA M.B. at 44-46.

¹⁹² Non-Unanimous Settlement ¶ 43.

Although this is a term that the OCA supported in the pending *UGI Gas Settlement* and found to be in the public interest in the context of the complete settlement therein, it did so based on the totality of the terms in that settlement and its agreement in a completely different, separate case does not equate to substantial evidence that the Non-Unanimous Settlement is in the public interest and should be adopted. Based on the totality of the terms in *this* instant Non-Unanimous Settlement, however, the OCA maintains that its litigation position as reflected in its Main Brief, is fully justified and should be adopted by the Commission.

Therefore, for all the reasons above, and for the reasons set forth in the OCA’s Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement and against the OCA’s litigated position, is not in the public interest and should not be accepted by the Commission.

11. Customer Service (§ 44)

In its filing, UGI did not address any customer service performance indicators or compliance related issues as reported to the Commission.¹⁹³ OCA witness Alexander noted her concern regarding UGI’s failure to present this information as part of a new base rate case where service is appropriately addressed.¹⁹⁴ She further testified that UGI’s annual average Abandonment Rate increased by .7% between 2024 and 2025, and that UGI had a significant deterioration with abandonment rates in certain months, providing customers with a wide range of experiences.¹⁹⁵ Specifically, Ms. Alexander noted abandonment rates of “6.14% in February, 9.57% in October, and 7.51% in November 2025” and a sharp deterioration in March 2026 of 9.64% with customers also experiencing “call answering percentages of below 80% during these same months with long

¹⁹³ OCA St. 5 (PUBLIC) at 7.

¹⁹⁴ OCA St. 5 (PUBLIC) at 7.

¹⁹⁵ OCA St. 5 (PUBLIC) at 12-14; OCA St. 5R at 6.

wait times.”¹⁹⁶ As a result, Ms. Alexander recommended that UGI should be required to meet its 2024-2025 call center performance standards as a part of receiving any rate increase through this proceeding.¹⁹⁷ The OCA more fully addressed this issue through Ms. Alexanders testimony and in its Main Brief and adopts that discussion by reference.¹⁹⁸

The Settling Parties propose the following terms:

a. During the rate effective years UGI Electric will make efforts to maintain its call center performance at levels consistent with its average 2025-2026 (through May) performance as reported to the Commission. In working to maintain a quality level of service, UGI Electric will meet with the parties at least annually to discuss areas of challenge and the Company’s plans to address the challenges.

b. UGI Electric has adopted internal performance and compliance-related performance indicators for its third party call contractors. UGI Electric will report on these performance indicators in the meetings identified in subpart (a) and will include them in the direct testimony in its next base rate proceeding.¹⁹⁹

The OCA appreciates the proposed Non-Unanimous Settlement’s efforts to compromise on the issue of customer service. However, this term represents a significant compromise between the parties’ positions on the OCA’s part, as it adopts the average 2025-2026 results, which include the deterioration in abandonment rates that Ms. Alexander is concerned with. As a result, these terms do not fully address Ms. Alexander or the OCA’s concerns about deterioration in customer service performance. As more fully discussed by the OCA in its Briefs, there is no reason that the Commission cannot order UGI to maintain a current level of customer service through litigation.²⁰⁰

If the Commission finds that UGI has justified some level of increase, it logically follows that customers should be assured that customer service will not deteriorate.²⁰¹ As explained by the OCA, conditioning the rate increase based on maintaining the level of customer service only makes

¹⁹⁶ OCA St. 5 (PUBLIC) at 14.

¹⁹⁷ OCA M.B. at 85-88; OCA St. 5 (PUBLIC) at 10-14.

¹⁹⁸ See OCA M.B. at 86-88; OCA St. 5 (PUBLIC) at 10-14; OCA St. 5SR at 4-5.

¹⁹⁹ Non-Unanimous Settlement ¶ 44.

²⁰⁰ OCA M.B. at 87-88; OCA R.B. at 42-43.

²⁰¹ OCA R.B. at 42-43.

UGI accountable to maintaining those levels.²⁰² Indeed, UGI, in its Statement in Support states that the terms agreed to “provide assurance that UGI Electric will maintain an appropriate quality of service to its customers while the rates established in this proceeding are in effect.”²⁰³ The Commission ordering UGI to provide the level of customer service as recommended by the OCA would have the same effect. As such, the OCA maintains that its litigation position is fully supported by the record, these terms can and should be achieved through Commission Order based on the OCA’s litigated positions.

Therefore, for all the reasons above, and for the reasons set forth in the OCA’s Briefs in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement and against the OCA’s litigated position, is not in the public interest and should not be accepted by the Commission.

12. Root Cause Analysis (§ 45)

OCA witness Alexander recommended that UGI “should be required to develop and implement the findings of a Root Cause Analysis of customer complaints similar to that ordered for UGI-Gas in its 2025 base rate case.”²⁰⁴ As noted in both UGI and OCA’s Main Briefs, UGI agreed with the OCA’s recommendation regarding developing and implementing the findings of a Root Cause Analysis of customer complaints similar to that ordered for UGI Gas in its 2025 base rate case, and indicated through discovery that the scope of UGI Gas’ root cause analysis includes UGI Electric because “they share the same call center resources.”²⁰⁵

²⁰² OCA M.B. at 87-88; OCA R.B. at 42-43.

²⁰³ UGI SIS at 21.

²⁰⁴ OCA St. 5 (PUBLIC) at 6.

²⁰⁵ See OCA M.B. at 85 (quoting UGI St. 13R at 4); UGI M.B. at 134-35.

The Settling Parties proposed the following term:

UGI Electric shall develop and implement the findings of a Root Cause Analysis of customer complaints consistent with Paragraph 86 of the Commission approved Settlement in the 2025 Gas Base Rate Case at Docket No. R-2024-3052716.²⁰⁶

UGI's Statement in Support notes that this term "memorializes the Company's support of OCA's recommendation, by committing UGI Electric to develop and implement the findings of a Root Cause Analysis of customer complaints consisted with Paragraph 86 of the Commission-approved Settlement in the 2025 Gas Base Rate Case at Docket No. R-2024-3052716, in which the OCA joined and supported."²⁰⁷ As such, this term captures a recommendation already agreed with and reflected in the litigation position of UGI. Although the provision is a reasonable term and adopts the OCA's litigation position, its inclusion does not equate to the Non-Unanimous Settlement being in the public interest as the same result has already been achieved in the litigation process and does not disappear if the Non-Unanimous Settlement is not adopted.

13. Targeted Reliability Improvements (¶ 46)

The Settling Parties Propose the following provision:

The Company shall identify its worst performing circuits annually and develop specific vegetation-management and other reliability improvement plans for those circuits. In prioritizing such investments, the Company shall consider both reliability performance and the concentration of customers served by the circuit.²⁰⁸

The OCA does not have a position with respect to this provision. The lack thereof should not be interpreted as support for, approval of, or acquiescence to the provision, nor should it be understood as establishing or carrying forward an OCA position beyond the circumstances of this particular case. The OCA expressly preserves its right to litigate this issue in other proceedings and cases. For all the reasons herein, and for the reasons set forth in the OCA's Main Brief in

²⁰⁶ Non-Unanimous Settlement ¶ 45.

²⁰⁷ UGI SIS at 21.

²⁰⁸ Non-Unanimous Settlement ¶ 46.

support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

D. Distribution System Improvement Charge (DSIC)/Reporting (§§ 47-49)

1. DSIC Eligible Plant (§ 47)

The DSIC is the statutory recovery mechanism that permits an eligible utility to recover certain costs associated with qualifying infrastructure investment between base-rate proceedings.²⁰⁹ The DSIC determines what costs may be recovered through the surcharge and the manner in which those costs are collected from customers.²¹⁰

The Settling Parties propose the following term:

As of the effective date of rates in this proceeding, UGI Electric will be eligible to include plant additions in the Distribution System Improvement Charge (“DSIC”) at the later of (1) the end of the FPFTY, or (2) once the total Utility Plant account balance exceeds \$353,968,000 as projected by UGI Electric at September 30, 2027 per UGI Electric Exhibit A, Schedule C-1, line 1. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.²¹¹

The OCA appreciates the Settling Parties’ efforts to address UGI’s anticipated infrastructure needs but objects to the Settlement as a whole. This objection does not preclude UGI from seeking recovery of prudent and appropriate infrastructure investments in a future proceeding, where the Commission can evaluate the relevant costs and benefits. Rather, the OCA believes that any mechanism for recognizing anticipated investment should be considered as part of a comprehensive settlement that also provides just and reasonable rates and meaningful

²⁰⁹ 66 Pa. C.S. §§ 1350, 1357(a).

²¹⁰ *Implementation of Act 11 of 2012*, 42 Pa. Bull. 1000, 1004 (May 26, 2012); available at <https://www.pacodeandbulletin.gov/Display/pabull?file=%2Fsecure%2Fpabulletin%2Fdata%2Fvol42%2F42-21%2F1000.html>

²¹¹ Non-Unanimous Settlement § 47.

customer protections, including an appropriate phase-in, stay-out, or comparable provision and, as appropriate, assurances regarding the treatment of the Settlement in connection with the pending acquisition. For these reasons, and those set forth in the OCA's Main Brief, the OCA respectfully submits that the Settlement as a whole should not be approved.

2. DSIC Equity Return (§ 48)

The OCA recognizes that Section 1357(b) establishes a statutory methodology for determining the equity return component of the DSIC.²¹² Specifically, where more than two years have elapsed since the utility's most recent fully litigated base-rate proceeding, Section 1357(b)(3) directs that the equity return used in calculating the DSIC be the equity return rate calculated by the Commission in its most recent Quarterly Report on the Earnings of Jurisdictional Utilities.²¹³ Section 1357(b)(3) establishes a mechanism for determining the return component of an automatic adjustment charge.²¹⁴ Section 1357(b)(2)-(3) establishes the equity return to be used "in the calculation" of the DSIC, while Section 1358(c) expressly provides that the DSIC provisions do not limit the Commission's existing ratemaking authority.²¹⁵ The statutory DSIC Return on Equity (ROE) is simply an input into the calculation of the DSIC charge; it is not itself the DSIC mechanism.²¹⁶

The Commission has explained that, in developing the equity return used for DSIC purposes, it uses a variety of barometer groups and cost-of-equity models to establish a reasonable range of equity cost rates that reflects current market and industry conditions and is consistent with the Commission's analysis in litigated rate cases.²¹⁷

The Settling Parties have proposed the following provision:

²¹² 66 Pa.C.S. Sec. 1357(b).

²¹³ 66 Pa.C.S. Sec. 1357(b)(3).

²¹⁴ *Id.*

²¹⁵ 66 Pa. C.S. Sec.Sec. 1357(b)(2)-(3), 1358(c).

²¹⁶ *Implementation of Act 11 of 2012*, 42 Pa. Bull. 1000, 1004 (May 26, 2012).

²¹⁷ *Implementation of Act 11 of 2012*, 42 Pa. Bull. 1000, 1004 (May 26, 2012).

For purposes of calculating its DSIC, UGI Electric shall use the equity return rate for electric utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for electric utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. Sec. 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. Sec. 1358(b)(1).²¹⁸

The OCA appreciates the Parties' effort to provide a mechanism for UGI Electric to recover qualifying distribution-system investments. The OCA would ordinarily agree with the use of a Commission-established return as part of such a mechanism. In this instance, however, the proposed provision governing the return warrants further consideration. As proposed, the provision would require UGI to use the equity return rate for electric utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and to update that return each quarter until the DSIC is reset.

The OCA's concern is not with the Commission's quarterly earnings report itself, but with establishing a prospective mechanism for determining UGI's DSIC return at a time when the Commission has recognized the need to examine the appropriate methodology for determining DSIC returns.²¹⁹ Given that unresolved methodological question, the OCA does not believe the proposed provision should be approved in its current form. Accordingly, while the OCA appreciates the Parties' efforts to reach a comprehensive resolution, the OCA cannot support the proposed provision and, for that reason, objects to the settlement as a whole.

²¹⁸ Non-Unanimous Settlement ¶ 48.

²¹⁹ See Pennsylvania Public Utility Commission, *PUC Launches Review of Utility Ratemaking to Address Affordability, Transparency and Changing Economic Conditions* (Sept. 10, 2026) (announcing a Commission-wide review of ratemaking practices, including "the methodology used to establish returns associated with Distribution System Improvement Charges (DSIC)," in light of rising utility costs and affordability concerns); available at: <https://www.puc.pa.gov/press-release/2026/puc-launches-review-of-utility-ratemaking-to-address-affordability-transparency-and-changing-economic-conditions-09102026>.

While the OCA recognizes that, for better or worse, the proposed Settlement is a black-box Settlement and therefore does not purport to assign a specific evidentiary basis to each individual term, that feature cannot supply evidentiary support that is otherwise absent from the record.²²⁰ Nor should it be used to justify an additional mechanism that will impose a separately calculated return on future infrastructure investment. Where the record does not permit the Commission or statutory advocates to determine that the Settlement's overall revenue requirement is reasonable, there is even less basis to conclude that customers should bear an additional, ongoing DSIC return atop the same. Further, the evidence presented by Mr. Colton demonstrates why the Commission should be particularly cautious about applying a DSIC ROE that automatically increases the cost of service to customers without a contemporaneous assessment of whether those costs are affordable.

Mr. Colton's evidence as detailed above and earlier herein makes clear why the Commission should not assume that customers can absorb additional costs simply because UGI can demonstrate a need for investment. Affordability is itself a component of the public-interest analysis. A rate structure that may be financially attractive to the company but places an increasingly burdensome obligation on customers cannot be considered reasonable without careful consideration of whether customers have the ability to pay. In light of all of these concerns and developments, and the lack of record evidence supporting this settlement provision, the OCA implores the Commission to reject the Settlement and uphold the OCA's recommendations by and through its litigated positions instead. For all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with

²²⁰ See *Culbertson v. Pa. PUC*, 304 A.3d 57 (Pa. Commw. Ct. 2023).

the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

3. Test Year Plant Reporting (§ 49)

The Settling Parties propose the following provision:

The Company shall submit an update to UGI Electric Exhibit A, Schedule C-2 no later than January 4, 2027, which will include actual capital expenditures, plant additions, and retirements by month from October 1, 2025 through September 30, 2026. An additional update for actuals from October 1, 2026 through September 30, 2027 shall be filed no later than January 3, 2028.²²¹

The OCA generally supports this provision, however, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

E. Accounting (§§ 50-54)

1. ADIT/EDFIT (§ 50)

The Settling Parties propose the following provision:

The Company's Accumulated Deferred Income Tax ("ADIT") and pro-rationing methodology as required by Treasury Regulation 1.167(l)-1(h)(6)(ii) is accepted. Further, the Company's method to amortize Excess Accumulated Deferred Federal Income Taxes ("EDFIT") according to the Average Rate Assumption Method ("ARAM") is accepted. Absent a change in federal or state law, regulation, judicial precedent or policy, the remaining unamortized EDFIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers.²²²

The OCA does not have a position with respect to this provision. The lack thereof should not be interpreted as support for, approval of, or acquiescence to the provision, nor should it be understood as establishing or carrying forward an OCA position beyond the circumstances of this particular case. The OCA expressly preserves its right to raise, challenge, and litigate the issues

²²¹ Non-Unanimous Settlement at § 49.

²²² Non-Unanimous Settlement § 50.

addressed by this provision in any other proceeding or case. For all the reasons herein, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

2. Repairs Allowance (§ 51)

The Settling Parties propose the following provision:

For purposes of determining the revenue requirement in this case, all capitalized repairs deductions claimed on a federal tax return have been normalized for ratemaking purposes and the appropriate related amount of tax effect of those deductions has been reflected as Accumulated Deferred Income Taxes as a reduction to UGI Electric's rate base.²²³

The OCA does not have a position with respect to this provision. The lack thereof should not be interpreted as support for, approval of, or acquiescence to the provision, nor should it be understood as establishing or carrying forward an OCA position beyond the circumstances of this particular case. The OCA expressly preserves its right to raise, challenge, and litigate the issues addressed by this provision in any other proceeding or case. For all the reasons herein, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

3. Depreciation Rates (§ 52)

The U.S. Supreme Court defines depreciation as:

Depreciation is defined as the loss in service value of a capital asset over time. In the context of public utility accounting and regulation, it is a process of charging the cost of depreciable property, adjusted for net salvage, to operating expense accounts over the useful life of the asset. Thus, accounting practices significantly affect, among other things, the rates that customers pay for service. This is so because a regulated carrier is entitled to recover its reasonable expenses and a fair return on its investment through the rates it charges its customers, and because

²²³ Non-Unanimous Settlement § 51.

depreciation practices contribute importantly to the calculation of both the carrier's investment and its expenses.²²⁴

Pennsylvania court precedent establishes that annual depreciation is an operating expense that reflects the consumption of utility assets used to provide service.²²⁵ “A utility is entitled under the law to recover from the rate payers the original cost of construction of its depreciable plant.”²²⁶ Additionally, “it is clear in our law that ‘[i]n no event will a utility be permitted to recover by annual allowances for depreciation a total amount in excess of the original cost, since annual depreciation is computed on original cost and not upon fair value or reproduction cost.’”²²⁷ In other words, annual depreciation is the return *of* the investment, which is returned through the depreciation Operating and Maintenance (O&M) expense over the life of the plant.²²⁸

There are two commonly accepted methodologies for computing depreciation: Average Life Group (ALG) and Equal Life Group (ELG). For purposes of this proceeding, the Average Life Group (“ALG”) procedure is a group depreciation method that estimates the average service life of the assets within a particular plant account and uses that average life to determine the period over which the investment in those assets is recovered through depreciation expense.²²⁹ Under ALG, individual assets are not depreciated based on their specific retirement dates.²³⁰ Instead, the assets within an account are treated as a group, recognizing that some assets will retire earlier and others later than the group's average service life.²³¹ The resulting average service life and average

²²⁴ OCA M.B. at 31, *citing La. Pub. Serv. Comm'm v. FCC*, 476 U.S. 355, at 364-365 (1986).

²²⁵ OCA M.B. at 31.

²²⁶ *Id.*, *citing Penn Sheraton Hotel v. Pa. PUC*, 198 Pa. Super. 618, 627 (Pa. Super. 1962).

²²⁷ *Id.*

²²⁸ OCA M.B. at 31.

²²⁹ OCA St. 4 at 11-12.

²³⁰ *Id.*

²³¹ *Id.*

remaining life are used to determine the annual depreciation expense necessary to recover the original investment in the group of assets over time.²³²

Currently, UGI uses the ALG procedure for plant placed in service prior to 1982 and the ELG procedure for plant placed in service after 1982.²³³ “The direct effect of using ELG as opposed to ASL is that ELG depreciation rates are always going to be higher earlier on in the life cycle of a particular group of plant, and lower later in the life cycle of that plant.”²³⁴ Record evidence demonstrates that this is the case because UGI is constantly adding new plant.²³⁵ Every year, new assets enter the system with a long remaining life, while older assets are being retired.²³⁶ Inflation also means that the cost of new plant is generally much higher than the cost of plant installed decades ago.²³⁷ As a result, the overall mix of UGI’s plant does not simply get older in a way that would eventually cause ELG’s higher depreciation rates to disappear.²³⁸ Thus, the ELG procedure significantly impacts current UGI customers rates by increasing the revenue requirement by \$1.83 million.²³⁹ Meaning, current UGI customers are paying millions more than they otherwise would because of the depreciation methodology chosen by UGI.²⁴⁰

Despite the above, the Settling Parties propose:

For the Company’s accounting purposes, UGI Electric’s as filed depreciation rates are accepted. The parties to this proceeding disagree about the appropriate depreciation method to be used by UGI Electric for ratemaking purposes, and this Settlement should not be construed as agreement to any party’s methodology. All parties reserve their respective rights to address the depreciation methodology used for ratemaking purposes in any future base rate proceeding.²⁴¹

²³² *Id.*

²³³ OCA M.B. at 29.

²³⁴ OCA St. 4 at 23.

²³⁵ OCA St. 4 at 24.

²³⁶ *Id.*

²³⁷ *Id.*

²³⁸ *Id.*

²³⁹ OCA M.B. at 31.

²⁴⁰ *Id.*

²⁴¹ Non-Unanimous Settlement ¶ 52.

The record evidence supports requiring UGI to switch to the ALG procedure by accepting OCA witness Garren's calculations or requiring that UGI use the ALG procedure on a going forward basis.²⁴² In particular, the OCA has presented evidence demonstrating that ALG is an appropriate depreciation methodology for UGI and that allowing UGI to continue using ELG for post-1982 plant would result in accelerated depreciation expense being borne by current ratepayers.²⁴³

ELG is an accelerated form of depreciation because it produces higher depreciation expense earlier in the recovery period.²⁴⁴ ALG is also used by most major electric distribution companies in Pennsylvania.²⁴⁵ Unless the Commission requires UGI to use ALG for its post-1982 plant, UGI's current ratepayers will be required to pay approximately \$1.8 million more in depreciation expense than they otherwise would.²⁴⁶ As supported by the record evidence presented by the OCA, requiring UGI to use ALG would avoid this unnecessary acceleration of depreciation expense and provide meaningful relief to current ratepayers.²⁴⁷ In light of the ongoing affordability challenges facing Pennsylvania ratepayers, as discussed in the testimony of OCA witnesses Deupree and Colton, the record supports adoption of ALG in this proceeding and on a going-forward basis.²⁴⁸

Thus, the proposed provision indirectly seeking approval of the ELG method and calculations in this case should be rejected. The evidentiary record clearly supports the adoption of the ALG method and that the ALG method is the more just and reasonable approach for

²⁴² OCA M.B. at 30.

²⁴³ *Id.*

²⁴⁴ OCA M.B. at 29.

²⁴⁵ *Id.*

²⁴⁶ *Id.*

²⁴⁷ *Id.*

²⁴⁸ *Id.*

determining the rates in this instant case. For all of these reasons and those espoused in the OCA's Main Brief, the Commission should protect ratepayers and reject this settlement provision.²⁴⁹

Therefore, for all the reasons above, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

4. Rate Case Expense and IT Cost Capitalization (§ 53-54)

UGI proposed a total rate case expense of \$1,071,000 to be amortized over a two year period resulting in an annual recovery of \$536,000.²⁵⁰ OCA witness Mugrace disagreed with UGI's proposal and recommended normalizing UGI's rate case expenses rather than amortizing them based on the company's historical filing frequency.²⁵¹ Over the past 33 years UGI has filed six rate cases as follows: the current filing in 2025, then in 2023, 2021, 2018, 1996, and 1993.²⁵² OCA witness Mugrace originally calculated UGI's normalization period at 5.5 years.²⁵³

UGI had responded to the OCA in litigation that their filing cadence contained an anomaly, having not filed between 1996 and 2018, and that the Commission should basically ignore the same.²⁵⁴ However, OCA Witness Mugrace continues to recommend normalizing rate case expenses based upon actual prior rate case expense filings.²⁵⁵ In response to interrogatories, the Company provided a schedule of prior rate case filing and the dates of each of the filing.²⁵⁶ In review of the data, Mr. Mugrace updated his recommendation to a 3-year normalization period.²⁵⁷

²⁴⁹

²⁵⁰ OCA M.B. at 29-43.

²⁵¹ OCA M.B. at 49.

²⁵² *Id.*

²⁵³ *Id.*

²⁵⁴ OCA St. 2SR (Public) at 14.

²⁵⁵ *Id.*

²⁵⁶ OCA St. 2SR at 14; *citing* UGI's Response to OCA-7-26.

²⁵⁷ *Id.*

He explained that the updated recommendation takes into consideration the Company's proposed accelerated replacement program and provides a balance between the Company and ratepayers with respect to recovery of rate case expenses.²⁵⁸ The updated 3-year normalization period reduces the Company's rate case costs by \$179,000.²⁵⁹

UGI also requested that certain costs associated with implementing major information technology (IT) systems be capitalized as part of the Company's investment in those systems.²⁶⁰ Since 2016, UGI, including UGI Electric and UGI Gas, has received authorization in various base rate proceedings to capitalize these costs.²⁶¹ UGI argued that these costs are directly associated with the implementation and deployment of new software systems and should be treated as capital investments rather than current operating expenses.²⁶²

UGI argued that the capitalized costs include internal labor, external consulting services, costs associated with preparing vendor and system-integrator requests for proposals, current-state assessments, business process reengineering, data conversion, cleansing and migration, field verification and digitization of asset information, and implementation training.²⁶³ UGI also explained that the company uses this capitalization treatment to comparable costs associated with cloud-based software implementation projects.²⁶⁴

The Settling Parties propose the following provisions:

Rate Case Expense. The Company's revenue increase provided in this Settlement is reflective of a three-year normalization for ratemaking purposes and a three-year amortization for accounting purposes. The Company will not claim any unamortized amount in a future rate case and agrees that normalization (as opposed to amortization) is the proper treatment for ratemaking purposes.²⁶⁵

²⁵⁸ OCA St. 2SR at 14.

²⁵⁹ *Id.*

²⁶⁰ UGI St. 4 at 9.

²⁶¹ UGI St. 4 at 9.

²⁶² *Id.*

²⁶³ *Id.*

²⁶⁴ UGI St. 4 at 9-10.

²⁶⁵ Non-Unanimous Settlement ¶ 53.

IT Cost Capital Treatment. Approved as set forth in the direct testimony of Vivian K. Ressler, UGI Electric Statement No. 4, pages 9 - 10.²⁶⁶

The OCA appreciates that UGI accepted the OCA's recommendation regarding the normalization provision. The OCA therefore does not object to the provision as included in the Settlement. Nevertheless, the OCA's agreement with this particular provision does not constitute support for or approval of the Settlement as a whole. The OCA continues to object to the Settlement in its entirety and expressly reserves its right to raise, challenge, and litigate issues concerning amortization or related provisions in any other proceeding or case.

The OCA does not have a position with respect to the IT Cost Capital Treatment provision. The lack thereof should not be interpreted as support for, approval of, or acquiescence to the provision, nor should it be understood as establishing or carrying forward an OCA position beyond the circumstances of this particular case. The OCA expressly preserves its right to raise, challenge, and litigate the issues addressed by this provision in any other proceeding or case. For all the reasons herein, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

F. Universal Service Cost Recovery (§§ 55-56)

OCA witness Colton testified that the cost of providing service through UGI's Customer Assistance Program is not a cost with a cost causation that can be limited to the residential class.²⁶⁷ The OCA explained in its Main Brief that the Commission has explicitly found that universal service programs further not merely the interests of residential customers, but also further a broader "public purpose" and that "[c]early, there is a persuasive argument to be made that home heating

²⁶⁶ Non-Unanimous Settlement ¶ 54.

²⁶⁷ OCA Corrected St. 6 at 83.

and energy assistance for low-income households serves a public good whose responsibility is not merely other residential ratepayers.”²⁶⁸ The OCA also explained that the Commission has previously determined that allocating CAP costs between all customer classes is lawful and that the Commission has authority to require other customer classes to contribute to the costs of universal service programs.²⁶⁹

As a result, OCA witness Colton recommended that the Commission should allocate costs for CAP according to each group’s share of the utility’s overall distribution costs/revenue requirement.²⁷⁰ The OCA’s evidence established that one reason people need programs like CAP is that some workers are not paid enough to afford basic living expenses and that residential customers are essentially providing a subsidy to businesses when all the CAP expenses are paid for by residential customers.²⁷¹ UGI failed to dispute Mr. Colton’s testimony that the CAP program costs have a cost causation that can be limited to the residential class or the fact that the Commission has recognized universal service costs are not caused by factors specific to residential customers.²⁷²

Additionally, UGI states in its Brief arguments that are incorporated into its Statement in Support that “CAP cost allocation among customer classes is an important program-design issue that should be considered in the broader Universal Service Program context, rather than resolved as a standalone adjustment in this base rate case.”²⁷³ However, the OCA pointed out that this

²⁶⁸ OCA M.B. at 120.

²⁶⁹ *Id.* (citing Final CAP Policy Statement and Order, Docket No. M-2019-3012599, at 96 (Order entered Nov. 5, 2019); Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271, Final Order at 107 (April 30, 2026)).

²⁷⁰ OCA Corrected St. 6; OCA M.B. at 121.

²⁷¹ OCA M.B. at 122; OCA Corrected St. 6SR at 6.

²⁷² OCA M.B. at 122-23; OCA Corrected St. 6SR at 6.

²⁷³ UGI M.B. at 117; UGI SIS at 28.

recommendation is contrary to the Commission's previous policy determination found it appropriate to address CAP cost recovery in utility-specific rate cases.²⁷⁴

The Settling Parties propose the following provisions:

UGI Electric's proposal to assign universal service costs to Rate HTP on a negotiated basis is accepted as filed.²⁷⁵

UGI Electric agrees to include a proposal for universal service and DSIC contributions each time it enters into contract negotiations with a Rate HTP customer beginning on the first day of the first month after the Commission enters an order approving the Settlement.²⁷⁶

The terms above do not address the OCA's concerns and testimony regarding UGI's cost recovery of CAP costs. As such, while the OCA acknowledges that the above provisions can be reasonable, the provisions do not go far enough in this case to show that the Non-Unanimous Settlement is in the public interest and will result in just and reasonable rates. Both UGI and OSBA reject the OCA's concerns, UGI in its Main Brief arguments incorporated into its Statement in Support and OSBA in its Statement in Support. OSBA specifically states that the Settling Parties "rejected [the OCA's proposal] because it was unfair and unreasonable to burden small businesses with the costs of a residential-only universal service program."²⁷⁷

While the pandemic and inflation have affected small businesses,²⁷⁸ the OCA has also put forth substantial evidence that residential customers are affected by the same concerns, which is explained in the OCA's Briefs.²⁷⁹ Moreover, the OCA has established that the costs are not solely caused by residential customers, and thus the recovery of those costs should not be limited to residential customers but should instead be allocated to every class. The Settling Parties have not

²⁷⁴ OCA M.B. at 123-24; Final CAP Policy Statement, at 97 (internal notes omitted).

²⁷⁵ Non-Unanimous Settlement ¶ 55.

²⁷⁶ Non-Unanimous Settlement at ¶ 56.

²⁷⁷ OSBA SIS at 5.

²⁷⁸ *Id.*

²⁷⁹ OCA M.B. 18-28, 94-142.

met their burden of proof that the failure to allocate universal service cost recovery to all classes results in a settlement that is in the public interest or will result in just and reasonable rates. The OCA's litigated position on universal service cost recovery is fully substantiated by the record and supported by Commission policy, and as such should be adopted by the Commission in this proceeding.

G. Tariff Cleanup (¶ 57)

The Settling Parties propose the following provision:

UGI Electric will modify its tariff language to clarify that the GS-5 class applies only to customers meeting certain specified public service criteria that have a contract for electric service of one year or more. During FY27, UGI Electric will review all customer accounts taking service pursuant to GS-5 to determine whether customers are appropriately classified, and whether there is an executed contract for service consistent with the requirements of GS-5.²⁸⁰

The OCA does not have a position with respect to this provision. The lack thereof should not be interpreted as support for, approval of, or acquiescence to the provision, nor should it be understood as establishing or carrying forward an OCA position beyond the circumstances of this particular case. The OCA expressly preserves its right to raise, challenge, and litigate the issues addressed by this provision in any other proceeding or case. For all the reasons herein, and for the reasons set forth in the OCA's Main Brief in support of its litigation positions, this Settlement term, when considered with the entirety of the Non-Unanimous Settlement, is not in the public interest and should not be accepted by the Commission.

²⁸⁰ Non-Unanimous Settlement at ¶ 57.

H. Argo Transaction (¶ 58)

The Non-Unanimous Settlement provides the following term relating to the pending proceeding for Argo Infrastructure LLC to acquire UGI Electric:

In the UGI Electric dockets at A-2026-3063610, A-2026-3063612, and A-2026-3063614, UGI Electric will not oppose a requirement that the purchaser of the Company be bound by the terms of this Settlement.²⁸¹

In its Statement in Support, UGI states that this provision “directly responds to a concern raised by I&E that if the Joint Application is approved, the new owner may not be bound by UGI Electric’s existing commitments and obligations, included in the substantial capital investment commitments reflected in the FPFTY.”²⁸² It states that this term is “reasonable and in the public interest.”²⁸³

However, an agreement to “not oppose” is not providing support to such a requirement and does nothing to actually respond to I&E’s concern. Argo may very well oppose any requirement that it would be bound by the terms of this Non-Unanimous Settlement since it was not a party to the Settlement, and this term offers no guarantee that the parties to the Argo Transaction would be able to have Argo be bound by the terms of the Non-Unanimous Settlement if that transaction were to be approved. Indeed, this term underscores the fact that any approval of this Non-Unanimous Settlement may have a short-lived life if the Argo Transaction is approved.

²⁸¹ Non-Unanimous Settlement at ¶ 58.

²⁸² UGI SIS at 30.

²⁸³ *Id.*

V. CONCLUSION

The terms of Non-Unanimous Settlement may be a compromise for the parties who joined the agreement but are inadequate on their face and are not supported by substantial evidence. The Joint Petitioners' failure to support the Non-Unanimous Settlement from an evidentiary standpoint is further compounded because they also have not demonstrated that the terms are in the public interest. As explained above, many of the terms have no supporting basis whatsoever from parties other than UGI. The arguments provided in the attached Statements in Support are lacking a basis in the evidentiary record – and, to the extent UGI relied upon its Main Brief to articulate such arguments, UGI's Main Brief is similarly lacking – to support the terms of the Non-Unanimous Settlement. The Joint Petitioners rely extensively on the mere existence of a settlement to support the Non-Unanimous Settlement, without rising to meet the evidentiary burden placed on the Joint Petitioners.²⁸⁴ The parties' agreement to stop litigating because it suited their needs does not *ipso facto* render the dispute resolved, as the agreement is not one between private parties. Instead, the Commission must find that the agreement is in the public interest and supported by reliable record evidence.

Absent the support of substantial evidence, the Non-Unanimous Settlement cannot be in the public interest or result in just and reasonable rates. The OCA's proposals for the issues contested above and contained in full in its Main and Reply Briefs, are supported by substantial evidence and should be accepted in lieu of adoption of the Non-Unanimous Settlement. As such, the OCA respectfully requests that the Joint Petition for Non-Unanimous Settlement be denied and

²⁸⁴ Notably, the fact of a settlement may be in the public interest to the extent it reduces the litigation cost to ratepayers of continued litigation. Ratepayers save little litigation cost in this proceeding due to the Non-Unanimous Settlement, as litigation continued through the Reply Brief date, and critical issues remain fully contested. The possibility of appellate action on critical issues remains. Accordingly, the OCA submits that ratepayers benefit little from the fact of the Non-Unanimous Settlement, and reliance on the Non-Unanimous Settlement's existence provides little weight to the Joint Petitioners' support for the Non-Unanimous Settlement. More is, and must be, required to conclude that a Non-Unanimous Settlement is in the public interest than the mere fact of its existence.

for the reasons outlined here and its Main and Reply Briefs, that the Commission adopt the litigation position of the OCA.

Respectfully submitted,

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