

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

**UGI Utilities, Inc.- Gas Division, UGI
Utilities, Inc.-Electric Division, UGI
Penn Natural Gas, Inc., and UGI Central
Penn Gas, Inc., Universal Service and
Energy Conservation Plan for 2014-2017
Submitted in Compliance with 52 Pa.
Code § 54.74 and § 62.4.**

Docket No. M-2013-2371824

**Reply Comments of the Pennsylvania Utility Law Project Regarding
UGI Companies Universal Service and Energy Conservation Plan for 2014-2017**



The Pennsylvania Utility Law Project
Harry S. Geller, Esq., PA ID: 22415
Elizabeth R. Marx, Esq., PA ID: 309014
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
pulp@palegalaid.net

INTRODUCTION AND BACKGROUND

On July 1, 2013, UGI Utilities, Inc.- Gas Division (UGI Gas), UGI Penn Natural Gas, Inc. (UGI PNG), UGI Central Penn Gas, Inc. (UGI CPG), and UGI Utilities, Inc.-Electric Division (UGI Electric) (collectively referred to herein as “UGI” or “Company”) filed its Universal Service and Energy Conservation Plan (USECP or “Plan”) for 2014 through 2016 in accordance with the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) regulations at 52 Pa. Code §§ 54.71 - 54.78 and §§ 62.1 - 62.8, relating to electric universal service and energy conservation reporting requirements. On August 1, 2014, UGI filed an amended USECP for 2014-2017 (“Proposed 2014-2017 Plan”). On October 2, 2014, the Commission issued a Tentative Order (“TO”) in which the UGI Proposed 2014-2017 Plan was tentatively approved, consistent with its order, and in which comments to the TO were to be filed within 20 days of the entry of the Order and that reply comments to be filed within 15 days hereafter. On October 22, 2014, comments were filed by UGI, the Office of Consumer Advocate, the Pennsylvania Utility Law Project (PULP.)

In its initial comments, PULP stated that it would review the additional data, explanation and clarification which UGI was directed by the commission to provide and would address those matters in its reply comments. PULP, hereby files these reply comments.

CUSTOMER ASSISTANCE PROGRAM (CAP)

1. CAP Enrollment Ceilings

UGI has accepted the Commission’s proposed resolution to remove limits to CAP enrollment levels for all of its companies and agrees to petition the Commission, subject to associated timely cost recovery, within 90 days of the Commission’s entry of the Final Order in this proceeding. PULP supports this action by UGI. However, PULP notes that the removal of the CAP enrollment ceilings is not in itself sufficient action to address the declining CAP enrollment which was noted in PULP and OCA comments.

2. Update Tariff Language to Reflect the Companies' Administration of LIHEAP

The Companies acknowledge the Commission's concern that the language in the tariff riders should be updated to reflect DPW's current policy and the actual practices of the UGI Companies. The Companies have agreed to the Commission's proposed resolution and will file revised tariffs for UGI Gas, PNG and CPG as directed. PULP supports this action by UGI.

3. UGI's Arrearage Forgiveness Policy

UGI confirms that regardless of CAP payments in arrears, CAP participants will receive each month of forgiveness upon full payment of each CAP bill. The company further clarifies that if a CAP customer is delinquent for three months of payments, and makes catch-up payments for two of those three months, the customer will receive forgiveness for those two months. PULP supports this action by UGI.

4. Clarification that Non-LIHEAP Recipients are Allowed to Remain in the Program and Recertify

UGI clarifies that a customer will not be deemed ineligible for the CAP Program solely on the basis of failure to participate in the LIHEAP program. It further clarifies the recertification process for LIHEAP and non-LIHEAP recipients. PULP believes that the UGI policies as clarified are reasonable and appropriate.

5. Addressing Additional Measures to Remind Customers to Recertify for CAP

The Companies agree with the Commission's proposed resolution and have suggested the inclusion of an additional recertification letter for the month that recertification is due plus an additional agency contact to be scheduled one-month after the customer's anniversary date, with differences in frequency of the notices dependent upon whether the participant is a LIHEAP or non-LIHEAP recipient. PULP believes the UGI suggestion to be reasonable and respectfully requests that in its Final Order the Commission require UGI to incorporate these suggestions into

its USECP. That being stated, PULP submits that these measures alone are insufficient to address the low level of CAP enrollment.

6. Policy and Procedures for Addressing Zero Income

The Companies have agreed to the Commission's proposed recommendation and will adopt the zero-income verification process outlined by Duquesne's 2014-2016 USECP. PULP submits that the UGI proposal is a reasonable action. However, as of this date, Duquesne has not had sufficient experience with its proposed policy to make a determination as to its effect upon program applicants and participants with zero income. PULP therefore respectfully submits that it is reasonable that UGI be directed to administer its policy so that it not be cumbersome to the individual, to monitor its process to ensure that it does not impose any financial and logistical burdens on applicants for, or recipients of, CAP who lack resources and that it report to the Commission as part of its next triennial filing, the number of individuals requested to complete the zero income form and the number who have successfully done so.

7. Impact of CAP Credit Maximum on UGI's Annual CAP Budgets

PULP has reviewed the UGI comments regarding its proposal to eliminate the maximum limit of CAP credits a customer can receive each year. These comments were submitted in response to the TO and to Commissioner Cawley's associated statement, entered into the record on October 2, 2014. Upon review of the UGI comments and the supporting data, PULP submits that the UGI proposal to eliminate the maximum limit of CAP credits a customer can receive each year is well reasoned, supported by substantial data, prudent, and an appropriate step in the public interest consistent with the goals of universal services to effectively and efficiently assist those customers most in need to better afford and maintain essential utility service. In sum, the proposal is in the interest of both CAP and non-CAP residential customers.

UGI proposed this action based upon a recommendation by the independent evaluator, APPRISE, after the 2012 APPRISE evaluation showed that the mean energy burden for 2010 CAP enrollees with income below 50% FPL was 16 percent in the year after program enrollment. This amount far exceeded Commission guidelines for CAP participants.¹ Consistent with the observations and experience of other CAP programs in the Commonwealth and elsewhere, the UGI Companies have not seen any noticeable cases of intentional excessive energy use from its CAP customers. Furthermore, in responding to the Commission's concerns, the Companies do not anticipate an increase to its annual CAP budget, proposed in Appendix A to the Plan, due to the elimination of CAP credit limits.

PULP has observed, as a result of its significant experience representing low-income residential utility customers, that it is the lowest income CAP participants who are most significantly negatively affected by imposition of individual maximum CAP credits. Our experience corroborates the APPRISE finding and supports the proposal of UGI to eliminate individual maximum CAP credits and simultaneously focus on identifying high-usage customers for LIURP.

PULP has noted that an unintended consequence of applying a maximum CAP credit level is that the lowest income CAP participants disproportionately reach their maximum credit level first and are most often without CAP payment assistance for longer periods. All factors, other than poverty level, being equivalent, a lower income household with equal usage, will reach its individual maximum CAP credit level earlier than a similarly situated household at a higher poverty level. The result, although unintended, creates significant hardship. To rectify this, the

¹ The Commission standards established for gas heating participants are as follows: 0 - 50% of poverty, 5%-8% of income; 51 - 100% of poverty: 7%-10% of income; 101 - 150% of poverty, 9%-10% of income. APPRISE Universal Service Evaluation at 93.

two-pronged approach proposed by UGI: elimination of individual maximum CAP credits and simultaneously identifying high-usage customers for LIURP is an effective and efficient approach to addressing the unacceptably high energy burdens of the lowest income CAP participants.

Furthermore, PULP submits that the dual approach which UGI proposes, that of providing focused LIURP services to the lowest income high usage CAP customers while simultaneously eliminating individual maximum CAP credits is an appropriate integration of universal service programs. Both steps are needed. This is not a situation of choosing one as opposed to the other.

This is especially so in this case. As UGI points out:

...this increased LIURP focus on the Companies' poorest customers is **not expected, in itself, to reduce their energy burden to levels deemed acceptable by the Commission.** Considering that eliminating the maximum CAP limit is not anticipated to have a materially detrimental impact on the Companies' non-CAP customers, the Companies maintain that elimination of the maximum CAP limit is the most prudent course of action. The Companies will evaluate the effectiveness of removing the maximum CAP limits in the Companies' next triennial USECP.²

PULP therefore believes that UGI has provided substantial support and documentation for its proposal to eliminate maximum CAP credits and requests that the Commission approve this aspect of UGI's USECP while at the same time directing that in its next triennial USECP, UGI report on the results of its evaluation concerning the effect on:

- a) program costs,
- b) reducing energy burdens in excess of commission guidelines, and
- c) assisting those at or below 50% FPL maintain service.

8. CAP and LIURP Enrollment Levels

Both OCA and PULP addressed the issue of CAP enrollment levels. PULP noted great concern that the enrollment levels at UGI Gas and UGI PNG indicate that the company has experienced

² UGI comments to TO at 11 (emphasis added.)

declining CAP enrollments and OCA noted that “the needs assessment demonstrates that there is a significant continuing need for assistance in the UGI Companies’ service territories.”³ At the direction of the Commission, the Companies submitted a Projected Needs Assessment with revised LIURP figures as APPENDIX B to its Comments. At footnote 28, the Companies state:

While the Companies have agreed with the Commission’s proposed recommendation to eliminate CAP enrollment limits, the Companies do not anticipate that the current ceilings will be exceeded during the program period of 2014 – 2017 and have therefore retained previously-provided figures for their Needs Assessment.

PULP will not repeat its comments to the TO concerning declining and inadequate CAP enrollment levels, which are incorporated herein. However it draws the Commission’s attention to UGI’s use of questionable and potentially inaccurate figures to develop its CAP and LIURP needs assessment for its Proposed Plan. Row 3, APPENDIX B, regarding identified payment troubled low-income customers is identical to the numbers found in row 4, regarding estimated payment troubled low-income customers:

	<u>UGI Gas</u>	<u>UGI PNG</u>
3. Number of Identified Payment-Troubled, Low-Income Customers	23,755	14,348
4. Estimate of Number of Payment-Troubled, Low-Income Customers	23,755	14,348

Common sense dictates that it is questionable and unlikely that UGI Gas and UGI PNG have each identified **all** the payment troubled low-income customers within their respective service territories so that there is no room for estimating that others exist. Furthermore, UGI’s contention that a “saturation”⁴ effect in the UGI Gas service territory has lead to a reduced number of eligible LIURP projects must be assumed to be suspect when it is apparently based on

³ OCA Comments to TO, at 5.

⁴ UGI Comments to TO at 20.

the circular reasoning that all the payment troubled low-income customers we have identified are all that exist.

The issue of what are the appropriate universal service needs of the low-income customers in the UGI Gas and UGI PNG service territories is basic. Accurate needs assessments are essential for the Commission to fulfill its statutory responsibility to ensure that universal service and energy conservation services are appropriately funded and available in each utility distribution territory.⁵

PULP respectfully submits that declining CAP enrollments and reduced LIURP jobs, combined with potentially inaccurate or incomplete needs assessments, raise relevant material factual issues, and respectfully requests that the matter of determining the actual need for LIURP and CAP in the UGI Gas and UGI PNG service territories be referred to the OALJ for hearing and decision.

9. Conservation Pilot Program

In its USECP the Companies proposed to discontinue their Conservation Pilot Program, intended to use up to 5% of the Companies' LIURP funds toward energy conservation measures for housing of low-income or transitional populations. In the TO, the Commission proposed to allow the UGI Companies to discontinue the Conservation Pilot Program and to reallocate any remaining funding back into the general LIURP budget. The Commission requested additional details regarding expenditures for this Pilot and explanation of why the Companies funded the same and sole organization, Berks Women in Crisis, for multiple years. PULP does not oppose the discontinuation of the Pilot and fully supports the reallocation of any remaining funds back into the general LIURP budget. However, after reviewing UGI's comments as well as PULP's direct knowledge as a result of contact with women who have had need for bridge housing and

⁵ 66 Pa.C.S. §§ 2203(8) and 2804(9); TO at 2.

shelter such as provided by Berks Women in Crisis, we note that UGI deserves credit for promoting an innovative and commendable partnership. PULP supports such potential partnerships and encourages UGI to continue to explore ways to develop other funding and to continue to attempt to support such beneficial programs.

Conclusion

PULP thanks the Commission for the opportunities to submit comments and reply comments regarding the UGI Proposed Plan for 2014-2017 and the October 2, 2014 TO and respectfully requests that the Commission, adopt and make final PULP's recommendations and statements of support contained therein.

Further, PULP respectfully requests that the Commission require UGI to:

- a. Submit appropriate information and analysis and modify its Needs Assessment,
- b. Appropriately increase CAP enrollment targets and LIURP jobs in accord with an accurate Needs Assessment, and
- c. Increase the respective budgets of CAP and LIURP to be capable of meeting the actual needs of low-income customers within the respective UGI company service territories.

In the absence of commission receipt of appropriate and accurate information and analysis, PULP respectfully requests that the matter of determining the actual need for LIURP and CAP in the UGI Gas and UGI PNG service territories be referred to the OALJ for hearing and decision.

Respectfully,

Harry S. Geller, Esq.
Elizabeth R. Marx, Esq.
Pennsylvania Utility Law Project
pulp@palegalaid.net

November 6, 2014

shelter such as provided by Berks Women in Crisis, we note that UGI deserves credit for promoting an innovative and commendable partnership. PULP supports such potential partnerships and encourages UGI to continue to explore ways to develop other funding and to continue to attempt to support such beneficial programs.

Conclusion

PULP thanks the Commission for the opportunities to submit comments and reply comments regarding the UGI Proposed Plan for 2014-2017 and the October 2, 2014 TO and respectfully requests that the Commission, adopt and make final PULP's recommendations and statements of support contained therein.

Further, PULP respectfully requests that the Commission require UGI to:

- a. Submit appropriate information and analysis and modify its Needs Assessment,
- b. Appropriately increase CAP enrollment targets and LIURP jobs in accord with an accurate Needs Assessment, and
- c. Increase the respective budgets of CAP and LIURP to be capable of meeting the actual needs of low-income customers within the respective UGI company service territories.

In the absence of commission receipt of appropriate and accurate information and analysis, PULP respectfully requests that the matter of determining the actual need for LIURP and CAP in the UGI Gas and UGI PNG service territories be referred to the OALJ for hearing and decision.

Respectfully,



Harry S. Geller, Esq.
Elizabeth R. Marx, Esq.
Pennsylvania Utility Law Project
pulp@palegalaid.net

November 6, 2014