

Revised Universal Service and Energy Conservation Plan
UGI Gas · UGI PNG · UGI CPG · UGI Electric
January 1, 2014 through December 31, 2017
Amended Pursuant to Final Order entered January 15, 2015 - Docket No. M-2013-2371824



UGI Utilities, Inc. – Gas Division
UGI Utilities, Inc. – Electric Division
UGI Penn Natural Gas, Inc.
UGI Central Penn Gas, Inc.

Revised Universal Service & Energy Conservation Plan
For the Four-Year Period
January 1, 2014 – December 31, 2017
Amended Pursuant to Final Order Entered January 15, 2015 – Docket No. M-2013-2371824

Filing Date: ~~August 1, 2014~~ February 17, 2015

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I. INTRODUCTION

UGI Utilities, Inc. – Gas Division (“UGI Gas”), UGI Utilities, Inc. – Electric Division (“UGI Electric”), UGI Penn Natural Gas, Inc. (“UGI PNG”) and UGI Central Penn Gas, Inc. (“UGI CPG”) (collectively referred to herein as the “UGI Companies” or the “Companies” and individually as a “UGI Company”) hereby jointly submit this Revised Universal Service and Energy Conservation Plan for the four-year period January 1, 2014 through December 31, 2017 (the “Revised Plan” or “Revised 2014-2017 USECP”) to the Pennsylvania Public Utility Commission (“PUC” or “Commission”) for its review and approval in accordance with the Commission’s *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code §§ 54.71 – 54.78 and §§ 62.1 – 62.8. ~~The 2014 2017 USECP is intended to replace and supersede¹ The Revised Plan has been modified pursuant to the Final Order entered January 15, 2015 at Docket No. M-2013-2371824 (“Final Order”). The Revised Plan replaces and supersedes~~ the UGI Companies’ Universal Service and Energy Conservation Plan for the three-year period of January 1, 2011 through December 31, 2013 (the “2011-2013 USECP”) previously approved by the Commission by Final Order entered October 31, 2011 at Docket No. M-2010-2186052.⁺

This 2014-2017 USECP sets forth the rules, terms and conditions and funding levels under which the UGI Companies will administer their universal service and energy conservation programs and policies (“Universal Service Programs” or “USPs”) to eligible customers for the period of January 1, 2014 through December 31, ~~2017~~,2017. Appendix A of the Plan sets forth the committed funding levels and budgets for each of the UGI ~~Company~~Companies during this time period.² Appendix B of the Plan sets forth the projected needs assessment for UGI Gas and UGI PNG as required by the Commission’s regulations at 52 Pa. Code § 62.4(b)(3).²³

¹ Section 54.74 and 62.4 of the Commission’s regulations require a natural gas distribution companies and electric distribution companies to submit an updated universal service and energy conservation plan every three years to the Commission for approval. The UGI Companies originally filed for the Commission’s review and approval of the 2014-2016 USECP on July 1, 2013. Per the Commission’s June 27, 2014 Secretarial Letter, which established a new USECP filing schedule and independent evaluation schedule and provided a partial, one-time Commission waiver of the three year requirement, the UGI Companies re-filed the USECP on August 1, 2014, including an additional plan year, ending December 31, 2017, and other updates as needed.

⁺ ~~Section 54.74 and 62.4 of the Commission’s regulations require a natural gas distribution company and electric distribution companies to submit an updated universal service and energy conservation plan every three years to the Commission for approval. The UGI Companies originally filed for the Commission’s review and approval of the UGI Companies’ 2014 2016 USECP on July 1, 2013. Per the Commission’s June 27, 2014 Secretarial Letter, which established a new USECP filing schedule and independent evaluation schedule and provided a partial, one-time Commission waiver of the three year requirement set per 52 Pa Code §54.74 and §62.4, the UGI Companies hereby re file the USECP on August 1, 2014, including an additional plan year, ending December 31, 2017, and other updates as needed.~~

² The LIURP funding level for UGI Gas in Appendix A may change as the result of pending settlement discussions, or administrative hearing, as set forth in the Final Order.

²³ UGI CPG is not required to conduct a projected needs assessment since it serves fewer than 100,000 residential accounts. See 52 Pa. Code § 62.7. Likewise, UGI Electric is not required to conduct a projected needs assessment since it serves fewer than 60,000 residential accounts. See 52 Pa. Code § 54.77.

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Appendices C & D provide a list of third-party, community-based organizations (“CBOs”) to be utilized by the UGI Companies to assist in administering the Universal Service Programs. Appendix E sets forth the UGI Companies’ notification process to prompt customers to recertify for CAP. Appendix F provides the Zero Income form to be used prospectively for CAP.

UGI Gas, UGI PNG and UGI CPG ~~are each~~ ~~is~~ a “public utility” and a “natural gas distribution company” (“NGDC”) as those terms are defined under the Public Utility Code, 66 Pa.C.S. §§ 102 and 2202, subject to the regulatory jurisdiction of the Commission. Each provide natural gas distribution service and ~~purchase~~~~purchased~~ gas cost (“PGC”) service to customers located in their respective certificated service territory. In particular, as of ~~June 30, December 31,~~ 2014, UGI Gas provides natural gas service to approximately ~~362,997~~370,491 total customers located in 15 counties in eastern Pennsylvania, which includes approximately ~~326,058~~335,801 residential customers.

As of ~~June 30, December 31,~~ 2014, UGI PNG provides natural gas service to approximately ~~164,096~~ ~~retail~~167,385 total customers located in 13 counties in Pennsylvania, which includes approximately ~~147,790~~151,874 residential customers. The service territory is somewhat densely populated in and around the Cities of Wilkes-Barre, Scranton and Williamsport but otherwise consists of sparsely populated rural or suburban communities.

As of ~~June 30, December 31,~~ 2014, UGI CPG provides natural gas service to approximately ~~79,463~~ ~~retail~~81,522 total customers located in 35 counties in Pennsylvania, which includes approximately ~~68,740~~69,693 residential customers. The service territory is sparsely populated and non-integrated, as it is composed of mostly rural or distant suburban communities.

UGI Electric is a “public utility” and an “electric distribution company,” as those terms are defined under the Public Utility Code, 66 Pa.C.S. §§ 102 and 2803, subject to the regulatory jurisdiction of the Commission, and providing electric distribution, transmission and default service electric supply services to customers located in its certificated service territory. As of ~~June 30, December 31,~~ 2014, UGI Electric furnishes electric distribution service to approximately ~~61,822~~62,003 total customers located in portions of two northeastern Pennsylvania counties (Luzerne and Wyoming counties), which includes approximately ~~54,228~~55,828 residential customers.

II. 2014-2017 USECP OVERVIEW

A. SUMMARY OF THE REVISED 2014-2017 USECP

To assist low-income and payment troubled customers located in their service territories, the UGI Companies have established Universal Service Programs in accordance with the Commission’s regulations and consistent with this Revised Plan. The UGI Companies’ Universal Service Programs include the following:

- Customer Assistance and Referral Evaluation Services (“CARES” or the “CARES

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Program”);

- Hardship Fund or the “Operation Share Energy Fund”;
- Customer Assistance Program (“CAP”); and
- Low Income Usage Reduction Program (“LIURP”).

The UGI Companies also actively encourage payment-troubled, low-income customers to apply for grants from the Low-Income Home Energy Assistance Program (“LIHEAP”).

In 2013, the UGI Companies assisted approximately 57,500 residential customers through its Universal Service Programs. The total number of participants by program for UGI Gas, UGI Electric, UGI PNG and UGI CPG in 2013 was as follows: (CAP customer counts are as of 12/31/13)⁴

Number of Participants	CAP	LIURP	CARES (*)		Hardship Fund	Total
			Cares referral	LIHEAP recipients		
UGI Gas	4,491	78	14	17,917	656	23,156
UGI PNG	4,316	159	13	15,755	978	21,221
UGI CPG	1,745	88	2	6,607	320	8,762
UGI Electric	1,770	34	7	2,304	200	4,315
Total	12,322	359	36	42,583	2,154	57,454

(*)CARES consists of number of CARES customer and # of LIHEAP (Cash and Crisis) recipients

A summary of the UGI Companies’ program expenditures for the Universal Service Programs in 2013 is found below:

Annual Cost	CAP	LIURP	CARES	Hardship Fund	Total
UGI Gas	\$3,176,112	\$438,032	\$74,041	\$6,540	\$3,694,725
UGI PNG	\$2,852,339	\$957,294	\$33,766	\$9,730	\$3,853,129
UGI CPG	\$1,260,146	\$464,041	\$18,216	\$3,110	\$7,547,854
UGI Electric	\$1,286,727	\$114,622	\$10,036	\$2,000	\$1,413,385
Total	\$8,575,324	\$1,973,989	\$136,059	\$21,380	\$16,509,093

The UGI Companies provide residential customers with information on available programs and assist them in receiving assistance from CBOs. Information about the USPs is

⁴ [Data for calendar year 2014 has not yet been tabulated.](#)

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delivered to customers via regular bill inserts and through the UGI Companies' employees when appropriate. The UGI Companies have a special toll-free telephone number that customers can call to get program information.

In addition, the UGI Companies have dedicated employees who are trained and committed to ensuring eligible customers are referred to all appropriate Universal Service Programs ("USP Staff") in order to provide the greatest benefits to customers. The USP staff is structured as follows:

- Manager, Customer Accounting Services (1 full time) and Customer Outreach Supervisor (1 full time): Responsible for the supervision of the group and all reporting requirements.
- Senior Customer Outreach Representative (2 full time): Primarily responsible for tracking vital data statistics and oversight of UGI's CBOs.
- Customer Outreach Representatives (7 full time): Responsible for the day to day operations of LIURP, CAP, Operation Share Fuel Fund and LIHEAP. Each maintains daily contact with the CBOs responsible for the administration of each program.
- Data Analyst (1 full time): Responsible for the reporting aspects associated with Universal Service Programs.

The UGI Companies contract with CBOs to assist the USP Staff in customer referrals and administration of the USPs. Together, the USP Staff and the CBOs have the capability to screen, enroll and refer customers for all available Universal Service Programs. The USP Staff incorporates all Universal Service Program referrals into existing processes (Cold Weather Interim Procedure ("CWIP"), collection, compliance and contract management). The USP Staff also coordinates and makes referrals to all Universal Service Program components, as well as LIHEAP and State Weatherization.

B. SUMMARY OF CHANGES TO PLAN

As required by Section 62.4 of the Commission's regulations, 52 Pa. Code § 62.4, this section of the Plan describes the ~~proposed~~ modifications and enhancements made to the ~~USPs contained in the Commission-approved~~ Companies' 2011-2013 USECP as approved by the Final Order. As part of the 2011-2013 USECP, the UGI Companies' consolidated their Universal Service Programs into a joint, unified plan so that the programs may be commonly-managed among the affiliated UGI Companies. The UGI Companies believe that having a commonly-managed, unified plan has fostered administrative efficiencies and enhanced the programs in order to better serve the needs of low-income and payment-troubled customers located in the services territories of the UGI Companies. The UGI Companies continue this unified approach in their 2014-2017 USECP. Set forth below is a description of the changes

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made to the individual Universal Service Programs.

1. The CARES Program

No major changes ~~are being proposed for~~ will be made to this program.

2. Operation Share Energy Fund

The UGI Companies ~~propose will make~~ the following changes to the Operation Share Energy Fund:

- Consistent with the other UGI Companies, a matching funds component has been added to the UGI CPG Hardship Fund.
- The contributions or donations made by each UGI Company to the Operation Share Energy Fund will be based upon low-income demographics within its customer base.

3. CAP

The ~~UGI Companies propose~~ 2014-2017 Plan includes several changes to ~~the~~ CAP, including:

- In accordance with the Final Order approving the UGI Companies' USECP, the Companies will petition to remove the CAP enrollment limits, subject to associated timely cost recovery approval as well, for all of the UGI Companies within ninety (90) days of the Final Order;
- Setting eligible customer CAP monthly bill amounts based on a percent of income basis or the customer's average monthly bill, whichever is lower~~;~~;
- Requiring participating administering CAP agencies to identify high ~~use~~ CAP customers and potential CAP participants to provide these customers with an energy education session to assist the customer in understanding their current usage patterns and to provide helpful energy conservation to the CAP customer~~;~~;
- Improving the UGI Companies' ability to monitor agency performance by providing additional information and routine metrics for the agency to meet.
- CAP eligibility will now include a review of previous CAP customers that have defaulted from the program. If the reason for default has been cured, the customer will be again CAP eligible. However, those customers who voluntarily remove themselves from CAP will not be eligible again until after a one-year waiting period~~;~~;
- Revising the recertification process to require only non-LIHEAP recipients to recertify annually and all LIHEAP recipients (when income levels for LIHEAP and

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CAP are equal) to recertify for CAP every three years;

- Eliminating the bi-monthly requirement of meter readings due, in large measure, to the installation of electronic meter reading devices;
- The UGI Companies will not apply pre-program arrearage forgiveness if the customer's account balance is a credit or if the forgiveness will result in a credit. However, the forgiveness will be held and applied to the account when it will not result in a credit to the customer;
- Establishing a minimum Pre-program Arrearage Forgiveness amount of \$10.00 per month;
- Simplifying the application of CAP credits by applying the credit monthly; and
- Eliminating the maximum CAP credit. This will improve availability of UGI's CAP program because this change eliminates the need for a customer to have a monthly CAP payment amount based on usage. UGI has not seen any noticeable cases of intentional excessive energy use which was the primary reason for this maximum limit. In addition, the UGI Companies have now included specific controls to monitor and follow up on excessive usage by CAP participants. The Companies will monitor the effect of the elimination of the maximum CAP credit and report on the effect to the Bureau of Consumer Services on April 1st of each year, beginning in April 2016.

~~If the Commission approves the proposed changes to CAP, as summarized above and discussed in more detail below, the Companies respectfully request an implementation time frame of six months from the date of the Commission's approval in order to allow the Companies to make all~~ As per the Final Order approving the above changes; the Companies will implement the above changes within six months of the entry of the Final Order. This six-month time period is needed to implement necessary system programming changes. ~~to implement the approved CAP changes.~~

4. LIURP

The 2014-2017 Plan includes the following changes ~~are proposed~~ to the LIURP program ~~since the 2011-2013 USECP approved by the Commission:~~

- UGI Gas ~~proposes to will~~ eliminate the Conservation Pilot Program due to a lack of program interest.
- UGI Gas ~~proposes to will~~ make the Rehabilitation Pilot Program a permanent part of the LIURP program and to extend it to all UGI Companies. This long term pilot

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program has been successful and provided tangible benefits to the UGI Gas customers that received services.

C. NEEDS ASSESSMENT

As required by 52 Pa. Code § 62.4(b)(3), UGI Gas and UGI PNG submit a needs assessment ~~based on 2012 figures~~ in Appendix B of this Plan. The needs assessment has been revised pursuant to discussion with and the consensus of all active parties in the USECP proceedings at Docket No. M-2013-2371824. The needs assessment is based on 2012 census data and 2014 UGI company records. Pursuant to 52 Pa. Code §§ 54.77 and 62.7, ~~natural gas distribution companies~~ EDCs and NGDCs with less than 100,000 residential customers are not required to submit a needs assessment; therefore, UGI Electric and UGI CPG have not submitted a needs assessment.

~~As demonstrated in Appendix B, UGI Gas confirms that 39,571 households in its service territory are low-income customers and estimates, using the most recent census data, that 84,809 households are low-income. To ensure that CAP is appropriately funded and available pursuant to 66 Pa.C.S. § 2203(8), UGI Gas proposes to support enrollment of up to 10,000 customers consistent with funding levels approved by the Commission in Docket No. P-2008-2066708.~~

~~UGI PNG confirms that 25,967 households in its service territory are low-income customers and estimates, using the most recent census data, that 48,409 households are low-income. To ensure that CAP is appropriately funded and available pursuant to 66 Pa.C.S. § 2203(8), UGI PNG proposes to support enrollment of up to 7,500 customers consistent with funding levels approved by the Commission in Docket No. R-2008-2079660.~~

~~In the event it becomes reasonably likely that actual enrollment levels will exceed the above-specified proposed maximum enrollment limits, UGI Gas and UGI PNG will file a petition seeking authority to increase the maximum enrollment limits to ensure that: (1) the actual needs of low-income, payment-troubled customers for affordable CAP payments are met; and (2) the applicable UGI Company is provided reasonable assurance of recovery of the associated incremental costs under the applicable UGI Company's current CAP cost recovery mechanism.~~

III. THE CARES PROGRAM

A. DESCRIPTION OF THE CARES PROGRAM

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1. Goals and Objectives

The goal of the CARES Program is to provide personal assistance and referrals to payment-troubled customers and to help improve their delinquent bill payment problems. The CARES Program identifies special needs customers and guides them to the appropriate program or agency. CARES concentrates on, but is not exclusively for, the low-income segment that may lack the knowledge of energy conservation, budget counseling and fuel assistance programs. Unlike other USPs administered by the UGI Companies, the CARES Program is geared toward the customer who has a temporary, immediate need, such as loss of income, loss of head of household, illness or any other temporary situation resulting in an inability to pay. CARES is intended to be a short-term assistance referral program to guide a customer through a difficult time and to help inform and educate them about the available assistance. The CARES Program also provides extensive LIHEAP outreach to help increase awareness of the program and encourage all eligible households to apply for grants.

2. Program Design

The CARES Program was developed as an outreach and referral service to assist customers with special needs or hardships. CARES is available to any residential customer who is confronted with a temporary hardship that could result in the loss of utility service. Assistance is obtained through the UGI Companies' programs and the established network of social agencies throughout each of the UGI Companies' service territories. CARES is designed to help a select group of customers with special circumstances, which may include, among other things, the need for help in paying their utility bill or assistance from a social agency. The UGI Companies offer information, guidance and referrals to obtain energy assistance and other social help programs from the Customer Outreach Department. Each CARES customer may receive an informational brochure mailing. The brochure contains educational material on each of the assistance programs offered in its service territory, eligibility guidelines to participate in the applicable service territory and contact information for local community- based organizations located in its service territory.

At appropriate times of the year, eligible CARES customers receive information on additional Customer Outreach programs, such as LIHEAP, LIURP, CAP, and the Operation Share Energy Fund.

B. ELIGIBILITY CRITERIA

Any residential customer with a delinquent balance or a negative ability-to-pay may be eligible for CARES. In addition, a customer with a special need, such as, for example, recent unemployment, disability, loss of head of household, inability to understand their bill, temporary illness or need for senior citizen assistance, is also eligible for CARES.

C. INTAKE / NETWORKING

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Customer Outreach employees maintain contact with CBOs through referrals and educational services. Upon request, employees organize and/or conduct community meetings and workshops to educate customers in energy conservation and to increase public awareness of the various CARES Program services. Presentations are made throughout the service territory and brochures and literature are distributed to communicate the social services that are available to customers. Employees maintain communication with appropriate professional and local organizations to strengthen skills and remain current on local issues.

D. BUDGET

See Appendix A for the UGI Companies' budgets for the CARES program.

IV. THE OPERATION SHARE ENERGY FUND

A. PURPOSE & OBJECTIVES

A number of reasons, foreseen and unforeseen, could potentially affect the ability of customers to pay their bills. The UGI Companies' hardship fund – Operation Share Energy Fund – has been formed for the purpose of providing assistance to residential customers faced with a hardship in paying their energy bill due to an unforeseen situation. To achieve its purpose, the Operation Share Energy Fund includes the following objectives:

- to provide customers, employees and the public an opportunity to contribute money to help their less fortunate neighbors who are unable to pay their energy bills due to unforeseen circumstances;
- to give financial assistance to current customers that have fixed- or low- incomes, are unemployed, disabled or faced with some catastrophic event;
- to show the UGI Companies' compassion for the group of customers who are suddenly faced with a crisis situation and need temporary assistance to get back on their feet; and
- to provide additional funds and support to community organizations that are dedicated to this same purpose.

B. FUNDING

See Appendix A for a description of each of the UGI Companies' funding for this hardship fund.

C. ADMINISTRATION

The Operation Share program is administered by the Companies' USP Staff using the

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Customer Outreach System (“COS”). The COS provides customer information, such as eligibility criteria, account balance, recent bills and payments. The UGI Companies contract with CBOs that have the ability to process grants using web-based applications, which then use the account information from the COS to determine the amount of grant awarded to the customer. The COS also maintains the financial aspects of the program.

A specific role is established in the COS for the representative that has the final authority to approve or deny assistance for a customer. This designated person is responsible for the Operation funds assigned to a CBO. The UGI Companies’ personnel will not participate in the determination of grants, other than to refer applicants to the CBO for consideration.³⁵

Operation Share Energy Fund is designated as a public charity under section 501(c)(3) of the Internal Revenue Code.

D. ELIGIBILITY

The guidelines for grants from Operation Share should be administered with sufficient flexibility to provide the assistance intended by the program. In order to assure fair treatment of all applicants, however, the following guidelines must be followed (unless one of the UGI Companies or the CBOs agree to waive or modify a guideline in extraordinary circumstances):

- the customer must have a residential account with one of the UGI Companies’ service territories and the customer’s premise is the customer’s primary residence;
- the customer must have an active heating or non-heating utility account;
- the customer must not have received an Operation Share grant in the last 12 months;
- the customer must have an outstanding balance on their utility bill;
- the maximum income of the customer’s household must be at or below the current federal poverty income guidelines (“FPIG”) of 200%;
- the customer must provide adequate information to demonstrate inability to pay energy bills;⁴⁶
- customers for Operation Share with delinquent balances must first contact the Credit Department to discuss their options; and
- an active participant in the CAP is not eligible for Operation Share assistance.

Residential accounts with the following indicators are not eligible for this program:

³⁵ There are some occasions where personnel will approve Operation Share on a customer's behalf, for example, in the instance of a legislative request to supplement LIHEAP grants.

⁴⁶ Necessary information includes evidence of income ~~and expenses~~ of all members of the household. In addition, the applicant will authorize the CBO (verbally or written) to obtain account history information from their energy vendor. There is no requirement that each household member must verify household expenses as part of the Operation Share application process.

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- health care facilities;
- landlord/tenant (account is in the landlord's name);
- ratepayer/occupant (the ratepayer does not reside at the property);
- foreign load (one meter supplies more than one unit);
- theft of service; and
- Landlord if Shut-off (“LIFSO”) agreement (account is in the owner's name).

In order to assure fair treatment of all customers, the following amounts represent the maximum grant to be awarded per eligible customer in each of the UGI Companies’ service territories:

Company	Maximum Amount
UGI Gas	\$400
UGI PNG	\$400
UGI CPG	\$400
UGI Electric	\$400

The UGI PNG and UGI CPG agencies may still contain some additional funds from the Tennessee Gas Pipeline Gas Settlement Proceeds, as approved in Docket No. P-2009-2149107. When the Tennessee funds are no longer available, at the agency level, the grant amounts will be consistent at \$400. If an agency still has some additional Tennessee dollars, those agencies will be notified, and until those funds are no longer available, they will be able to grant amounts up to and including \$800.

E. PAYMENT OF GRANTS

The designated CBO is granted a maximum amount against which vouchers can be written. So long as the CBO’s maximum amount is not exceeded, a voucher may be written and will be honored by one of the UGI Companies for the payment of the applicant’s bill.

All cash funds must be retained by the CBO in its Operation Share account and payments from this account shall only be made to the UGI Companies. Under no circumstances will any payments be made directly to a customer.

F. BUDGET

See Appendix A for a more detailed discussion of the available budgets for this program for each of the UGI Companies.

V. CUSTOMER ASSISTANCE PROGRAM (CAP)

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A. INTRODUCTION

CAP ~~will provide up to a total of 26,000~~ provides all eligible low-income, payment-troubled residential customers that reside in the service territories of the UGI Companies a more affordable way to pay their natural gas or electric bill.

~~The table below shows the proposed~~As memorialized in the Final Order, the UGI Companies have agreed to petition the Commission to remove limits of CAP enrollment levels for all of its companies, subject to associated timely cost recovery approval, within 90 days of the Commission’s entry of the Final Order. Until the Commission rules on that petition, the table below shows the current applicable enrollment limits, ~~consistent with Commission-approved funding levels~~, for each of the UGI Companies:

Company	Maximum CAP Customer Enrollment
UGI Gas	10,000
UGI Electric	2,500
UGI PNG	7,500
UGI CPG	6,000
Total	26,000

Each month, CAP participants will be billed an equal CAP payment amount based on the participant’s gross income or average bill⁵⁷, depending on which ~~ever~~ option provides the most affordable monthly CAP payment. The program will focus on encouraging energy conservation and responsibility as a utility customer. The UGI Companies intend to monitor participating customers’ progress while in the CAP Program.

CAP will be administered by CBOs, listed in Appendix C of this Plan (the “CAP Administering Agencies”), which report to the CAP Program Administrator, as designated by a representative of the UGI Companies.

B. FUNDING

See Appendix A for a more detailed description of CAP funding for each of the UGI Companies.

C. ADMINISTERING AGENCIES

⁵⁷ A customer’s average bill will be determined based upon twelve-months of historical usage for the residence or, if usage data is not available for the residence, the customer’s average bill will be set using the average bill for all residential customers.

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The UGI Companies work with a variety of CAP Administering Agencies, which are listed in Appendix C of this Plan. In addition, the UGI Companies attempt to maintain a directory of the Community Based Organizations that serve as a referral source and may be added as a potential contracted agency in the future.

With the help of the COS, the CAP Administering Agencies are responsible for taking the following steps to enroll customers in the CAP⁶⁸:

- verify the application is complete and consent has been obtained;
- properly complete the CAP enrollment;⁷⁹
- verify eligibility, proof of identification, proof of income and family size;
- assist applicant to properly complete LIHEAP and other grant applications;
- fully explain the program benefits and responsibilities to the customer;
- discuss the payment amount, based on guidelines provided by the UGI Companies; and
- confirm customer's acceptance in the program.

The CAP Administering Agencies will also provide customer education in the areas of:

- usage reduction education consistent with that outlined in LIURP below;
- low cost/no cost energy conservation tips;
- basic household budget counseling; and
- related items specific to the individual applicant's needs, including providing an energy education sessions for customers who historically have an above usage.⁸¹⁰

The CAP Administering Agencies will also be responsible for: (1) referring participant's to any other assistance, social, or governmental programs that may provide help for any other present needs; (2) monitoring each account monthly based on the UGI Companies' prompted tasks on the COS, such as past due phone calls and recertification; and (3) providing energy education sessions to above average usage customers.

Finally, while the CAP Administering Agencies will be responsible for processing the annual recertification of all requirements, the UGI Companies themselves will process appeals for reconsideration from participants removed from CAP within 30 days.

⁶⁸ The Companies' USP Staff also enroll eligible customers into the CAP program.

⁷⁹ The CAP enrollment process will include application completion via telephone or mail when an in person visit is not required or feasible.

⁸¹⁰ As discussed below, the UGI Companies will monitor CAP customer usage and implement controls to avoid excessive CAP customer usage.

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D. MONITORING

The UGI Companies will provide routine information and metrics to the CAP Administering Agency pertaining to the performance of the administration of the program. In addition, the UGI Companies will make routine visits to the agencies and will also conduct annual training updates for CAP caseworkers. Further, the UGI Companies will audit agency performance by reviewing: enrollments, re-certifications, and completed tasks. The audit will include confirmation that the appropriate paperwork is signed and when required, income verification and customer identification were obtained. The COS will maintain specific agency statistics such as: number of program participants; percentage of CAP customers that are past due; and an active list of customers that require re-certification.

E. EVALUATION

As required by the Commission's regulations, 52 Pa. Code § 62.6, both a program process evaluation and impact evaluation were performed in 2012 by an independent, third party evaluator (APPRISE), which provided a report of findings addressing the following areas:

- program design;
- administrative costs;
- program costs;
- payment behavior;
- consumption habits; and
- energy assistance participation.

The UGI Companies considered the recommendations of the APPRISE report in reviewing and preparing this 2014-2017 USECP.

F. CUSTOMER ELIGIBILITY REQUIREMENTS

To be eligible for CAP, customers may be referred by one of the UGI Companies or CAP Administering Agencies. To be eligible, a customer must: (1) complete the CAP application⁹¹¹ and have household income verified at 150 percent of poverty or less;⁺⁰¹² (2) be a residential heating or non-heating customer with active energy service from one of the UGI Companies; and (3) if a previous participant, a review will be completed to assure the reason for the prior default has been cured or the customer has been out of the program for a minimum of 12 months for a voluntary removal.

⁹¹¹ An applicant's Social Security Number (SSN) is requested in the CAP application as a form of customer identification, but is not required for enrollment into the program. UGI will accept Individual Tax Identification Numbers (ITIN) in lieu of the applicant's SSN. For those applicants who do not provide either a SSN or ITIN, UGI will waive this requirement provided that the customer provides two other acceptable forms of identification.

⁺⁰¹² A customer with no income will be eligible to participate in CAP and be responsible to make the minimum monthly CAP payment.

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Residential accounts with the following indicators are ineligible for CAP or will be removed from CAP:

- health care facilities;
- landlord/tenant (account is in the landlord's name);
- ratepayer/occupant (the ratepayer does not reside at the property);
- foreign load (one meter supplies more than one unit);
- theft of service;
- LIFSO agreement (account is in the owner's name); and
- choice customers.

The UGI Companies further reserve the right to deny enrollment if the customer is deemed to lack good faith, honesty or fair dealing while working with the CAP Administering Agency or one of the UGI Companies during the application process or if the customer fails to engage in good faith efforts to conserve energy.

Upon request, subject to the recertification process, a CAP participant must provide evidence of continued program eligibility.

If a CAP participant changes residences, the following conditions will apply and be communicated to the customer: (1) the new residence will not automatically be eligible for LIURP; (2) as long as all eligibility requirements and other terms and conditions continue to be met, the participant may remain eligible to participate in CAP; and (3) so long as the participant remains enrolled in the program, no late payment charges will be imposed.

G. MONTHLY CAP PAYMENT AMOUNT

1. Determination of Monthly CAP Payment Amount

The amount to be paid by a CAP customer each month will be based on the lower of the percentage of the customer's monthly income, as described below, or the customer's otherwise applicable average monthly bill.⁺⁺¹³ To determine the customer's monthly CAP payment amount based on the percentage of the customer's income, the customer's monthly income is compared to the FPIG, and the payment amount is set based on the following guidelines:

Percent of Poverty

Monthly CAP Payment

⁺⁺¹³ Exceptions to the payment schedule and grant application practice will be made based on individual needs.

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Income Level 1:	0 ⁺¹²¹⁴ - 50%	7% of Participant's Monthly Income
Income level 2:	51 - 100%	8% of Participant's Monthly Income
Income level 3:	101 - 150%	9% of Participant's Monthly Income

If a customer's monthly CAP payment amount as a percentage of the customer's monthly income, as calculated above, exceeds the customer's otherwise applicable average bill amount, the customer's average bill will be set as the customer's monthly CAP payment amount.

At any time during the program should a participant's monthly income change, the monthly CAP payment amount will also be reviewed and changed, where appropriate. It is the customer's obligation to notify the company or the CAP Administering Agency of the change in income. The UGI Companies reserve the right to require that the customer provide proof of the change in income. A recertification will be processed using the updated income and historical usage to determine the new monthly CAP payment amount.

Consistent with the Commission's Policy Statement on Customer Assistance Programs at 52 Pa. Code § 69.265(3)(i)(A)-(C), the minimum monthly payment for heating accounts is set at \$25 and for non-heating accounts at \$15.

2. Use of LIHEAP Grants

LIHEAP grants received will be applied consistent with the Commonwealth of Pennsylvania's Low-Income Home Energy Assistance Program – Final State Plan (“Final State Plan”), and any subsequent amendments or changes thereto.⁺¹⁵

3. Late Fees & Security Deposits

While actively participating in the program, late payment charges will not be imposed on CAP customers. Security deposits are also not imposed on CAP customers.

H. PARTICIPANT OBLIGATIONS

In order to remain eligible for participation in CAP, a customer must agree to (in writing) and perform the following obligations:

¹²¹⁴ A customer with no income will be responsible to make the minimum monthly CAP payment.

¹³ ~~The UGI Companies' interpret existing tariff language applying LIHEAP energy assistance received to the CAP shortfall or CAP Credit amount as being applicable only to the extent permitted under the Final State Plan, as amended. The Final State Plan in effect as of the Filing Date hereof does not permit the application of LIHEAP payments to CAP shortfall; therefore,~~¹⁵ Pursuant to the Final Order, the UGI Companies will update their applicable tariff language, within 90 days of the entry of the Final Order, to reflect that the UGI Companies do not apply LIHEAP energy assistance received as a calculation offset to CAP shortfall amount. Rather, consistent with the Final State Plan, any LIHEAP energy assistance received is directly reflected in the CAP customer payment amounts (or “asked to pay” amounts) utilized in the calculation.

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- make the monthly CAP payments;
- apply for and should direct to the UGI Company the customer's LIHEAP Cash or Crisis grant;
- conserve energy and, if eligible, participate in LIURP and any other weatherization services offered through local and state weatherization agencies (unless residence was previously weatherized under these programs);
- provide access to the meter for an actual meter reading, if required ;⁺⁴¹⁶
- participate in good faith and comply with all educational, assistance, social or governmental programs recommended by the administering agency;
- report immediately to the administering agency any change in family size, change in income or change of address; and
- apply for any assistance grant for which he/she may be eligible.

In order to assure fair treatment of all participants, however, the UGI Companies will administer the aforementioned obligations with sufficient flexibility to provide the assistance intended by the program. Therefore, one of the UGI Companies or CAP Administering Agencies may agree to waive or modify one or more of the participant obligations in extraordinary circumstances.

I. PRE-PROGRAM ARREARAGE FORGIVENESS

As of January 2013, in accordance with the Commission's October 31, 2011 Final Order at Docket No. M-2010-2186052, the UGI Companies forgive a CAP customer's pre-program arrearage balance on a one thirty-sixth (1/36th) basis upon receipt of each timely and in-full CAP monthly payment. This practice provides immediate incentive for a CAP customer to continue the positive payment behavior. The UGI Companies will continue to follow this practice but will provide no less than a \$10.00 per month pre-program arrearage forgiveness. ~~Customers will not receive forgiveness if they are not current with their payments but~~ The UGI Companies apply arrearage forgiveness for each timely and in-full monthly payment, regardless of arrears, and retroactively for any months missed once those months are paid. For example, 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 once they bring payments up to date. Further, ~~to~~ for those two months. To the extent the application of pre-program arrearage forgiveness results in a credit balance for the customer, the UGI Companies will withhold application of the excess forgiveness amount until such time that a credit balance is cured.

To be eligible for pre-program arrearage forgiveness, participants must maintain all

⁺⁴¹⁶ CAP Credit and Pre-Program Arrearage forgiveness may be held up if an actual meter reading is not available.

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program requirements in each month since enrolling in the program.

J. APPLICATION OF CAP CREDITS

Pursuant the Commission's regulations, at 52 Pa. Code § 62.2, and the Companies' effective tariffs, a CAP credit is set as the difference between the CAP customer's actual usage bill calculated at the standard residential rate (excluding any applicable CAP customer GET Gas charges)¹⁵¹⁷ and the CAP monthly bill.¹⁶¹⁸ The UGI Companies will apply CAP credits on a monthly basis with each full CAP payment received. Any CAP credits associated with missed CAP payments will be applied once the customer brings their payments up to date.

The UGI Companies ~~propose to will~~ eliminate the maximum CAP credit based upon a recommendation from the APPRISE evaluation, and as approved in the Final Order. UGI has not seen any noticeable cases of intentional excessive energy use (which was the primary reason for this maximum limit) on the part of CAP customers. ~~As a result,~~ CAP customers will now receive their full CAP credit without a maximum limitation. The UGI Companies believe this feature will result in CAP customers receiving a more affordable CAP monthly payment as the customer's CAP monthly payment will no longer be adjusted for projected usage.¹⁹

In response to the elimination of the maximum CAP credit amount, the UGI Companies are instituting the following CAP control features to encourage energy conservation:

High Annual Usage at Enrollment: The UGI Companies will use the following thresholds to determine when a customer is considered to be a high usage customer. These thresholds were determined by analyzing the current population of customers and their usage information and determining a 95% confidence level.

¹⁵¹⁷ For UGI Gas, UGI CPG and UGI PNG, applicable CAP customer Growth Extension Tariff Pilot ("GET Gas") charges are excluded from the CAP shortfall calculation. For these companies, CAP shortfall is calculated as the difference between the CAP customer's actual usage bill calculated at the standard residential rate (excluding any applicable CAP customer GET Gas charges) and the CAP monthly bill. See the Commission's Order entered February 20, 2014, at Docket No. P-2013-2356232, in the matter re: *Joint Petition of UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. For Approval to Implement Growth Extension Tariff Pilot Programs to Facilitate the Extension of Gas Service to Unserved and Underserved Areas Within the Companies' Service Territories*; see also Supplement No. 109 to UGI Gas – Pa. P.U.C. No. 5, effective July 1, 2014; see also Supplement No. 32 to PNG Gas – Pa. P.U.C. No. 8, effective July 1, 2014; see also Supplement No. 20 to CPG Gas – Pa. P.U.C. No. 4.

¹⁶¹⁸ See *supra* note 13. ~~Existing tariff language relating to the application of LIHEAP energy assistance received to the CAP Credit amount is applied only to the extent permitted under the Final State Plan, as amended.~~

¹⁹ The Companies will report the effect of this change on CAP credit expenditures as required by the Final Order.

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Company	High Usage
UGI Gas	2,185 ccf
UGI Electric	34,465 kwh
UGI PNG	2,356 ccf
UGI CPG	2,135 ccf

Any customer that applies for CAP, with usage above these assigned thresholds will:

1. Participate in an interview with the CAP caseworker. The CAP caseworker will review data specific to the customer's residence to determine potential reasons for the customer's high usage.
2. The CAP caseworker will then conduct an energy education session.
3. If applicable, referrals will be made for the LIURP program.
4. If enrolled, high usage will continue to be monitored for additional outreach and referrals.

High Annual Usage Post Enrollment: An existing CAP customer whose annual usage increases by 15% of the annual historical usage (normalized) will:

1. Participate in an interview with the CAP caseworker. The CAP caseworker will review data specific to the customer's residence to determine potential reasons for the customer's high usage.
2. The CAP caseworker will then conduct an energy education session
3. If applicable, referrals will be made for the LIURP program
4. Identified high usage will continue to be monitored for additional outreach and referrals, including, a referral for an in home Remedial Education Course with a 3rd party vendor.

Removal from CAP

1. A CAP customer may be removed from CAP for refusing to participate in the LIURP program.
2. A customer may be removed for failure to comply with these high usage controls.¹⁷²⁰

In accordance with the Final Order, the UGI Companies will monitor the effect of the elimination of the maximum CAP credit and report the results of this monitoring to the Bureau of Consumer Services on April 1st of each year, beginning in April 2016.

¹⁷²⁰ Exceptions may be granted where the factors giving rise to the customer's increased consumption are beyond the customer's reasonable control.

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K. RECERTIFICATION POLICY

1. CAP Recertification Requirements for LIHEAP and Non-LIHEAP Participants

Participants must provide evidence of continued program eligibility. The recertification process is a mandatory requirement in order to ensure proper participation and continued program eligibility.

The Companies have a triennial recertification requirement for known-LIHEAP participants. CAP customers who are not known LIHEAP participants are required to recertify for CAP annually. A customer will not be deemed ineligible for the CAP Program on the basis of failure to participate in the LIHEAP program. Non-LIHEAP CAP customers who recertify annually for CAP will remain enrolled in CAP.

To recertify, participants must provide:

- For LIHEAP-Participants - A receipt of a LIHEAP Cash or Crisis grant within the last 12 months~~when~~ When the LIHEAP income guidelines are the same as CAP;~~however, such~~ LIHEAP participants will only be required to provide income documentation every three years;~~or to the UGI Companies.~~²¹
- For Non-LIHEAP Participants - Income documentation must be provided annually to verify that~~verifies~~ the participant's household income is at or below the current 150% of the FPIG.

Should the participant fail or refuse to recertify within two billing cycles of being notified to do so, the customer's CAP payment amount will be increased to the average bill amount. However, the UGI Companies reserve the right to remove the customer from CAP. The UGI Companies believe this practice encourages those participants who continue to have household incomes at or below 150% to complete the recertification process and, therefore, maintain affordable energy bills. The customer is responsible for bills issued at the increased amount and is required to pay.

2. Recertification Reminder Schedule

The Companies actively remind CAP participants of their obligation to recertify income eligibility as per the following schedule:²²

²¹ Historically the income criteria for CAP has matched that for LIHEAP. Should the LIHEAP and CAP income requirements differ, the UGI Companies will notify the LIHEAP-participating CAP customer of the responsibility to recertify on an annual basis.

²² See Appendix E for a schematic of the Companies' recertification process.

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- A recertification notice letter is mailed a month prior to the anniversary date (recertification due date);
- A contact from the CBO is made 15 days prior to the anniversary date;
- A reminder letter is mailed from the Company on the anniversary or on the recertification due date; and
- A contact from the CBO is made 1 month past the anniversary date.

3. Use of Zero Income Statements for CAP Enrollment and Recertification

Customers of the UGI Companies who report zero household income at the time of CAP enrollment and recertification are required to complete a “Zero Income Form,” as set forth in Appendix F. The Zero Income Form need not be notarized. The Zero Income Form must be filled out by the individual who holds the account with UGI. The following information is required: (1) customer name; (2) date of application; (3) account number; (4) service address; (5) a list of adult household members with zero income; and (6) an explanation of how household expenses were met for food and shelter during the applicable period. The Zero Income Form must be signed by both the account holder and a CAP CBO representative. As stated on the form, by signing the Zero Income Form, the customer provides consent to the UGI Companies to verify income with government agencies.

As noted in the Final Order, the UGI Companies proposed in their Comments to require that this Zero Income Form be completed and signed by each household member over the age of 18.²³ The Commission expressed concern that requiring each household member age 18 and over to complete a zero income form might result in delayed or discontinued applications for CAP and requested that if the UGI Companies proceeded with this approach that they track the results of this process to ensure that it is not overly burdensome. The UGI Companies acknowledge the Commission’s concerns and have therefore removed the requirement that all household members over the age of 18 complete the Companies’ Zero Income Verification Form. The UGI Companies will still track the usage of Zero Income Verification Forms. The UGI Companies will additionally make this an agenda item at its annual stakeholder collectives for the 2014-2017 USECP period to hear from its stakeholders whether use of the form hinders a household’s ability to enroll in CAP.

4. Impact of Recertification

Appropriate changes in the percentage of income and/or average bill payment will be made upon completion of the recertification process. If income or average bill payment at the time of recertification dictates a change in the monthly payment, the new amount will be used for future monthly payments. Future bills issued upon completion of recertification will reflect an appropriate CAP bill amount but past CAP bills issued are the customer’s responsibility to pay. During the recertification process, if a participant is deemed ineligible for continued participation

²³ Final Order, pp. 24-25.

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in CAP, the customer will be notified that they are no longer eligible to participate and the reason(s) why they are no longer eligible for CAP.

~~Should the participant fail or refuse to recertify within two billing cycles of being notified to do so, the customer's CAP payment amount will be increased to the average bill amount. However, the UGI Companies reserve the right to remove the customer from CAP. The UGI Companies believe this practice encourages those participants who continue to have household incomes at or below 150% to complete the recertification process and, therefore, maintain affordable energy bills. The customer is responsible for bills issued at the increased amount and is required to pay. Future bills issued upon completion of recertification will reflect an appropriate CAP bill amount but previous bills issued are the customer's responsibility to pay.~~

L. CREDIT AND COLLECTION POLICIES

The final option for a participant who fails to comply with the program should be loss of service. CAP is offered as the final attempt toward a successful payment arrangement. Therefore, CAP participants will not be eligible to receive a payment arrangement outside CAP as a means to avoid termination. CAP offers an affordable payment plan and arrearage forgiveness, and no other arrangement, whether offered by one of the UGI Companies or the Commission's Bureau of Consumer Services, will provide the participant the same level of benefit.

Customers dropped from CAP due to default (refer to Section M) will be referred to the UGI Companies' Credit and Collection Department for further action, if necessary. Set forth below is the shut-off procedure by which the UGI Companies will address the specific CAP customer default of failure to comply with CAP payment arrangements.

Upon the customer's first missed payment, the customer is notified of the late payment. In particular, upon being 15 days late in making payment, the customer's CAP Administering Agency is prompted to either call or send a letter to the customer advising the customer of the late payment. At 25 days late, the customer is mailed a letter notifying them of the late payment.

Upon the customer's second missed payment, the UGI Companies will move forward with the appropriate notifications and shut-off procedure and will send a termination notice stating the past due amount. The customer will be required to pay the amount set forth in the termination notice, prior to the scheduled termination date to avoid shut-off. If the customer fails to pay per the terms of the termination notice, service is shut-off.

When the service is shut-off, the terminated customer has up to 109 days to pay the full catch-up CAP amount, including any CAP bills that may have come due during the shut-off process, plus reconnection fees.¹⁸²⁴ Upon receipt of the full catch-up amount and the

¹⁸²⁴ In extraordinary circumstances, Operation Share assistance will be afforded to a CAP participant to reconnect service.

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reconnection fee, the customer will be returned to CAP. If the terminated customer does not pay the full catch-up amount within 109 days, the customer will be removed from CAP and the customer will be responsible to make full payment of any outstanding balance incurred together with and reconnections fees prior to the reconnection of service. Upon full payment and service restoration, the customer may then re-apply to enroll in CAP.

M. OTHER REASONS FOR REMOVAL FROM CAP

Aside from failure to comply with the CAP payment arrangements, other reasons for which a customer may be considered in default and removed from the program are:

- failure to comply with any customer obligation set forth in the program;
- failure to comply with the obligation of good faith, honesty and fair dealing while working with the CAP Administering Agency or one of the UGI Companies;
- household income increases to greater than 150% poverty;
- failure to comply with established high usage controls;¹⁹²⁵
- refusal to participate in the LIURP program;
- any reason for which the customer's service may be terminated under Chapter 56 or Chapter 14; **and**
- failure/refusal to recertify in CAP;²⁰ ;

~~Furthermore, a CAP participant may also be removed from the program for refusal to: (1) apply for LIHEAP; and/or (2) participate in LIURP, if income eligible. However, when the customer does comply with the requirement to apply for LIHEAP and or receives LIURP services, the customer may re-enter the CAP.~~

~~Additional reasons for an active participant's default from the CAP are:~~

- bankruptcy - at the time of the filing of bankruptcy all receivable amounts which may include frozen pre-program arrearage will fall under the jurisdiction of the bankruptcy court and will no longer be eligible for CAP benefits; and
- legal action - should any of the UGI Companies have reason to take legal action against a participant that encompasses any receivable owed to UGI Gas, UGI Electric, UGI PNG or UGI CPG, all receivable amounts which may include pre-program arrearages will fall under the jurisdiction of the applicable court and will no longer be eligible for CAP benefits. Participants removed from the CAP will receive a written statement indicating the reason(s) for

¹⁹²⁵ Exceptions may be granted where the factors giving rise to the customer's increased consumption are beyond the customer's reasonable control.

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the dismissal. Customers defaulting and dropped from the CAP will be referred to the Company's Credit and Collection Department for further action, if necessary.

~~Participants removed from the CAP will receive a written statement indicating the reason(s) for the dismissal. Customers defaulting and dropped from the CAP will be referred to the Company's Credit and Collection Department for further action, if necessary.~~

An applicant determined ineligible would receive written notification specifying the reason(s) for ineligibility. If the applicant is not satisfied with the determination of eligibility, the Company will use utility company dispute procedures in accordance with Chapter 56.151 and 56.152. The applicant may also appeal the denial of eligibility to the Bureau of Consumer Services in accordance with 52 Pa. Code §§ 56.161-56.165, relating to informal complaint procedures. Notice of right to appeal will be provided with the written notification of ineligibility.

Any CAP participant may voluntarily request to be removed from the program due to the subsequent seasonal usage bills temporarily totaling less than the monthly CAP amount. In such an event, the customer will be removed from the program and be forfeited all program benefits. The customer will then be required to remain out of CAP for a period of twelve months before they can re-apply for the program, provided exceptions will be granted on a case-by-case basis based on demonstrated hardship. The customer will be mailed a letter to confirm his request to be voluntarily removed from CAP. The UGI Companies will accept the request for removal via phone with a UGI representative.

The UGI Companies reserve the right to remove any CAP customer if the program is deemed non-beneficial without having to receive the customer's consent.

N. REINSTATEMENT POLICY

Customers requesting reinstatement must comply with and agree to all applicable program eligibility requirements and customer obligations. As a condition of reinstatement, a customer must:

- provide adequate assurance that the reason(s) for the prior default and resulting program dismissal have been removed or corrected; and
- make up all missed CAP payments or full balance when appropriate before reinstatement.

As a condition of reinstatement, a customer may also be required, depending upon individual circumstances, to make an up-front payment. ~~However, if~~Upfront payments are most common for a customer that is looking to restore service and remain on CAP. A reconnection charge can be required as an upfront payment. Another scenario where an upfront payment is required is when it is a prerequisite for the customer's receipt of additional grants or program

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services. For example, if a customer owes \$500 in missed CAP payments, a CBO may require the customer to pay \$300 which permits the CBO to approve \$200 in Federal Emergency Management Agency (“FEMA”) funds. The Companies never charge a CAP participant a security deposit for reconnection of service.

If a customer voluntarily removes themselves from CAP, the customer will not be eligible again until after a one-year waiting period. Further, the UGI Companies reserve the right to deny CAP reinstatement based on a showing of an applicant's disregard of program principles and ideals.

VI. LIURP

A. INTRODUCTION

The UGI Companies’ Weatherization Program or LIURP is offered to reduce the energy consumption of low-income customers through the installation of energy conservation measures and energy conservation education. By reducing the energy consumption of these customers, the intent of LIURP is to reduce customer arrearage, collection and termination costs. The program places top priority on the health and safety of all LIURP participants.

Program services are provided free of charge to the customer. Upon verification of program eligibility by the LIURP agency, each LIURP customer will receive an on-site energy survey/audit. Energy saving measures for gas customers and electric space heat customers may include, but are not limited to, the following: insulation, furnace repair/replacement, water heater repair/replacement, furnace efficiency modification, windows and baseboard caulking, door and window weather stripping, door sweeps and thresholds, replacement of broken window panes, storm windows, attic ventilation, electrical outlet and switch plate gaskets on outside walls, water conservation measures, energy education, infiltration measures and incidental repairs (necessary to the effective performance of weatherization materials). Low cost energy saving measures for electric non-heating customers may include but are not limited to: refrigerator replacement, high efficiency lighting, window air conditioner replacement and other measures necessary to the effective performance of weatherization materials within the job limit costs.

Energy saving measures installed will be determined to have a simple payback of seven years with the exception of side wall insulation, attic insulation, space heating system replacement and water heating replacement which will have a simple payback of twelve years. Job inspections are completed by a third party agency.

B. ADMINISTRATION

Refer to Appendix D for the CBOs currently contracted for the provision of energy survey and measure insulation. In addition, the UGI Companies have an independent verifier of home weatherization to ensure that home weatherization was completed in accordance with LIURP standards.

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C. ELIGIBILITY

To be eligible for LIURP, the customer must be able to demonstrate the following:²¹²⁶

- the customer is an active residential gas heating customer or residential electric-~~heating/non-heating~~ customer;
- the customer's household income is at or below the current 150% of the FPIG;²²²⁷
- the customer's annual consumption is above average usage;
- the customer has had continuous service for twelve months;
- the customer's premises are suitable for weatherization services;²³²⁸ and
- the customer's premise is the customer's primary residence.²⁴²⁹
- The customer has not received LIURP weatherization services for the past seven (7) years.³⁰

Residential accounts with the following indicators are not eligible for LIURP:

- health care facilities;
- landlord/tenant (account is in the landlord's name);
- ratepayer/occupant (the ratepayer does not reside at the property);
- foreign load (one meter supplies more than one unit); and
- LIFSO agreement (account is in the owner's name).

D. ENROLLMENT LEVELS

Each of the UGI Companies has experienced different enrollment levels during the period 2010 through 2012. The table shows the number of jobs completed per Company and the associated spending for the period of 2010 through 2013.

²¹²⁶ Exceptions may be granted.

²²²⁷ However, up to 20% of LIURP participants may have a household income at 151-200% of the FPIG, on a first-come, first-serve basis.

²³²⁸ Program measures follow applicable payback periods; therefore, a customer's residence that has been previously weatherized may not be eligible for LIURP until the applicable payback period has expired.

²⁴²⁹ The program is available to both homeowners and renters. Renters can qualify with written permission from landlords.

³⁰ As part of the settlement process directed by the Final Order on the needs assessment calculation, the UGI Companies have agreed to not exclude from LIURP eligibility those customers who have previously received weatherization, if the weatherization services occurred more than seven years prior. This will result in a net increase of customers eligible for LIURP services. The UGI Distribution Companies previously excluded from LIURP eligibility customers who had been weatherized within the past ten (10) years.

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Company	Number of jobs	Cost
UGI Gas	588	\$3,053,700
UGI PNG	716	\$3,332,863
UGI CPG	387	\$1,978,884
UGI Electric	328	\$661,180

E. PROGRAM BUDGET

See Appendix A for a more detailed discussion of the program budgets for each of the UGI Companies.

F. OUTREACH AND INTAKE EFFORTS

The UGI Companies are in constant contact with CBOs, local government, weatherization providers and any other appropriate agencies for input and advice on the most efficient and effective methods to provide LIURP services without duplication or exclusion. Through the use of local CBOs, such as LIURP providers found in Appendix D, integration of federal, state and local funds for LIURP participants are more easily accomplished. The UGI Companies will inform each LIURP participant of any and all appropriate services.

G. IDENTIFICATION & REFERRAL OF LOW-INCOME CUSTOMERS

With the use of COS for the administration of the LIURP program, the UGI Companies review their customer records to identify high usage, high arrearage, low income customers. Review of such records has and will continue to provide the LIURP with a sufficient number of eligible participants. In addition, the UGI Companies accept referrals from CBOs, community groups and customer inquiries.

H. INTER-UTILITY COORDINATION

The UGI Companies maintain contact with appropriate gas and electric utilities within their service territory to initiate inter-utility coordination with both NGDCs and EDCs when applicable.³¹ The UGI Companies and the other utilities coordinate comprehensive program services to better serve LIURP customers. In many cases, the UGI Companies and the corresponding utility employ the same LIURP measure installer. Therefore, inter-utility coordination may be accomplished without the need for written contract or inter-utility billing.

I. ~~PILOT PROGRAMS~~ REHABILITATION PROGRAM

~~1. Rehabilitation Program~~

UGI Gas will continue ~~this~~ the Rehabilitation pilot program as a permanent component of

³¹ The UGI Companies restate their commitment to coordinating with EDCs in overlapping service territories who may be providing similar services pursuant to Act 129.

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its Revised 2014-2017 USECP ~~and~~, will no longer refer to it as a pilot, and will expand it to the other UGI Companies. The program was approved on a pilot basis as a part of the UGI's 2011-2013 USECP. As directed by the Commission in its 2011-2013 USECP Order, the UGI Companies evaluated the program by tracking customer participation levels and reviewing the energy savings experienced by participating customers. The results of the evaluation are set forth below:

1. ~~A.~~ Customer Participation Levels

The table shows the number of Rehabilitation Pilot Projects completed and the associated spending for Calendar Year 2013. The costs indicated reflect material costs only as installation labor was provided by program volunteers.

Company	Number of Jobs	Cost
UGI Gas	7	\$11,726

2. ~~B.~~ Energy Savings

Through this pilot program, UGI Gas has funded the installation energy efficient measures at the time of construction or rehabilitation of low-income residential housing. These measures include the installation of ENERGY STAR rated high efficiency natural gas furnaces, hot water heaters, upgraded installation, and energy efficient windows. Although the services provided to participating customers result in these customers achieving appreciable energy savings, it is difficult to quantify the specific level of energy savings achieved, particularly for some of the smaller magnitude updates (i.e., windows and programmable thermostats). See the chart below for the 2013 estimated energy savings results.

	A	B	C=B/A	D	E=C/D
Program Year	Number of Jobs Completed	Estimated Annual Natural Gas Usage Reduction	Estimated Annual Natural Gas Savings per Job	Average Residential Annual Natural Gas Usage²⁵³²	Estimated Annual Natural Gas Usage Reduction
2013	7	205 mcf	18.64 mcf	80.90 mcf	23%

UGI Gas conservatively estimates that the Rehabilitation Pilot Program has resulted in approximately 205 mcf of natural gas saved annually as a result of measures installed during the 2013 program year. As a comparison, the 23% estimated savings per household compares

²⁵³² 2011 Annual Gas Consumption per Appliance by Region for Furnaces and Water Heaters in the Mid-Atlantic Region; American Gas Association, *Residential Natural Gas Market Survey*, January 2013.

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favorably to UGI Gas' traditional LIURP savings of 14%. This demonstrates that the energy savings results are potentially greater at the time of new construction as opposed to weatherizing existing households.

The Rehabilitation Project offers an innovative approach for achieving usage reduction by: (1) allowing identified low-income and special needs customers to benefit from a variety of energy efficient measures which will avoid future high usage, and (2) maximizing the LIURP dollars spent on installed weatherization measures. Specifically, this program treats low income housing at the construction/rehabilitation phase in order to maximize material and labor dollars. The expectation is that these homes could eventually receive LIURP services. Therefore, through this program, these customers receive service at the construction/rehabilitation phase to assist in covering the costs of the project(s) and to avoid future high usage and arrearage problems. By implementing energy efficiency measures at the rehabilitation or construction phase, the overall cost of the measures can be more economical than implementing them after the construction is complete. The UGI Companies periodically join forces with rehabilitation projects within its service area to assure energy efficiency in low income housing. UGI Gas has found that this program is highly effective and should continue. ~~Therefore, UGI is requesting~~In accordance with the Final Order, the UGI Companies are expanding this~~component of the program~~ ~~be expanded~~ to all customers of UGI Penn Natural Gas, UGI Central Penn Gas, and the UGI Electric Division.

As a permanent component of the 2014-2017 USECP, the Rehabilitation Program will give low income customers a head start on affordable housing. Each project will differ in specific details; however, each project must have the following criteria to qualify for LIURP services and /or funds:

- low-income housing;
- existing gas heat; ~~and~~ or electric heating customer;³³
- coordination with a CBO(s).

Possible CBOs that would become involved in this project include:

- Neighborhood Housing Services;
- Habitat for Humanity;
- Housing Authorities; and
- Community Development Offices.

All LIURP required information will be collected for each dwelling.

³³ Customers of UGI-Electric Division with electric heat are eligible to participate in the LIURP Rehabilitation Program.

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The UGI Companies will reserve up to 10% of its total current year LIURP budget for Rehabilitation Project Funding. If the entire budgeted amount is not expended, the remainder will be returned to traditional LIURP services funding.

~~In compliance~~As with ~~modifications made in the Commission's Final Order of the UGI Companies~~the 2011-2013 USECP, the UGI Companies will: (1) limit the use of LIURP funding under this program to residential rate housing units and, in the case of rental housing units, only where the tenant has payment responsibilities; (2) direct funds to HOME developments, the LIHTC program and to non-profit agencies; and (3) track customer participation levels and energy savings on a prospective basis.

~~2. Conservation Pilot Program~~In the Revised 2014-2017 USECP the UGI Companies will continue to track and report the program results and details separately. The UGI Companies will market the program to appropriate and selective target niches outside of those traditionally reached with LIURP advertising and outreach. As noted in the Final Order, the Rehabilitation program has benefitted from volunteer labor and therefore labor costs have not been factored into a cost-benefit assessment of the program. In accordance with the Final Order, the UGI Companies have agreed to estimate labor costs per job for comparison purposes.

J. CONSERVATION PILOT PROGRAM

The UGI Companies ~~have elected to not request continuance of~~will discontinue the Conservation Pilot Program approved in the UGI Companies' 2011-2013 USECP. Despite targeted marketing of the Conservation Pilot Program, the UGI Companies received minimal interest in the program, which resulted in a single recipient of this service. In addition, the UGI Companies' Needs Assessment reflects the fact that there is currently sufficient need for traditional LIURP program services. Any unspent funds from the Conservation Pilot program will be returned to the general LIURP budget.

K. LIURP REPORTING REQUIREMENTS

1. Health and Safety Costs and Measures

As noted in the Final Order, UGI has not tracked the health and safety costs and measures implemented in customer homes as a result of a LIURP weatherization. On November 6, 2014, the Commission's Bureau of Consumer Services published an update to the LIURP Codebook, which contains the Commission's instructions to NGDCs and EDCs for reporting LIURP statistics. Pursuant to the recently-published LIURP Codebook, NGDCs and EDCs will now be required to track the frequency of health and safety measures. As directed by the Commission in the Final Order, the UGI Companies will begin tracking such measures within six months of the entry of the Final Order. It is anticipated that the reporting of these newly-tracked statistics will follow the protocols of normal LIURP tracking (i.e. 2015 calendar-year statistics to be reported in 2017.

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2. Quality Control and Training

In 2013 the UGI Companies voluntarily engaged National Sustainable Structures Center (“NSSC”) to evaluate their LIURP contractors. Per the request of the Commission in its Tentative Order, entered on October 2, 2014 at the USECP docket, the UGI Companies submitted with their Comments a summary report of the preliminary NSSC evaluation. Pursuant to the Final Order, the UGI Companies will report in a summary fashion, the results of the final NSSC evaluation of LIURP contractors.

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APPENDIX A

**FUNDING COMMITMENTS OF EACH COMPANY
FOR EACH UNIVERSAL SERVICE PROGRAM**

I. UGI GAS

a. CARES

UGI Gas’ projected participation levels and budget for LIHEAP and CARES Outreach are shown below:

Year	Projected Participation Levels	Projected Budget
2014	60	\$60,000
2015	60	\$60,000
2016	60	\$60,000
2017	60	\$60,000

b. OPERATION SHARE ENERGY FUND

UGI Gas commits to making the following donations to the Operation Share Energy Fund on an annual basis:

Company	Energy Funds Amount	Matching Funds
UGI Gas	\$38,500	\$38,500

Funding will be used to make voucher payments directly to residential customers declared eligible by the designated administering agency.

The Company is committed to the matching funds contribution stated above. For every two dollars customers, employees or outside sources contribute to Operation Share, UGI Gas will issue an additional one dollar in energy vouchers, up to the committed matching funds contribution. For example, UGI Gas will contribute one dollar for every two dollars donated by a customer, employee or outside source, up to \$38,500, its total matching funds contribution. No matching funds are made available to match public, tax-supported sources, such as LIHEAP, however. Employees of UGI Gas are encouraged to make a donation directly to Operation Share. Additional fundraising events may be organized in each of the UGI Companies’ service areas. It is intended that an appeal will be made at least twice during the year to all of the UGI Gas’ customers, via a billing insert, to make a contribution to Operation Share. The insert describes Operation Share and requests support with a check for any amount. All donations from customers, employees, and outside sources are kept in a separate Operation Share bank account and passed directly to the participating agencies to make direct payments to energy vendors for

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those applicants who qualify.

UGI Gas proposes to allocate available funds to administering agencies, based on the 2010 Census Data, as updated in 2012, and the Commission's estimate of the number of residents under 150% of the FPIG, as follows:

Agency	Allocation
Allentown Salvation Army	16%
Bethlehem Salvation Army	5%
Project Share of Carlisle	7%
Easton Salvation Army	7%
American Red Cross of Susquehanna Valley	15%
Commission on Economic Opportunity/Hazleton	3%
Lancaster Community Action Program	19%
Lebanon Christian Ministries	5%
Reading Salvation Army	23%

Each administering agency must spend their share of donations in order to maintain the allocation of funds; otherwise, UGI Gas reserves the right to reallocate the funds to another administering agency. Furthermore, if and when there is a change to the existing administering agencies, such as, for example, an addition or removal of an agency, UGI Gas will revise the amounts allocated to the administering agencies accordingly.

Shown below are UGI Gas' projected participation levels, vouchers budget and administrative budget for the Operation Share Energy Fund (the administrative budget of the UGI Gas Operation Share Energy Fund is absorbed into the general operating budget of UGI Gas). Customer participation levels are limited to available funds based on the amount of donations received. UGI Gas will continue to look for ways to increase donations to serve as many households as possible. For all of the UGI Distribution Companies, the differences in Operation Share budgets between calendar years 2014 and 2015-2017 are due to the fact that in 2014 the UGI Distribution Companies did not have an approved USECP and utilized the allocations previously approved in the 2011-2013 USECP. These administrative costs either increase or decrease in 2015, as compared to 2014, as a result of new Company allocations based on projected participation levels that are calculated from the customer base and low-income customer demographic for each Company's service territory.

Year	Projected Participation Levels	Projected Vouchers Budget
2014	140	\$56,000
2015	193	\$77,000
2016	193	\$77,000
2017	193	\$77,000

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UGI GAS REVISED OPERATION SHARE COSTS³⁴

Year	<u>Projected Participation Levels</u>	<u>Initial Contribution (voucher)</u>	<u>Matching Funds (voucher)</u>	<u>Projected CASH donations</u>	<u>Total Donations³⁵</u>	Projected Administrative Budget
2014	220	\$40,000	\$16,000	\$32,000	\$88,000	\$1,400
2015	385	\$38,500	\$38,500	\$77,000	\$154,000	\$1,930
2016	385	\$38,500	\$38,500	\$77,000	\$154,000	\$1,930
2017	385	\$38,500	\$38,500	\$77,000	\$154,000	\$1,930

c. CAP

UGI Gas' projected participation levels and budget for CAP are shown below:

Year	Projected Participation Levels	Projected Budget
2014	7,500	\$4,905,000
2015	8,500	\$5,559,000
2016	9,250	\$6,049,500
2017	10,000	\$6,540,000

Funding for the first 4,000 CAP participants was established in a Commission-approved Stipulation in Settlement (the "Universal Service Restructuring Settlement") in UGI Gas' restructuring proceeding at Docket No. R-00994786 (Order entered March 14, 2001). Under the Universal Service Restructuring Settlement, UGI Gas is permitted to recover \$1.5 million per year to cover incremental CAP costs through a combination of available Other Post-Employment Benefits ("OPEB") funding and, if necessary, base rate increases. As explained in the Commission's Order in Docket No. P-00052190, UGI Gas has been able to redirect OPEB

³⁴ Updated Operation Shares figures for all UGI Distribution Companies are reported in accordance with the Final Order, p. 76.

³⁵ The total donations is increased above the amount indicated in the August 1, 2014 USECP filing because that filing only reflected Company Voucher Commitments and not the Cash donations to the program.

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funding to cover the CAP funding amounts. UGI Gas will retain records of amount redirected from OPEB funding and will produce such records upon request at that time of its next general base rate proceeding.

Furthermore, it was established in a Commission Order in Docket No. P-00052190 that CAP will first be funded through the use of all available OPEB and LIHEAP funding, and thereafter through a CAP tariff rider, called the “LISHP Rider.” For the 4,000 participants addressed in the Universal Service Restructuring Settlement, the LISHP Rider only recovers (1) the difference between \$1.5 million and available OPEB funding, to the extent available OPEB funding is less than \$1.5 million, and (2) the difference between the residential sales service rate (excluding CAP customer GET Gas charges)²⁶³⁶ and the LISHP rate ~~(less LIHEAP energy assistance received, to the extent applicable)~~²⁷ that is in excess of \$752 per CAP participant. The amount of \$752 per CAP participant is a fixed amount that represents the current average discount of all CAP participants at the time the LISHP rider was implemented.

For all CAP participants over 4,000, the LISHP Rider would recover only the discounts granted to CAP participants and external agency application fees for these participants.

To the extent that the redirected OPEB funding currently contained in UGI Gas’ base rates is insufficient to cover the funding amounts discussed above, UGI Gas shall be permitted to adjust the base rates of its residential classes to recover the deficiency. At least sixty (60) days prior to the effective date of this rate change, however, UGI GAS will provide the OCA with a copy of an actuarial study showing the amount of OPEB funds projected to be available for redirection, and the OCA will be free to challenge the accuracy of the actuarial study and, to the extent that challenge is sustained by the Commission, the level of UGI Gas’ base rate adjustments to the residential classes may be modified accordingly.

Funding mechanisms discussed above will remain in effect until UGI Gas’ next general base rate case. In addition, in accordance with the Final Order, the UGI Companies will petition the Commission within 90 days of the Final Order to remove enrollment level limits for all of its companies. As expressed in the Comments of the UGI Companies filed on October 22, 2014, such removal of enrollment limits will be subject to associated timely cost recovery approval. That fact that OPEB funding (that may or may not be allocated to several rate classes under the “black box” terms of the settlement of UGI Gas’ last general base rate case) is redirected to fund CAP expenditures, or adjustments to the base rates of the residential classes are made to fund CAP expenditures pursuant to this agreement, shall not constitute an admission against or prejudice to any position that any party may take in the Company’s next general base rate case concerning how CAP or OPEB funding costs are to be allocated prospectively.

d. LIURP

²⁶³⁶ See supra note 15; ~~see also~~ Supplement No. 109 to UGI Gas – Pa. P.U.C. No. 5, effective July 1, 2014.

²⁷ ~~See supra note 13.~~

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Funding for LIURP in UGI Gas' service territory is based on the Commission's Order adopted August 17, 2006, in Docket Nos. A-120011F2000, A-125146F5000, and A-125146. Under the Commission's direction, UGI Gas ~~will~~was instructed to increase LIURP spending to 0.2 percent of jurisdictional revenues ~~for its gas division~~ and ~~will be~~was permitted to recover 50% of the incremental amounts above \$600,000 in its LISHP Rider until its next base rate case. ~~Funding of the LIURP may be addressed and modified in UGI Gas' next base rate proceeding.~~

As set forth in the Final Order, the resolution of UGI Gas's LIURP budget has been reserved to provide the parties to the 2014-2017 USECP proceeding the opportunity to reach a consensus. Shown below are projected LIURP participation levels and budget for UGI Gas². ~~LIURP~~: based on keeping the previously-negotiated .2 percent jurisdictional funding level.

Year	Projected Participation Levels	Projected Budget³⁷
2014	94	\$660,224
2015	93	\$650,000
2016	93	\$650,000
2017	93	\$650,000

II. UGI PNG

In UGI PNG's last base rate proceeding, Docket No. R-2008-2079660, the Commission approved the Joint Petition for Settlement of All Issues (the "UGI PNG Rate Settlement"), which, among other things, addressed the treatment of cost recovery for its Universal Service Program. Under the UGI PNG Rate Settlement, UGI PNG is permitted to recover costs for the following programs under its USP Rider with an annual reconciliation for costs and recoveries:

- CAP shortfall²⁸³⁸ ~~(net of LIHEAP assistance, to the extent applicable),²⁹~~, pre-program arrearages and external administrative costs;
- LIURP in an annual amount of \$850,000; and
- Hardship funds in an annual amount of \$5,000 (for administrative costs).

In establishing the initial USP Rider Surcharge, the following estimated costs were included:

³⁷ For each of the UGI Distribution Companies, the difference between the 2014 and 2015 budget is due to the filing of the 2014 budget during the 2014 calendar year. This atypical circumstance means that the Companies were aware of their actual current 2014 budget and any carryover in unexpended funding from calendar year 2013. Since, in projecting future years the Companies used the established budget and did not project any carryover from prior years, the 2014 LIURP budget is greater than the 2015 LIURP budget.

²⁸³⁸ See supra note 15; ~~see also~~ Supplement No. 32 to PNG Gas – Pa. P.U.C. No. 8, effective July 1, 2014.

²⁹ ~~See supra~~ note 13.

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- CAP Revenue Shortfall of \$2,165,000 (including estimated forgiven arrearages);
- Administrative costs of \$212,000;
- LIURP expenditure of \$850,000; and
- Administrative costs for hardship funds of \$5,000.

With regard to CAP cost recovery, the UGI Companies will petition the Commission within 90 days of the Final Order to remove enrollment level limits for all of its companies. As expressed in the Comments of the UGI Companies filed on October 22, 2014, such removal of enrollment limits will be subject to associated timely cost recovery approval.

a. CARES

UGI PNG's projected participation levels and budget for LIHEAP and CARES Outreach are shown below:

Year	Projected Participation Levels	Projected Budget
2014	30	\$25,000
2015	30	\$25,000
2016	30	\$25,000
2017	30	\$25,000

b. OPERATION SHARE ENERGY FUND

UGI PNG commits to making the following donations to the Operation Share Energy Fund on an annual basis:

Company	Energy Funds Amount	Matching Funds
UGI PNG	\$22,00	\$22,000

Funding will be used to make voucher payments directly to residential customers declared eligible by the designated community-based organization.

The Company is committed to the matching funds contribution stated above. For every two dollars the customers, employees or outside sources contribute to Operation Share, UGI PNG will issue one dollar in energy vouchers, up to the committed matching funds contribution. For example, UGI PNG will contribute one dollar for every two dollars donated by a customer, employee or outside source, up to \$22,000, its total matching funds contribution. No matching funds are made available to match public, tax-supported sources, such as LIHEAP. Employees

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of UGI PNG are encouraged to make a donation directly to Operation Share. Additional fundraising events may be organized in each of the UGI Companies' service areas. It is intended that an appeal will be made at least twice during the year to all of UGI PNG's customers, via a billing insert, to make a contribution to Operation Share. The insert describes Operation Share and requests support with a check for any amount. All donations from customers, employees, and outside sources are kept in a separate Operation Share bank account and passed directly to the participating agencies to make direct payments to energy vendors for those applicants who qualify.

UGI PNG proposes to allocate available funds to administering agencies based on the 2010 Census Data, as updated in 2012, and the Commission's estimate of the number of residents under 150% of the FPIG, as follows:

Agency	Allocation
Columbia County Human Services	6%
Commission on Economic Opportunity	38%
Scranton Salvation Army	36%
S.T.E.P., Inc.	11%
TREHAB, Inc.	2%
Union-Snyder Community Action Agency	7%

Each administering agency must spend their share of donations in order to maintain the allocation of funds; otherwise, UGI PNG reserves the right to reallocate the funds to another administering agency. Furthermore, if and when there is a change to the existing administering agencies, such as, for example, an addition or removal of an agency, UGI PNG will revise the amounts allocated to the administering agencies accordingly.

Shown below are UGI PNG's projected participation levels, vouchers budget and administrative budget for Operation Share. Customer participation levels under Operation Share are limited to available funds based on donations received. UGI PNG will continue to look for ways to increase donations to serve as many households as possible.

Year	Projected Participation Levels	Projected Vouchers Budget
2014	113	\$45,000
2015	110	\$44,000

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2016	110	\$44,000
2017	110	\$44,000

PNG REVISED OPERATION SHARE COSTS³⁹

Year	Projected Participation Levels	Initial Contribution (voucher)	Matching Funds (voucher)	Projected Cash donations	Total Donations	Projected Administrative Budget
2014	212	\$25,000	\$20,000	\$40,000	\$85,000	\$1,130
2015	220	\$22,000	\$22,000	\$44,000	\$88,000	\$1,100
2016	220	\$22,000	\$22,000	\$44,000	\$88,000	\$1,100
2017	220	\$22,000	\$22,000	\$44,000	\$88,000	\$1,100

c. CAP

UGI PNG's projected participation levels and budget for CAP are noted below:

Year	Projected Participation Levels	Projected Budget
2014	6,000	\$4,554,000
2015	6,500	\$4,933,500
2016	7,000	\$5,313,000
2017	7,500	\$5,692,000

As established in the UGI PNG Rate Settlement in Docket No. R-2008-2079660, as discussed above, the reconciliation of costs will reflect actual shortfall credits and forgiven arrearages granted, as well as actual administrative costs, Hardship funds and LIURP expenditures. UGI PNG will reduce the CAP Shortfall Credits and forgiven arrearages actually granted for all CAP participants exceeding 4,000 by 14.1% when collected through the surcharge.

³⁹ Updated figures reported in accordance with the Final Order.

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d. LIURP

As established in the Joint Petition in Docket No. R-2008-2079660, as discussed above, funding for UGI PNG's LIURP has increased from \$720,000 to \$850,000 under the USP Rider.

Shown below are UGI PNG's projected participation levels and budget for LIURP:

Year	Projected Participation Levels	Projected Budget
2014	132	\$921,605
2015	121	\$850,000
2016	121	\$850,000
2017	121	\$850,000

III. UGI CPG

In UGI CPG's last base rate proceeding, Docket No. R-2008-2079675, the Commission approved the Joint Petition for Settlement of All Issues (the "UGI CPG Rate Settlement"), which, among other things, addressed the treatment of cost recovery for its Universal Service Program. Under the UGI CPG Rate Settlement, UGI CPG is permitted to recover costs for the following programs under its USP Rider with an annual reconciliation for costs and recoveries:

- CAP shortfall³⁰⁴⁰ ~~=(net of LIHEAP assistance, to the extent applicable),³¹~~, pre-program arrearages and external administrative costs;
- LIURP in an annual amount of \$500,000; and
- Hardship funds in an annual amount of \$3,000 (for administrative costs).

In establishing the initial USP Rider Surcharge, the following estimated costs were included:

- CAP Revenue Shortfall of \$822,170 (including estimated forgiven arrearages);
- Administrative costs of \$183,000;
- LIURP expenditure of \$500,000;
- Administrative costs for hardship funds of \$3,000.

With regard to CAP cost recovery, in accordance with the Final Order, the UGI Companies will petition the Commission within 90 days of the Final Order to remove enrollment

³⁰⁴⁰ See supra note 15; see also Supplement No. 20 to CPG Gas – Pa. P.U.C. No. 4.

³¹ ~~See supra note 13.~~

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level limits for all of its companies. As expressed in the Comments of the UGI Companies filed on October 22, 2014, such removal of enrollment limits will be subject to associated timely cost recovery approval.

a. CARES

UGI CPG's projected participation levels and budget for LIHEAP and CARES Outreach are noted below:

Year	Projected Participation Levels	Projected Budget
2014	15	\$18,000
2015	15	\$18,000
2016	15	\$18,000
2017	15	\$18,000

b. OPERATION SHARE ENERGY FUND

UGI CPG commits to making the following donations to the Operations Share Energy fund on an annual basis:

Company	Energy Funds Amount	Matching Funds
UGI CPG	\$12,000	\$12,000

Funding will be used to make voucher payments directly to residential customers declared eligible by the designated administering agency.

The Company is committed to making the matching funds contribution stated above. For every two dollars the customers, employees or outside sources contribute to Operation Share, UGI CPG will issue one dollar in energy vouchers, up to the committed matching funds contribution. For example, UGI CPG will contribute one dollar for every two dollars donated by a customer, employee or outside source, up to \$12,000 its total matching funds contribution. No matching funds are made available to match public, tax-supported sources, such as LIHEAP. Employees of UGI CPG are encouraged to make a donation directly to Operation Share. Additional fundraising events may be organized in each of the UGI Companies' service areas. It is intended that an appeal will be made at least twice during the year to all of UGI CPG's customers, via a billing insert, to make a contribution to Operation Share. The insert describes Operation Share and requests support with a check for any amount. All donations from customers, employees, and outside sources are kept in a separate Operation Share bank account and passed directly to the participating agencies to make direct payments to energy vendors for those applicants who qualify.

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UGI CPG proposes to allocate funds to administering agencies based on the 2010 Census Data, as updated in 2012, and the Commission’s estimate of the number of residents under 150% of the FPIG, as follows:

Agency	Allocation
Central PA Community Action	7%
Central Susquehanna Opportunities	4%
E Stroudsburg Salvation Army	7%
Hamburg Salvation Army	20%
Commission on Economic Opportunity	8%
Northern Tier Community Action Corp	14%
Schuylkill County Community Action	5%
S.T.E.P., Inc.	2%
TREHAB, Inc.	24%
Union-Snyder Community Action Agency	1%
Warren/Forest Economic Opportunity Council	8%

Each administering agency must spend their share of donations in order to maintain the allocation of funds; otherwise, UGI CPG reserves the right to reallocate the funds to another administering agency. Furthermore, if and when there is a change to the existing administering agencies, such as, for example, an addition or removal of an agency, UGI CPG will revise the amounts allocated to the administering agencies accordingly.

Shown below are UGI PNG’s projected participation levels, vouchers budget and administrative budget for UGI CPG’s Operation Share. Customer participation levels under Operation Share are limited to available funds based on the amount of donations received. UGI CPG will continue to look for ways to increase donations to serve as many households as possible.

CPG REVISED OPERATION SHARE COSTS⁴¹

Year	Projected Participation Levels	Initial Contribution (voucher)	Matching Funds (voucher)	Projected Vouchers Cash Budget donations	Total Donations	Projected Administrative Budget

⁴¹ UGI CPG did not identify matching funds for Operation Share in 2014 because the company’s contribution funding level for that year was set at a flat \$50,000 through the allocation formula approved in its 2011-2013 USECP. In the Revised 2014-2017 Plan, UGI CPG has changed the allocation of Operation Share funds and will match one company dollar for every two dollars donated, beginning in 2015, up to a maximum matching contribution of \$212,000.

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2014	125	<u>\$50,000</u>	N/A	\$50,000 N/A	<u>\$50,000</u>	<u>\$1,250</u>
2015	60 <u>120</u>	<u>\$12,000</u>	<u>\$12,000</u>	\$24,000	<u>\$48,000</u>	<u>\$600</u>
2016	60 <u>120</u>	<u>\$12,000</u>	<u>\$12,000</u>	\$24,000	<u>\$48,000</u>	<u>\$600</u>
2017	60 <u>120</u>	<u>\$12,000</u>	<u>\$12,000</u>	\$24,000	<u>\$48,000</u>	<u>\$600</u>

Year	Projected- Administrative Budget
2014	\$1,250
2015	\$600
2016	\$600
2017	\$600

c. CAP

UGI CPG's projected participation levels and budget for CAP are shown below:

Year	Projected Participation Levels	Projected Budget
2014	2,750	\$1,751,750
2015	4,000	\$2,548,000
2016	5,000	\$3,185,000
2017	6,000	\$3,822,000

As established in the UGI CPG Rate Settlement in Docket No. R-2008-2079675, discussed above, the reconciliation of costs will reflect actual shortfall credits and forgiven arrearages granted, as well as actual administrative costs, Hardship funds and LIURP expenditures. UGI CPG will reduce the CAP Shortfall Credits and forgiven arrearages actually granted for all CAP participants exceeding 3,500 by 17.2% when collected through the surcharge.

d. LIURP

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As established in the Joint Petition in Docket No. R-2008-2079675, discussed above, funding for UGI CPG's LIURP is \$500,000 under the USP Rider.

Shown below are UGI PNG's projected participation levels and budget for LIURP:

Year	Projected Participation Levels	Projected Budget
2014	71	\$500,000
2015	71	\$500,000
2016	71	\$500,000
2017	71	\$500,000

IV. UGI ELECTRIC

a. CARES

UGI Electric's projected participation and budget for LIHEAP and CARES Outreach are noted below:

Year	Projected Participation Levels	Projected Budget
2014	15	\$15,000
2015	15	\$15,000
2016	15	\$15,000
2017	15	\$15,000

b. OPERATION SHARE ENERGY FUND

UGI Electric commits to making the following donations to the Operation Share Energy Fund on an annual basis:

Company	Energy Funds Amount	Matching Funds
UGI Electric	\$10,000	\$10,000

Funding will be used to make voucher payments directly to residential customers declared eligible by the designated administering agency, less amounts used for administrative expenses. The Company is committed to making the matching funds contribution stated above. For every two dollars the customers, employees or outside sources contribute to Operation Share, UGI Electric will issue an additional one dollar in energy vouchers, up to the committed matching funds contribution. For example, UGI Electric will contribute one dollar for every two dollars donated by a customer, employee or outside source, up to \$10,000, its total matching funds contribution. No matching funds are made available to match public, tax-supported sources,

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such as LIHEAP, however. Employees of UGI Electric are encouraged to make a donation directly to Operation Share. Additional fundraising events may be organized in each of the UGI Companies' service areas. It is intended that an appeal will be made at least twice during the year to all of UGI Electric's customers, via a billing insert, to make a contribution to Operation Share. The insert describes Operation Share and requests support with a check for any amount. All donations from customers, employees, and outside sources are kept in a separate Operation Share bank account and passed directly to the participating agencies to make direct payments to energy vendors for those applicants who qualify.

UGI Electric proposes to allocate funds based on the 2010 Census Data, as updated in 2012, and the Commission's estimate of the number of residents under 150% of the FPIG, to only one administering agency, the Commission on Economic Opportunity. This administering agency must spend its share of donations in order to maintain the allocation of funds; otherwise, UGI Electric reserves the right to identify another administering agency(ies) and reallocate the funds to such agency(ies). Furthermore, UGI Electric will revise the amounts allocated to this administering agency in the event any changes arise, such as, for example, UGI Electric determines that other administering agencies should be allocated funds.

Shown below are the projected participation levels, vouchers budget and administrative budget for UGI Electric's Operation Share (the administrative budget of the UGI Electric Operation Share Energy Fund is absorbed into the general operating budget of UGI Electric). Actual and projected customer participation levels under Operation Share are limited to available funds based on the amount of donations received. UGI Electric will continue to look for ways to increase donations to serve as many households as possible.

Year	Projected Participation Levels	Projected Vouchers Budget
2014	35	\$14,000
2015	50	\$20,000
2016	50	\$20,000
2017	50	\$20,000

UGI ELECTRIC REVISED OPERATION SHARE COSTS

Year	Projected Participation Levels	Initial Contribution (voucher)	Matching Funds (voucher)	Projected Cash donations	Total Donations	Projected Administrative Budget
2014	55	\$10,000	\$4,000	\$8,000	\$22,000	\$350
2015	100	\$10,000	\$10,000	\$20,000	\$40,000	\$500

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2016	<u>100</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$20,000</u>	<u>\$40,000</u>	\$500
2017	<u>100</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$20,000</u>	<u>\$40,000</u>	\$500

c. CAP

UGI Electric's projected participation levels and budget for CAP are shown below:

Year	Projected Participation Levels	Projected Budget
2014	2,250	\$1,671,750
2015	2,335	\$1,734,905
2016	2,420	\$1,798,060
2017	2,500	\$1,857,500

The funding level for UGI Electric's CAP was established as part of the Settlement Agreement in the Company's restructuring filing at Docket No. R-00973975. In the settlement the parties agreed that spending for UGI Electric's CAP would be capped at \$150,000 per year with an 18-month period to ramp up to full spending. Any funds not spent in one year are "rolled-over" and made available during the next program year.

With regard to CAP cost recovery, in accordance with the Final Order, the UGI Companies will petition the Commission within 90 days of the Final Order to remove enrollment level limits for all of its companies. As expressed in the Comments of the UGI Companies filed on October 22, 2014, such removal of enrollment limits will be subject to associated timely cost recovery approval.

d. LIURP

The proposed budget for UGI Electric's LIURP Program is \$124,750. In accordance with program requirements, administrative costs will not exceed 15% of the annual weatherization budget.

Year	Projected Participation Levels	Projected Budget
2014	42	\$147,403
2015	30	\$124,750
2016	30	\$124,750
2017	30	\$124,750

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APPENDIX B

REVISED PROJECTED NEEDS ASSESSMENT

Per 52 Pa. Code § 62.4(b)(3), UGI Gas and UGI PNG, ~~as~~ NGDCs with more than 100,000 residential accounts, are required to provide a projected needs assessment for each Universal Service Program component and provide an explanation of how each program component responds to one or more identified needs. Per 52 Pa. Code § 62.7, UGI CPG is not required to conduct a projected needs assessment since it serves fewer than 100,000 residential accounts. Likewise, UGI Electric is not required to conduct a projected needs assessment since it serves fewer than 60,000 residential accounts, as per 52 Pa. Code § 54.77.

~~Per 52 Pa. Code 62.4, the~~ The needs assessment for UGI Gas and UGI PNG must include the number of estimated and identified low-income customers, ~~an estimate of low income customers,~~ the number of estimated and identified payment ~~troubled, low income customers, an estimate of payment~~ troubled, low-income customers, the number of customers ~~who~~ still need needing LIURP services and the cost to serve ~~that number, them~~ and the enrollment size of CAP to serve all eligible customers. Shown below is the ~~updated~~ revised needs assessment for UGI Gas and UGI PNG based on ~~2010~~ 2012 Census Data, ~~as updated in 2012.~~

	UGI Gas	UGI PNG
1. Number of Identified Low-Income Customers	39,571	25,967
2. Estimate of Number of Low-Income Customers	84,809	48,409
3. Number of Identified Payment-Troubled, Low-Income Customers ⁴²	23,755	14,348
4. Estimate of Number of Payment-Troubled, Low-Income Customers	23,755	14,348
5.4. Number of Customers In Need of LIURP	<u>4,158</u> <u>7,449</u>	<u>5,365</u> <u>7,238</u>

⁴² 52 Pa. Code § 62.4 requires the inclusion of estimated low-income payment-troubled customers in a NGDC's needs assessment. Due to the methodology employed by the UGI Companies, this figure is equal to the identified payment-troubled low-income customers set forth in line 3 and is not repeated to avoid redundancy.

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Services ⁴³		
6.5. Cost of Serving the Number of Customers In Need of LIURP Services	\$14,881,482 <u>26,800,698</u>	\$19,609,075 <u>28,356,735</u>
7.6. Enrollment Size of CAP to Serve all Eligible Customers ⁴⁴	10,000 ¹	7,500 ²

~~¹ Based on the needs assessment and current enrollment levels, UGI Gas proposes to maintain enrollment levels of up to 10,000 customers in its CAP through 2017. This enrollment level is consistent with the funding approved by the Commission to support enrollment of 10,000 customers in Docket No. P-2008-2066708. In the event it becomes reasonably likely that actual enrollment levels will exceed 10,000 customers, UGI Gas will either address the issue in its next base rate proceeding or file a petition seeking authority to increase the maximum enrollment limit to ensure that: 1) the actual needs of low income, payment troubled customers for affordable CAP payments are met; and 2) UGI Gas is provided reasonable assurance of recovery of the associated incremental costs under its current CAP cost recovery mechanism.~~

~~² Based on the needs assessment and current enrollment levels, UGI PNG proposes to maintain enrollment levels of up to 7,500 customers in its CAP through 2017. This enrollment level is consistent with the funding approved by the Commission in Docket No. R-2008-2079660. In the event it becomes reasonably likely that actual enrollment levels will exceed 7,500 customers, UGI PNG will either address the issue in its next base rate proceeding or file a petition seeking authority to increase the maximum enrollment limit to ensure that: 1) the actual needs of low income, payment troubled customers for affordable CAP payments are met; and 2) UGI PNG is provided reasonable assurance of recovery of the associated incremental costs under its current CAP cost recovery mechanism.~~

APPENDIX C

CAP ADMINISTERING AGENCIES

UGI Gas
Commission on Economic Opportunity – Hazleton site location Easton Area Neighborhood Center

⁴³ This figure accounts for the following eligibility criteria: (1) identified low-income; (2) 12 months of consecutive service; (3) meeting LIURP usage criteria; (4) premises not having received LIURP weatherization services within the past seven (7) years. The UGI Companies may grant exceptions where warranted on a case-by-case basis to customers who do not meet this eligibility criteria and will report exceptions annually to the Commission.

⁴⁴ The UGI Companies agreed in their comments to petition the Commission to eliminate CAP enrollment limits subject to cost recovery. The Final Order directs the Companies to petition to eliminate CAP enrollment limits within 90 days of the Final Order. Pending this change, the current ceilings will remain in effect.

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Lancaster CAP Lebanon County Christian Ministries Neighborhood Housing Services of Greater Berks, Inc. The Salvation Army – Allentown The Salvation Army - Harrisburg The Salvation Army – Reading
<u>UGI Electric</u>
Commission on Economic Opportunity
<u>UGI PNG</u>
Columbia County Human Services Commission on Economic Opportunity Scranton Lackawanna Human Development Agency/SLHDA Social Service Assistance Program - S.T.E.P., Inc. Union-Snyder Community Action Agency TREHAB, Inc.
<u>UGI CPG</u>
Central PA Community Action Program, Inc. Central Susquehanna Opportunities, Inc. Commission on Economic Opportunity Northern Tier Community Action Schuylkill County Community Action Social Service Assistance Program -S.T.E.P., Inc. The Salvation Army – East Stroudsburg The Salvation Army Service Center - Hamburg TREHAB, Inc. Union Snyder Community Action Agency Warren/Forest Economic Opportunity Council

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APPENDIX D

LIURP AGENCIES

<u>UGI Gas</u>
Berks Community Action Program 247 North 5th Street 2F Reading, PA 19601
Commission on Economic Opportunity 32-34 W Union St Kingston, PA 18704
Community Action Committee of the Lehigh Valley 1337 East 5th Street Bethlehem, PA 18015
South Central Community Action Program 153 North Stratton Street Gettysburg, PA 17325
<u>UGI Electric</u>
Commission on Economic Opportunity 165 Amber Lane, PO Box 1127 Wilkes Barre, PA 18703
Scranton- Lackawanna Human Development Agency 321 Spruce Street Scranton, PA 18503
SOLAIR, Inc. PO Box 275 Ralston, PA 17763
<u>UGI PNG</u>
Luzerne County Commission on Economic Opportunity 165 Amber Lane, PO Box 1127 Wilkes Barre, PA 18703
Scranton-Lackawanna Human Development Agency 321 Spruce Street Scranton, PA 18503
SEDA-COG 201 Furnace Road Lewisburg, PA 17837
<u>UGI CPG</u>
Carbon County Action Committee for Human Services

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267 South Second Street Lehigh, PA 18235
Central PA Community Action Program, Inc. PO Box 792 Clearfield, PA 16830
Berks Community Action Program 247 North 5th Street 2F Reading, PA 19601
Community Action Committee of the Lehigh Valley 1337 East 5th Street Bethlehem, PA 18015
Northern Tier Community Action PO Box 389 Emporium, PA 15834
SEDA-COG 201 Furnace Road Lewisburg, PA 17837
Scranton-Lackawanna Human Development Agency 321 Spruce Street Scranton, PA 18503
TREHAB Center, Inc. PO Box 366 Montrose, PA 18801
Warren/Forrest Economic Opportunity Council PO Box 547 Warren PA, 16365

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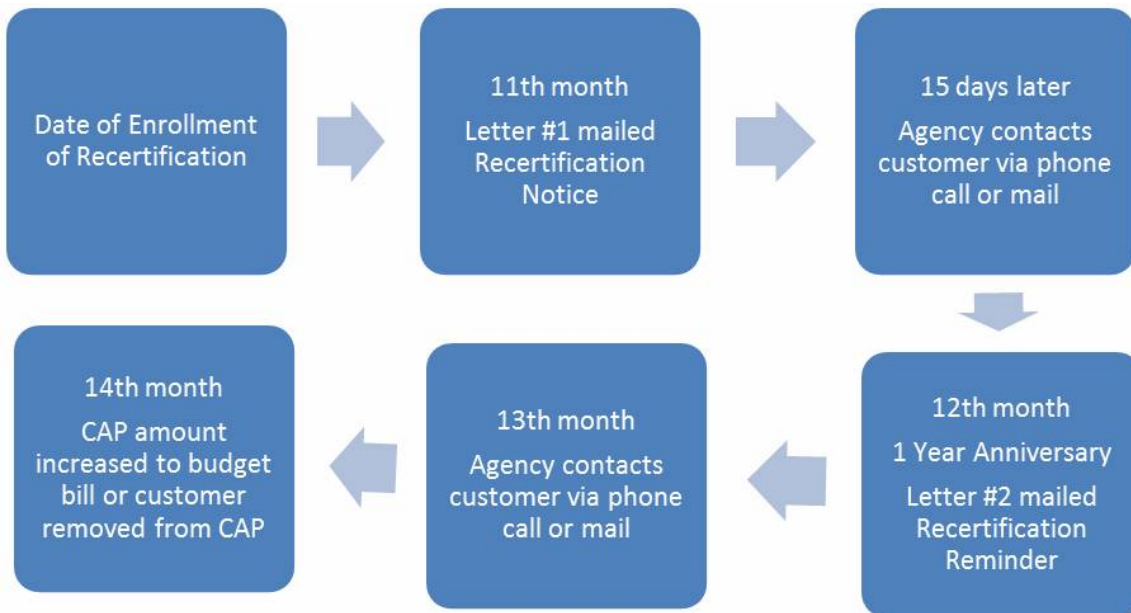
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APPENDIX E

Notification Schedule for CAP Recertification Process-NO LIHEAP (Annual Certification)



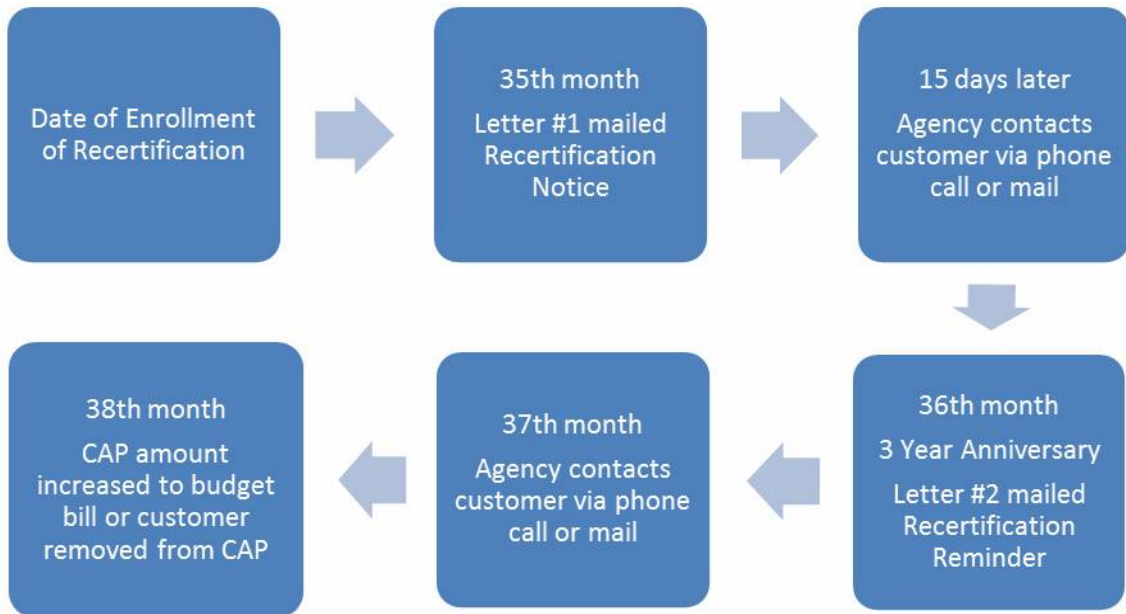
Notification Schedule for CAP Recertification Process-LIHEAP (Triennial Certification)

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APPENDIX F

UGI [Entity Name]

Universal Service Customer Assistance Program

Customer Name: _____

Date of Application: _____

Account #: _____

Service Address: _____

Verification of Zero Income Claim

To be completed and signed by the UGI customer who had no income during the 30 day, 90 day or 1 year period before the date of this CAP application.

Verification:

I, (print) _____, state that I have had no income from any source. I understand that participation in CAP can be denied for making false statements, and do affirm that all claims made here are true and correct to the best of my knowledge, information and belief. Any change in household income or occupants will be immediately reported to my assigned CAP agency. I give UGI and/or my assigned CAP agency permission to verify income with government agencies.

List all adult household members with zero income:

1. _____

2. _____

3. _____

During the above period, how were household expenses met for food and shelter?

Customer Signature: _____

Agency Representative: _____

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Document comparison by Workshare Compare on Monday, February 16, 2015
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Rendering set	Standard

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