

COMMONWEALTH OF PENNSYLVANIA



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October 11, 2023

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

Re: Petition of UGI Utilities, Inc. – Electric  
Division for Approval of Phase IV of its  
Energy Efficiency and Conservation Plan  
Docket No. M-2023-3043230

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer's Answer to the Petition of UGI Utilities, Inc. – Electric Division in the above-referenced proceeding. As required under the Commission's regulations, the Office of Consumer Advocate's Answer is accompanied by a verification in accordance with 52 Pa. Code Section 1.36.

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

Respectfully submitted,

/s/ Melanie J. El Atieh  
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Certificate of Service

\*4877-1340-9158

CERTIFICATE OF SERVICE

Petition of UGI Utilities, Inc. – Electric :  
Division for Approval of Phase IV of its : Docket No. M-2023-3043230  
Energy Efficiency and Conservation Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Answer to the Petition of UGI Utilities, Inc. – Electric Division, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 11<sup>th</sup> day of October 2023.

**SERVICE BY E-MAIL ONLY**

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Utilities, Inc. – Electric :  
Division for Approval of Phase IV of its : Docket No. M-2023-3043230  
Energy Efficiency and Conservation Plan :

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ANSWER OF THE  
OFFICE OF CONSUMER ADVOCATE

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**I. INTRODUCTION**

The Office of Consumer Advocate (OCA) is a statutory advocate with authority and duty to, *inter alia*, represent the interest of consumers as a party before the Pennsylvania Public Utility Commission (Commission) in any matter properly before the Commission in connection with any matter involving regulation by the Commission. 71 P.S. § 309-4.

On September 25, 2023, UGI Utilities, Inc. – Electric Division (UGI Electric or Company) filed a Petition for Approval of Phase IV of its voluntary Energy Efficiency and Conservation Plan for the period of June 1, 2024, through May 31, 2029 (Phase IV EE&C Plan or Plan). UGI Electric is not subject to the mandatory energy efficiency requirements of Act 129<sup>1</sup> because it serves fewer than 100,000 customers. 66 Pa.C.S. § 2806.1(l); Petition at ¶ 2. The Commission previously approved, with modifications, the Company’s voluntary Phases I, II, and III EE&C Plans, in Docket Nos. M-2010-2210316, M-2015-2477174, and M-2018-3004144, respectively. The OCA participated in the Company’s Phases I, II, and III proceedings before the Commission. The Company in its Petition provided an accurate overview of the history of these prior Phases I, II,

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

and III proceedings. Petition at ¶¶ 3-19. However, the OCA adds that because of a Commission-approved settlement in the Phase III proceeding, to which the OCA was a party, UGI Electric modified, and the Commission approved the modification, to amend the Phase III EE&C Plan to include a Residential Low-Income Program, starting in program year two of the Phase III Plan.<sup>2</sup>

## **II. ANSWER**

In the Petition, the Company requests the Commission’s approval to (1) establish and implement the voluntary Phase IV EE&C Plan for the period of June 1, 2024, through May 31, 2029; and (2) to recover the costs it will incur in the provision and management of the voluntary Plan through a Section 1307 automatic adjustment rate. Petition at ¶¶ 42-43.

### **A. APPLICABLE STANDARDS**

In dealing with any proposed action which may substantially affect the interest of consumers, including but not limited to a proposed change of rates and the adoptions of...orders..., the [C]ommission shall...[c]onsistent with its other statutory responsibilities, take such action with due consideration to the interest of consumers.

71 P.S. § 309-5.

The Commission provided guidance for smaller EDCs, statutory advocates, interested parties, and Commission staff in reviewing voluntary EE&C plans and for concluding whether voluntary EE&C measures “are in the interest of [an EDC’s] customers.” *See Re: Voluntary Energy Efficiency and Conservation Program*, Docket No. M-2009-2142851 (Dec. 23, 2009) (*EE&C Secretarial Letter*) at 1, 2. Specifically, the Commission directed that petitions for approval of voluntary EE&C plans must be filed in accordance with 52 Pa. Code Section 5.41 and contain the following components:

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<sup>2</sup> See *Petition of UGI Utilities, Inc. – Electric Division for Approval of Phase III of its Energy Efficiency and Conservation Plan*, Docket No. M-2018-3004144 (Order entered March 14, 2019), (UGI Petition to Amend filed April 22, 2020), and (Secretarial Letter issued May 13, 2020).

- 1) A detailed plan and description of the measures to be offered;
- 2) Sufficient supporting documentation and verified statements or testimony or both;
- 3) Proposed energy consumption or peak demand reduction objectives or both, with proposed dates the objectives are to be met;
- 4) A budget showing total planned expenditures by program and customer class;
- 5) Tariffs and a Section 1307<sup>3</sup> cost recovery mechanism; and
- 6) A description of the method for monitoring and verifying plan results.

*EE&C Secretarial Letter* at 1.

Additionally, the Commission concluded that certain elements of the mandatory Act 129 EE&C Program “are instructional and applicable to any prudent and cost-effective [voluntary] EE&C program.” That is:

- 1) Act 129’s definition of energy efficiency and conservation measures<sup>4</sup> will apply to all voluntary EE&C plan filings;
- 2) the evaluation, verification and measurement (EM&V) of energy savings are to be evaluated using the Technical Reference Manual (TRM), as established by the

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<sup>3</sup> 66 Pa.C.S. § 1307.

<sup>4</sup> The term “*Energy efficiency and conservation measures*” is defined as follows:

- (1) Technologies, management practices or other measures employed by retail customers that reduce electricity consumption or demand if all of the following apply:
  - (i) The technology, practice or other measure is installed on or after the effective date of this section at the location of a retail customer.
  - (ii) The technology, practice or other measure reduces consumption of energy or peak load by the retail customer.
  - (iii) The cost of the acquisition or installation of the measure is directly incurred in whole or in part by the electric distribution company.
- (2) Energy efficiency and conservation measures shall include solar or solar photovoltaic panels, energy efficient windows and doors, energy efficient lighting, including exit sign retrofit, high bay fluorescent retrofit and pedestrian and traffic signal conversion, geothermal heating, insulation, air sealing, reflective roof coatings, energy efficient heating and cooling equipment or systems and energy efficient appliances and other technologies, practices or measures approved by the commission.

66 Pa.C.S. § 2806.1(m).

Commission,<sup>5</sup> given that the “cost-effectiveness and verification of energy savings is prudent and essential for any such program;” and

- 3) Act 129’s definition of Total Resource Cost (TRC) test<sup>6</sup> will apply to voluntary EE&C plans to determine whether each proposed EE&C plan is cost-effective.<sup>7</sup>

*EE&C Secretarial Letter* at 1-2.

The Commission encouraged smaller EDCs “to use the Act 129 targets as guiding principles in establishing energy consumption and peak demand objectives.” *EE&C Secretarial Letter* at 2. Most recently, the Commission established savings targets ranging from 2.4% to 3.5% in its *Phase IV Final Implementation Order*.<sup>8</sup> The Commission directed that a voluntary plan’s energy consumption reduction objective “be measured against the filing EDC’s annual historical load for June 1, 2007, through May 31, 2008.” *EE&C Secretarial Letter* at 2.

Regarding cost recovery through rates, the Commission stated that it will permit the recovery of all “reasonable and prudent costs”<sup>9</sup> incurred in implementing and managing a voluntary EE&C plan through a Section 1307 automatic adjustment clause that is subject to annual review and reconciliation. *EE&C Secretarial Letter* at 2 (citing 66 Pa.C.S. § 1307). Noting that

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<sup>5</sup> The *EE&C Secretarial Letter* references the original TRM established at Docket No. M-00051865; however, the Commission has updated the TRM during the various phases of the Act 129 Program. The most recent TRM is established in Phase IV at Docket No. M-2019-3006867. *See Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual 2021 Update*, Docket No. M-2019-3006867 (Order entered February 4, 2021) (*Phase IV TRM Order*).

<sup>6</sup> The term “Total resource cost test” is defined as follows:

A standard test that is met if, over the effective life of each plan not to exceed 15 years, the net present value of the avoided monetary cost of supplying electricity is greater than the net present value of the monetary cost of energy efficiency conservation measures.

66 Pa.C.S. § 2806.1(m).

<sup>7</sup> The most recent TRC Test is established in Phase IV at Docket No. M-2019-3006868. *See 2021 Total Resource Cost (TRC) Test*, Docket No. M-2019-3006868 (Order entered Dec. 19, 2019) (*Phase IV TRC Test Order*).

<sup>8</sup> *See Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228 (Implementation Order entered M-2020-3015228) (*Phase IV Final Implementation Order*), at 18.

<sup>9</sup> Any rate demanded by a public utility shall be just and reasonable and in conformity with regulations or orders of the commission. 66 Pa.C.S. § 1301(a).

Act 129's mandatory cost limits are not applicable to voluntary EE&C plans, the Commission nevertheless stated that an EDC submitting such a plan must justify the level of expenditures it proposes whether they meet the Act 129 cost limits or not. *EE&C Secretarial Letter* at 2. The Commission further directed that recoverable costs must be "allocated to the customer rate class that receives the benefit of any particular EE&C plan measure to avoid inter-class cost subsidies." *EE&C Secretarial Letter* at 2.

Finally, while recognizing that the Act 129 Program's complexity and comprehensiveness may not be appropriate for smaller EDCs to follow due to the costs of EE&C measures and plans that must be supported by a smaller customer base, the Commission nevertheless stated that its evaluation of a voluntary EE&C plan will look to the Act 129 Program and apply elements of that Program where it is prudent and cost-effective. However, the Commission stated that it will not apply the penalty provisions contained in Act 129, nor will the Commission take over the management and implementation of any voluntary EE&C plan that fails to meet its energy reduction objectives. *EE&C Secretarial Letter* at 2.

#### **B. THE COMPANY'S PROPOSED PHASE IV EE&C PLAN**

The OCA generally supports voluntary EE&C plans because, in the OCA's view, consumers benefit individually and overall from energy savings that are achieved in cost-effective and prudent EE&C plans. While further review is needed, upon initial review, the Phase IV EE&C Plan appears to conform with the Commission's *EE&C Secretarial Letter* and related orders under Act 129 as well as the provisions of Act 129.

The OCA supports the continuation of cost-effective and prudent EE&C programs through Phase IV. Upon initial review, the Company's Phase IV Plan includes several programs that if properly constructed will benefit consumers. With that said, the OCA will be reviewing the

Company's proposed EE&C programs, including their cost effectiveness, and the proposed allocation of costs among residential and non-residential customers to determine whether the Company's proposed programs and cost allocations in Phase IV are consistent with the Commission's prior guidance and in the interests of consumers.

The OCA looks forward to working with the parties to ensure that the programs offered by UGI Electric will meet the needs of consumers while providing energy and conservation benefits on a system-wide basis.

### **1. Overall Plan and Cost Recovery**

Consistent with the Act 129 Phase IV savings targets established by the Commission in its *Phase IV Final Implementation Order*,<sup>10</sup> UGI Electric proposes an overall energy consumption reduction goal of three percent (3.0%) for the five-year period, which is equal to 32,250 megawatt hours (MWh) as measured against the Company's annual historical load (or MWh sold) for the 12-month period June 1, 2007, through May 31, 2008, as required in the *EE&C Secretarial Letter*. Petition at ¶¶ 24, 30, 32. UGI Electric states that it believes the three percent saving target is reasonably achievable over the five-year period. Petition at ¶ 24.

To verify savings, UGI Electric proposes to use the EM&V standards using the TRM established in the *Phase IV TRM Order*. Petition at ¶¶ 21, n. 3. UGI Electric used the TRC Test criterion for determining the cost-effectiveness of its Phase IV EE&C Plan, employing the methodology included in the *Phase IV TRC Test Order*. Petition at ¶¶ 21, 36. In accordance with Paragraph 28 of the Settlement approved in UGI Electric's Phase III EE&C Plan proceeding at Docket No. M-2018-3004144, UGI Electric has updated its electric avoided costs to utilize those

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<sup>10</sup> In the *Phase IV Final Implementation Order*, the Commission proposed that goals be measured using the sum of incremental annual savings, as was done in Phase III. *Phase IV Final Implementation Order* at 17.



of PPL Electric Utilities Corporation. Petition Exh. 1 at 3, 37; UGI St. No. 1 at 10. The Company asserts that its Plan presents present value net TRC benefits of \$17.5 million and is cost-effective under the TRC Test, with a total TRC benefit/cost ratio of 2.24. Petition Exh. 1 at 6, 37; UGI St. No. 1 at 6.

However, in UGI Statement No. 1, the Company discloses and discusses major sources of uncertainty that may have an outsized effect on the Plan outcomes, including:

- The impact of several new federal programs and initiatives on the outcome of the Plan, including : (1) the Inflation Reduction Act of 2022 (IRA), which may impact program activity and cost-effectiveness reporting given that the IRA provides significant tax credits that overlap with offerings in the Plan, such as heat pump water heaters, and it remains to be seen how many of UGI Electric’s customers will take advantage of these tax credits and how those tax credits may affect the supply, distribution, and installation of efficient equipment in UGI Electric’s service territory; and (2) the implementation Home Energy Performance-Based Whole-House Rebates (HOMES) and High-Efficiency Electric Home Rebate Act (HEEHRA) in Pennsylvania for how they may interact and/or overlap with the Plan’s offerings; and
- the effectiveness of the Company’s communication efforts and associated customer willingness to implement EE&C measures;
- the general state of the economy and how it may adversely affect the ability of customers, particularly Commercial and Industrial (C&I) customers, to make investments in energy efficiency projects;

- the current interest rate environment, with rates at multi-decade highs, makes financing options limited for many customers; and
- the lingering effects of COVID-19 on supply chains have created additional complexities in stocking efficient equipment.

UGI St. No. 1 at 7-8.

UGI Electric proposes an annual expenditure cap on EE&C measures equal to two percent of the Company's jurisdictional revenues for the 12-month period June 1, 2007, through May 31, 2008,<sup>11</sup> which was approximately \$125.3 million with gross receipts tax. The proposed spending cap is equal to \$2.5 million annually and a total five-year spending cap of approximately \$10.5 million. However, noting the spending cap, UGI Electric plans for an annual budget of approximately \$2.1 million. Petition at ¶ 38.

Consistent with Act 129, UGI asserts that it has allocated the cost of the measures to the customer class that will benefit from that measure and based on projected incentive spending. Petition at ¶ 36; UGI St. No. 2 at 6. Of the \$10.5 million total cap, UGI Electric proposes to allocate over the five years approximately \$5.9 million to the residential customer class, including low-income customers, and approximately \$4.6 million to the non-residential customer class. UGI St. No. 2 at 5, 8. The Company proposes to directly assign the costs of EE&C programs that target specific rate classes to those classes for purposes of developing the recovery charge. UGI St. No. 2 at 9. The OCA will be reviewing the Company's proposed EE&C programs and proposed allocation of costs among residential, including low-income, and non-residential customers to

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<sup>11</sup> Act 129 dictates that the total cost of any mandatory plan must not exceed two percent of the EDC's total annual revenue as of December 31, 2006, excluding Low-Income Usage Reduction Programs established under 52 Pa. Code § 58 (relating to residential Low-Income Usage Reduction Programs). 66 Pa.C.S. § 2806.1(g). While UGI Electric's Plan proposes a similar two percent expenditure cap as required under Act 129, it uses the 12-month period ending May 31, 2008, as the baseline revenue for establishing the amount of the 2% cap. UGI Electric used this same baseline 12-month period ending May 31, 2008, in its Phases I, II, and III Plans.

determine whether that the Company's proposed programs and cost allocations in Phase IV are consistent with the Commission's prior guidance and in the interests of consumers.

The Company proposes to recover Plan costs through a Phase IV reconcilable rate mechanism (Phase IV EEC Rider). Petition at ¶ 39; Petition Exh. 1 at 39-40. The Phase IV EE&C Rider will recover, by customer class, the applicable EE&C Plan costs. Petition at ¶ 39. As explained in UGI Statement No. 2, the Company proposes that the Phase IV EEC Rider will operate in the same manner as the Phases I, II, and III EEC Riders. *See* UGI St. No. 2 at 7-10. Consistent with the Commission's requirement in the *Phase IV Final Implementation Order*,<sup>12</sup> the Phase IV EEC Rider will be applicable to default service and choice customers because UGI Electric asserts that the Phase IV EE&C Plan will benefit both shopping and non-shopping customers. UGI St. No. 2 at 7-8. Accordingly, as with Phases I, II, and III, the Phase IV EEC Rider would be included in the distribution charges for each customer class rather than appear as a separate line item on customers' bills. UGI St. No. 2 at 8. The OCA will review UGI's cost recovery mechanism to determine whether continuation of the same cost recovery methodology in Phase IV remains reasonable.

In addition, as with the Phases I, II, and III EEC Riders, UGI Electric proposes to conduct a final reconciliation of total revenue collection to total Plan expenditures (up to the spending caps) at the end of the five-year Plan, and any resulting over/under collections will be recovered/refunded over the one-year period following the end of the Plan (Final Reconciliation Year). Petition at ¶ 39. If it is known that there will be a Phase V EE&C Plan at the end of its Final Reconciliation Year, any remaining balance will be recovered/refunded through the Phase V EEC Rider's E-Factor. UGI St. No. 2 at 9-10. However, if there will not be a Phase V EE&C Plan, any

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<sup>12</sup> *Phase IV Final Implementation Order* at 142.

balance will be reconciled through a one-time bill credit/debit issue to customers during the second full billing month following the end of the Final Reconciliation Year. UGI St. No. 2 at 10. The OCA will review these components to ensure that they are correct and remain reasonable.

## **2. EE&C Programs**

According to the Petition, Phase IV includes a variety of energy efficiency and energy education programs designed to achieve its three percent energy consumption reduction goal over the five-year period. Petition at ¶ 34. UGI Electric anticipates that its Plan will produce peak load reduction results as well, although the Company did not design EE&C programs with the intent of achieving specific peak load reduction targets. Petition at ¶¶ 24, 42. The programs are designed to achieve 32,723 MWh of electric savings or 101% of the Company's three percent savings goal over the five-year period as measured against the Company's historical load for the 12-month period ending May 31, 2008. Petition at ¶ 24; Petition Exh. 1 at 1.

UGI Electric proposes to use a combination of internal staff and external Conservation Service Providers (CSPs) to implement the programs, monitor the programs' progress, and verify the Plan results. Petition Exh. 1 at 2. UGI Electric states that it understands that customer engagement is critical to the success of the Plan and has developed several programs that provide tangible customer benefits. UGI Electric states that its staff and its CSPs will promote customer service throughout the Plan and coordinate with trade allies and other market participants through outreach, training, and education to raise customer awareness of UGI Electric's available programs. Petition Exh. 1 at 6, 38.

UGI Electric has proposed seven program offerings in Phase IV: (1) Appliance Rebate Program (Residential/Low-Income Customers); (2) School Energy Education Program (Residential/Low-Income Customers); (3) Energy Kits Program (Residential/Low-Income

Customers); (4) Appliance Recycling Program (Residential/Low-Income Customers); (5) Low-Income Program (Low-Income Customers); (6) Community Based Organization (CBO) Marketing Program (Residential/Low-Income Customers); and (7) C&I Custom Incentive Program (Commercial and Industrial/Governmental Customers). Petition at ¶ 34. Of the seven programs, five are available to Residential customers, including low-income customers, and six are available to low-income customers. Petition at ¶ 34; Petition Exh. 1 at 3, 8-36.

The Company is proposing to continue the residential Low-Income Program that provides free installation of heat pump water heaters and smart thermostats at no cost to qualifying low-income customers. UGI St. No. 1 at 11. The Low-Income Program is projected to save 159 MWh of energy at a cost of \$245,000 over the five years and provide net benefits of \$20,000 with a TRC benefit/cost ratio of 1.11. UGI St. No. 1 at 12.

The Company is proposing to add a new Energy Kits Program (Residential/Low-Income Customers) to Phase IV and to discontinue the Energy Efficient Lighting Program that was in Phase III. Petition Exh. 1 at 3. The Energy Kits program is an education program that involves an online questionnaire that will result in a customized list of recommendations for saving energy, including referrals to other relevant programs. For example, customers who indicate that they use electricity for water heating through the self-assessment can then choose to receive a water saving kit shipped to their home at no cost. This kit will include low-flow bath and kitchen faucet aerators and a low-flow showerhead. Kits will be limited to one per account every five years. UGI St. No. 1 at 12.

As discussed in UGI Statement No. 1, the Energy Kits Program is projected to cost \$381,250 over five years and will serve as a gateway for customers to learn about UGI Electric's programs and the many opportunities they have for saving energy. The water heating kits provide

customers with an easy way to save approximately 4.0 GWh of electricity and 43.4 million gallons of water over the lifetime of the measures, without customers spending any money up front. The program is also projected to provide \$329,361 in present value of net benefits with a 2.00 benefit/cost ratio under the TRC Test. The Energy Kit Program will round out the residential program offering for the portfolio, provide a no-cost entryway for customers, drive engagement to other programs, and boost portfolio savings and cost-effectiveness. UGI St. No. 1 at 12-13.

The Company is also proposing to modify some programs that it seeks to continue from Phase III. Specifically, while continuing the Appliance Recycling program (Residential/Low-Income Customers), the Company proposes to expand eligibility to allow pick-ups of qualifying standalone air-conditioning and dehumidifier units. Currently, these units are only eligible for a rebate through the Appliance Recycling Program when the customers are also recycling a refrigerator or freezer. The current offer has been successful, and the Company believes that expanding the criteria for retrieval will help reach additional residential customers. With those changes, the Appliance Recycling Program is projected to save 2,565 MWh of energy at a cost of \$1.1 million over the five years of Phase IV. The program is projected to provide net benefits of \$7,000 with a TRC benefit/cost ratio of 1.01. Petition Exh. 1 at 3; UGI St. No. 1 at 14-15.

For the Appliance Rebate program (Residential/Low-Income Customers), the Company proposes to add incentives for air source heat pumps and heat pump water heaters to the Appliance Rebate Program. Petition Exh. 1 at 3; UGI St. No. 1 at 13. As discussed in UGI Statement No. 1, the Company asserts that higher Phase IV avoided costs make it possible for these measures to be added without jeopardizing the cost effectiveness of the program or overall Plan. In addition, UGI Electric wants to meet anticipated customer interest given new tax incentives and the availability of rebates from other Act 129 programs for these measures. These new measures, along with

increasing customer demand for ductless mini-split heat pumps, lead to a projected increase in spending and savings for the program. The program's budget in Phase IV of \$1.74 million over five years is 40% higher than the program's budget in Phase III of \$1.24 million over five years. However, Phase IV savings are projected to be 7,416 annual MWh, *i.e.*, 128% higher than the last phase projection of 3,258 annual MWh. Therefore, the updated Appliance Rebate Program is projected to be much more cost-effective in Phase IV (with a TRC benefit/cost ratio of 3.13) when compared to its Phase III version (with a TRC benefit/cost ratio of 1.11) and will be essential for reaching UGI Electric's Phase IV savings goals. UGI St. No. 1 at 13-14. Some measures within the Residential Appliance Rebate Program are not cost effective from a TRC Test perspective; however, the overall Program is cost effective with a TRC benefit/cost ratio of 3.13. UGI St. No. 1 at 20.

The Plan will not offer a custom measure incentive under the Appliance Rebate Program. However, the Plan does provide criteria for custom measures, including a requirement to have a TRC benefit/cost ratio of at least 1.0 and an incentive maximum of the lesser of \$0.14 per kWh saved or 50% of the measure cost. The Company will use these criteria for offerings under the Appliance Rebate Program prescriptive rebates in the future for new measures that may make sense as a prescriptive offering. Given the five-year term for Phase IV and the administrative burden for a small EDC to file EE&C Plan changes to add new measures, the Company believes this approach provides crucial flexibility for UGI Electric to address any future changes to the residential equipment market. UGI St. No. 1 at 14.

For the School Energy Education program (Residential/Low-Income Customers), the Company proposes to expand the program to an additional high school that has yet to receive services from the program. Petition Exh. 1 at 3; UGI St. No. 1 at 15. The School Energy Education

Program is projected to save 2,352 MWh of energy at a cost of \$1.3 million over the five years of Phase IV. The program is projected to provide net benefits of \$4.0 million with a TRC benefit/cost ratio of 4.72. UGI St. No. 1 at 15.

For the C&I Incentive Program, the Company is proposing to add a prescriptive pathway and a direct install for small business pathway. The proposed C&I Incentive Program is projected to cost \$3.9 million over five years, which is a 12% increase over the Phase III budget of \$3.5 million over five years. The program is projected to achieve 19,804 annual MWh in savings and deliver \$8.3 million in present value TRC net benefits with a TRC benefit/cost ratio of 2.18. Petition Exh. 1 at 3; UGI St. No. 1 at 15-18.

The CBO Marketing Program provides no claimed savings and has no TRC benefits under the Commission's TRC Test. UGI St. No. 1 at 20.

As noted above, the OCA will be reviewing the Company's proposed EE&C programs and proposed allocation of costs among residential and non-residential customers to determine whether the Company's proposed programs and cost allocations in Phase IV are consistent with the Commission's prior guidance and in the interests of consumers. The OCA recognizes that an individual program or an individual measure within a program need not produce a TRC benefit/cost ratio exceeding 1.0, so long as the total Plan's TRC benefit/cost ratio exceeds 1.0. The Company's proposed portfolio of programs and measures overall is projected to be cost-effective on a TRC Test basis with an overall TRC benefit/cost ratio of 2.24, with a TRC benefit/cost ratio of 2.92 for the residential sector and a TRC benefit/cost ratio of 2.18 for the C&I sector. UGI St. No. 1 at 19-20. Notwithstanding the foregoing, the OCA finds encouraging upon initial review of the Plan that each of the proposed EE&C programs, aside from the CBO Marketing Program, is projected to produce net savings and a TRC benefit/cost ratio that exceeds 1.0. Nevertheless, the



OCA will examine the programs to ensure that consumers benefit from the expenditures and that the savings projected result in actual, meaningful, and measurable savings for consumers who are paying for the programs.

Finally, UGI Electric plans to hold a stakeholder meeting to review the initial results of the Phase IV EE&C Plan and receive questions and feedback from interested stakeholders about the programs' performance. The stakeholder meeting shall be held: (1) at a time and place chosen by UGI Electric upon at least one month's notice to stakeholders; and (2) within six months after the end of Program Year 14, which concludes on May 31, 2026. Petition at 41. The OCA offers that to the extent a statutory advocate wishes to participate in the stakeholder meeting that the Company attempt to schedule the stakeholder meeting at a time and place that is available for the statutory advocates.

### **3. Procedural Path Forward**

UGI Electric requests that, to the extent possible, the Commission issue an Order approving the voluntary Phase IV EE&C Plan on or before March 14, 2024, so that the Company has sufficient time to implement the Phase IV EE&C Plan before Phase III concludes on May 31, 2024. UGI Electric also requests that it be permitted to file a Phase IV EEC Rider and rate schedules consistent with the Pro Forma Tariff Supplement attached to the Petition as UGI Electric Exhibit 2, effective on one (1) day's advance notice coincident with the effective date of the first quarterly default service rate filing following Commission approval of the Phase IV EE&C Plan. Petition at 42-43. The OCA will work with UGI to ensure a procedural schedule that allows for review of the filing expeditiously but not unreasonably or unnecessarily constraining oversight.

### **III. CONCLUSION**

The OCA supports the continuation of cost-effective and prudent EE&C programs through Phase IV. Upon initial review, the Company's Phase IV Plan includes several programs that appear to benefit consumers. With that said, the OCA will be reviewing the Company's proposed EE&C programs and proposed allocation of costs among residential and non-residential customers to determine whether that the Company's proposed programs and cost allocations in Phase IV are consistent with the Commission's prior guidance and in the interests of consumers.

The OCA looks forward to working with UGI and other parties to ensure that the programs offered by UGI Electric will meet the needs of consumers while providing energy and conservation benefits on a system-wide basis.

Respectfully Submitted,

/s/ Melanie J. El Atieh

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Dated: October 11, 2023

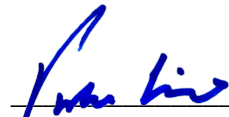
BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Utilities, Inc. – Electric :  
Division for Approval of Phase IV of its : Docket No. M-2023-3043230  
Energy Efficiency and Conservation Plan :

VERIFICATION

I, Patrick M. Cicero, hereby state that the facts set forth in the Office of Consumer Advocate’s Answer to the Petition of UGI Utilities, Inc. – Electric Division, are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: October 11, 2023

Signature:  \_\_\_\_\_  
Patrick M. Cicero  
Consumer Advocate

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