

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Docket No. R-2015-2518438**

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

**Statement No. 12-R**

**Rebuttal Testimony of  
Chris Ann Rossi**

**Topics Addressed:**

- UGI Gas’s Universal Service and Energy Conservation Plan Proceeding**
- Structure & Operation of the Customer Assistance Program (“CAP”)**
- Recovery of CAP Costs**
- Structure and Operation of the Low-Income Usage Reduction Program (“LIURP”)**
- UGI Gas Policies & Procedures**

*Dated: May 10, 2016*

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Chris Ann Rossi. My current business address is 225 Morgantown Road,  
4 Reading, Pennsylvania 19611.

5  
6 **Q. By whom and in what capacity are you employed?**

7 A. I am employed by UGI Utilities, Inc., as Director – Customer Services. In this position, I  
8 am responsible for managing the customer information center for UGI Utilities, Inc. –  
9 Gas Division (“UGI Gas” or the “Company”), UGI Utilities, Inc. – Electric Division  
10 (“UGI-ED”), UGI Penn Natural Gas, Inc. (“PNG”) and UGI Central Penn Gas, Inc.  
11 (“CPG”) (collectively “the UGI Distribution Companies”). I also manage the customer  
12 accounting, credit and collections, customer outreach, and compliance departments,  
13 which includes the administration of all universal service programs. In this role I oversee  
14 regulatory compliance with Chapter 14 of the Public Utility Code, 66 Pa.C.S. §1401, *et*  
15 *seq.*, related consumer regulations and compliance with generally applicable consumer  
16 protection, collection, and consumer bankruptcy regulations.

17  
18 **Q. What is your educational and professional background?**

19 A. I received my undergraduate degree from Pennsylvania State University. I have been  
20 employed by UGI since August 2000. I have held various positions in Customer  
21 Accounting, Credit and Collections and Gas Supply. I was promoted to the position of  
22 Director of Customer Services in October, 2015 after spending nearly six years managing  
23 the teams mentioned above. Prior to my employment at UGI Utilities, I served in the  
24 Pennsylvania Army National Guard from the years 1984 through 1986. I held various

1 positions in customer service in both the banking industry and in distribution. From 1985  
2 through 1991, I was employed by Miners National Bank, working in many of the local  
3 branch offices. From 1991 through 2000, I was employed by Schoeneman Corporation,  
4 Pottsville, PA. During most of my time at Schoeneman, I was in the position of  
5 Customer Service Manager. I was responsible for the call center, quality assurance, and  
6 metrics performance reporting.

7  
8 **Q. Have you been involved in other proceedings before the Pennsylvania Public Utility  
9 Commission (“Commission”)?**

10 A. Yes. I submitted direct and rebuttal testimony in the 2011 base rate case of UGI Central  
11 Penn Gas, Inc. at Docket No. R-2010-2214415.

12  
13 **Q. On whose behalf are you testifying in this proceeding?**

14 A. I am submitting this rebuttal testimony on behalf of UGI Gas.

15  
16 **Q. Did you previously submit direct testimony in this proceeding?**

17 A. No, I did not.

18  
19 **Q. What is the purpose of your rebuttal testimony?**

20 A. My testimony responds to certain portions of the following direct testimony submitted by  
21 the following parties: (1) OCA Statement No. 4, the direct testimony of Roger D. Colton  
22 submitted on behalf of the Office of Consumer Advocate (“OCA”); (2) CAUSE-PA  
23 Statement No. 1, the direct testimony of Mitchell Miller submitted on behalf of the

1 Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania  
2 (“CAUSE-PA”); (3) CAUSE-PA Statement No. 2, the direct testimony of Marielle  
3 Macher; submitted on behalf of CAUSE-PA; (4) CAUSE-PA Statement No. 3, the direct  
4 testimony of Judith Lewis, submitted on behalf of CAUSE-PA; (5) CEO Statement No. 1,  
5 the direct testimony of Eugene M. Brady, submitted on behalf of the Commission on  
6 Economic Opportunity (“CEO”); and (6) I&E Statement No. 3, the direct testimony of  
7 Christopher Keller, submitted on behalf of the Commission’s Bureau of Investigation and  
8 Enforcement (“I&E”). I will also respond to the testimony of UGI Gas customers at the  
9 public input hearings held by the Commission in Harrisburg, Pennsylvania on April 1,  
10 2016 and Allentown, Pennsylvania on April 4, 2016.

11  
12 **Q. How is your testimony organized?**

13 A. My testimony is organized into an introduction and five sections that address  
14 recommendations made in the direct testimonies of the OCA, CAUSE-PA, CEO, and  
15 I&E witnesses. Part II consists of a brief overview of the Company’s Universal Service  
16 and Energy Conservation Plan (“USECP”), and its recent Commission approval, to  
17 provide some context for my responses to the recommendations of the other parties’  
18 testimony. In Part III, I will address recommendations on the structure and operation of  
19 the Customer Assistance Program (“CAP”). In Part IV, I will address OCA witness  
20 Colton’s recommendations on the recovery of CAP costs. In Part V, I will address  
21 recommendations on the structure and operation of the Low-Income Usage Reduction  
22 Program (“LIURP”). In Part VI, I will address recommendations made on various UGI

1 Gas policies and procedures, including recommended changes to tariff language on the  
2 topics of income verification, Protection from Abuse, and language access.

3  
4 **Q. Are you sponsoring any exhibits for your Rebuttal Testimony?**

5 A. Yes, I am sponsoring the following exhibits: UGI Gas Exhibit Nos. CAR-1 through  
6 CAR-7.

7  
8 **II. OVERVIEW OF COMPANY'S USECP PROCEEDING**

9 **Q. When was the Company's current Universal Service Plan approved by the**  
10 **Commission?**

11 A. The USECP is administered collectively for the UGI Distribution Companies. As stated  
12 in the direct testimony of Robert R. Stoyko (UGI Gas Statement No. 7, page 10, lines 3-  
13 7), the UGI Distribution Companies filed their January 1, 2014 through December 31,  
14 2017 USECP at Docket No. M-2013-2371824.<sup>1</sup> The USECP was approved by the  
15 Commission in three related orders entered on January 15, 2015, June 11, 2015, and  
16 September 3, 2015.

17  
18 **Q. Was there public participation in the USECP proceeding?**

19 A. Yes. OCA and the Pennsylvania Utility Law Project ("PULP") were active parties to the  
20 USECP proceeding. PULP, like CAUSE-PA is a component of Regional Housing Legal  
21 Services ("RHLS") which shares with CAUSE-PA both staff and a common mission of

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<sup>1</sup> The Company's USECP was originally filed on July 1, 2013 and was re-filed on August 1, 2014 for an additional plan year per the Commission's June 27, 2014 Secretarial Letter establishing a new USECP filing schedule and independent evaluation schedule and providing a partial, one time Commission waiver of the three year requirement set per 52 Pa Code §54.74 and §62.4,

1           advocating for affordable utility services for residential customers of limited economic  
2           means. Since 2011, CAUSE-PA has been the policy advisor to PULP.<sup>2</sup> A Tentative  
3           Order entered October 2, 2014, solicited comments on several proposed modifications to  
4           the USECP. The UGI Distribution Companies, OCA and PULP submitted comments and  
5           reply comments, which are attached hereto as UGI Gas Exhibit CAR-1.

6  
7           **Q.     Please describe the resolution of the USECP proceeding.**

8           A.     After consideration of the submitted comments, the Commission approved the USECP in  
9           a Final Order entered January 15, 2015 and reserved two issues to allow the parties to  
10          reach consensus: (1) the calculation of the UGI PNG and UGI Gas needs assessment;  
11          and (2) the UGI Gas LIURP budget.

12  
13          **Q.     Did the parties reach consensus on these two issues?**

14          A.     Yes. The UGI Distribution Companies filed a revised plan on February 17, 2015, and a  
15          revised needs assessment, per agreement with OCA and PULP. The parties subsequently  
16          achieved consensus on the UGI Gas LIURP budget, which, as described in the testimony  
17          of Mr. Stoyko, was increased from \$650,000 to \$1.1 million as of January 1, 2016. (UGI  
18          Gas Statement No. 7, page 12, lines 2-9) The parties filed a Joint Petition for Settlement  
19          (“Settlement”) on March 27, 2015, which was approved by the Commission in the June  
20          11, 2015 Order.

21  
22          **Q.     Were there any other modifications to the Plan subsequent to the approval of the**  
23          **Settlement?**

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<sup>2</sup>See <http://www.rhls.org/2015/03/cause-pa-executive-committee-wins-plan-award-for-utilities-advocacy/>

1 A. Yes. There were a number of changes to the USECP that went into effect in the six  
2 months following the January 15, 2015 Final Order, one of which was the Companies'  
3 proposed elimination of the maximum CAP Credit, which was approved and  
4 implemented in July of 2015. Also, as agreed to in their comments to the Tentative  
5 Order, the UGI Distribution Companies filed a petition on April 15, 2015 to eliminate the  
6 enrollment ceilings for CAP for each company. The petition to eliminate the CAP  
7 enrollment ceilings was approved by the third and final Commission Order on September  
8 3, 2015.

9  
10 **Q. Does the Company routinely seek collaborative stakeholder input on its USECP**  
11 ***outside of comments submitted in a USECP proceeding?***

12 A. Yes. The Company holds two annual collaborative meetings for its USECP. The  
13 Company invites to these meetings the Community Based Organizations ("CBOs") who  
14 assist in administering the USECP, as well as the OCA, the Commission's Bureau of  
15 Consumer Services ("BCS"), and public interest groups such as those organized under  
16 RHLS.

17  
18 **Q. Do you have an opinion on the nature of the testimony submitted on UGI Gas's**  
19 ***universal service plans in this proceeding?***

20 A. Yes. *With the exception of Mr. Colton's recommendations on recovery of CAP costs,*  
21 *the other parties' testimony attempts to leverage the Company's proposed base rate filing*  
22 *as grounds for a host of recommended structural changes to the Company's universal*  
23 *service offerings that are largely unrelated to the proposed rate increase and the rates*

1 resulting therefrom. These unrelated recommendations made by CAUSE-PA, CEO,  
2 OCA, and I&E have either been raised and addressed in the comments and reply  
3 comments submitted in the USECP proceeding at Docket No. M-2013-2371824, or could  
4 have been addressed in that proceeding or in the context of a USECP collaborative, but  
5 were not. Additionally, because the Company's USECP is collectively organized with  
6 that of each of the UGI Distribution Companies, any adoption of a recommendation made  
7 in this base rate proceeding will impact the three other separately-certificated public  
8 utilities (CPG, PNG, and UGI-ED) which are not participants in this proceeding. As the  
9 issues could have been raised in a more appropriate forum, all of the efforts to review,  
10 respond, weigh, and decide the universal services program issues raised by those parties  
11 result in an inefficient expenditure of resources by the parties and the Commission itself.  
12 Nonetheless, in order to protect its interests, UGI Gas will respond to the parties'  
13 arguments regarding universal service issues raised in this proceeding.

14  
15 **III. STRUCTURE AND OPERATION OF THE CUSTOMER ASSISTANCE**  
16 **PROGRAM**

17 Impact of Rate Increase on Low Income Customers

18 **Q. Witnesses Miller, Colton, and Brady each argue that the Company's proposed fixed**  
19 **customer charge will have a negative impact on low-income customers. Would you**  
20 **please summarize their arguments and recommendations?**

21 **A.** Mr. Miller testified that increasing the customer charge inequitably assigns distribution  
22 costs on low-usage customers who are often low-income customers and that these low-  
23 income customers have a limited ability to reduce consumption. (CAUSE-PA Statement  
24 No. 1, page 16, lines 5-10). Mr. Colton (OCA Statement No. 4, page 24, lines 9-23) and



1 Mr. Brady (CEO Statement No. 1, page 4, lines 11-17) similarly testified that increasing  
2 the customer charge will impede the ability of low-income customers to reduce their bills  
3 through usage reduction because a higher proportion of cost recovery is move to a fixed  
4 bill component that cannot be reduced by usage reductions. The witnesses argue that the  
5 rate increase requires an expansion of universal service programs to mitigate the impacts  
6 of the rate increase. (CAUSE-PA Statement No. 1, page 19, lines 7-9); (CEO Statement  
7 No. 1, page 5, lines 11-13)  
8

9 **Q. Do you agree with those arguments and recommendations?**

10 A. No. With respect to Mr. Miller's statement, I disagree with his conclusion that low-  
11 income customers are often low-usage customers. This statement, supported only by  
12 reference in his testimony to a resolution made by the National Association of State  
13 Utility Consumer Advocates (CAUSE-PA Statement No. 1, page 16, lines 16-18), does  
14 not comport with the Company's usage records. The Company's records indicate that  
15 low-income CAP customers are higher-usage customers. See UGI Gas Response to I&E-  
16 RE-66 and I&E-RE-68, summarized in the table below:

Year	CAP (mcf)	NON-CAP (mcf)
2010	87.0	66.0
2011	100.6	72.2
2012	74.5	58.3
2013	101.4	69.8
2014	141.8	78.2

17  
18 Such higher-usage customers would presumably benefit if a larger component of their  
19 distribution bill is comprised of a fixed customer charge rather than based on volumetric  
20 usage. Mr. Colton's (OCA Statement No. 4, page 28, line 2 through page 29, line 21)

1 and Mr. Brady's (CEO Statement No. 1, page 5, lines 11-23) assertions are similarly  
2 predicated on the assumption that low income customers are low usage customers.

3 Additionally, Mr. Miller's statement that low-income customers have limited  
4 means to reduce consumption is mitigated, at least in the UGI Gas service territory, by  
5 Company programs that assist low-income customers reduce their energy consumption.  
6 CAP CBOs are required by the Company to identify high-use CAP customers and  
7 potential CAP participants to provide these customers with an energy education session  
8 to assist the customer in understanding their current usage patterns and provide energy  
9 conservation education. Also, low-income customers whose high usage can be addressed  
10 by weatherization may take advantage of the Company's LIURP program. As of January  
11 1, 2016, the Company's LIURP annual budget increased from \$650,000 to \$1.1 Million.  
12 It is premature to evaluate the impact of the LIURP budget increase, but the Company  
13 does anticipate that a \$450,000 annual increase in spending will expand the availability of  
14 weatherization services to a larger number of UGI Gas high-usage low-income  
15 customers.

16 Finally, both Witnesses Colton and Miller give insufficient weight to the impact  
17 of the Company's CAP in mitigating the impact of a higher fixed customer charge on low  
18 income customers.

19  
20 **Q. How does the Company's CAP mitigate the impact of an increase in the fixed**  
21 **customer charge?**

22 **A.** The Company's CAP affords payment-troubled low-income customers the opportunity to  
23 pay for utility service at an amount pegged to a percentage of income or average bill

1 payment, whichever is lower. The Company sets its percentage of income payments  
2 within the Commission's permissible range as set forth in 52 Pa Code § 69.265(2)(i)(B)  
3 and shown below:

Household income as % of Federal Poverty Level	% of Income Permitted as CAP Payment	UGI Gas CAP % of Income
0-50%	5% - 8%	7%
51-100%	7% - 10%	8%
101-150%	9% - 10%	9%

4  
5 This percentage of income calculation was the Company's sole method of calculating the  
6 monthly CAP bill from the inception of the plan, in 2004, until 2013. In 2013, due to the  
7 availability of low-cost Marcellus Shale natural gas, the Company's utility bills decreased  
8 to the point where a customer's monthly bill, as calculated by the above percentage of  
9 income formula, was greater than his or her average monthly bill. This dis-incentivized  
10 participation in CAP. Since CAP is a need-based program, one could have argued that  
11 reduced utility bills indicated reduced need for CAP. However, the Company instead  
12 looked for an option to maintain CAP enrollment levels to allow customers to take  
13 advantage of CAP benefits such as forgiveness of pre-existing arrearage without  
14 burdening them with a CAP payment in excess of average monthly usage. This average  
15 bill option was implemented, with BCS approval, to augment the 2011-2013 USECP, and  
16 was approved by the Commission in the current USECP. With the two payment options,  
17 CAP participants are protected from fluctuations in rates by having their bills capped at

1 either their average monthly bill or by the percentage income calculation in the  
2 Commission's regulations, whichever is more advantageous to the customer.

3  
4 **Q. Do you agree with Witness Colton's statement that the increased fixed monthly**  
5 **customer charge will harm CAP customers who receive CAP bills as an average**  
6 **monthly bill?**

7 A. No. I believe that Mr. Colton misunderstands the purpose of the Company's decision to  
8 implement the average bill option. I agree that a CAP customer whose monthly CAP  
9 payment is based on an average bill may see their average bill increase due to a rate  
10 increase – whether that rate increase comes in the form of a fixed customer charge or a  
11 volumetric charge, or due to an increase in commodity costs. However, those customers  
12 are still capped at the percentage of income level. Such customers, who find that average  
13 bill is no longer their lowest-cost option, are not “harmed” by the Company simply  
14 because they can no longer take advantage of a program intended to incentivize CAP  
15 participation in a time of historically low natural gas costs. The same concern identified  
16 by Mr. Colton could occur if natural gas prices rose again. Even in the circumstances  
17 that Witness Colton describes, the Company would still be providing a monthly CAP  
18 payment amount that is well within the range approved by the Commission's regulations.

19  
20 **Q. OCA witness Colton, CEO witness Brady and CAUSE-PA witness Miller argue that**  
21 **not all of UGI Gas's low-income customers are enrolled in CAP and that the**  
22 **proposed rate increase, particularly the Company's proposal to increase its fixed**

1           **customer charge, will negatively impact those low-income customers not enrolled in**  
2           **CAP. Would you please respond?**

3    A.    I would agree that not all low-income UGI Gas customers are enrolled in CAP. The  
4           Commission's regulations on eligibility criteria for CAP participation state that a  
5           customer must be a "low income, payment troubled customer" and that outreach should  
6           be targeted to "low income, payment troubled customers." *See, e.g., 52 Pa Code §*  
7           *69.265(4)(iii)*. Not all low-income customers are payment troubled, however. Since its  
8           inception, UGI Gas's CAP has been focused on enrollment of low-income customers  
9           who have difficulty paying their utility bills, as evidenced by an arrearage and as  
10          intended by the Commission's regulations. Also, I would note that despite the  
11          Company's solicitation efforts, not all CAP-eligible customers enroll in CAP. In 2015,  
12          the Company mailed 17,227 CAP applications to customers. As mentioned by Mr. Miller  
13          (CAUSE-PA Statement No. 1, page 8 line 6 through page 9 line 13), there are various  
14          reasons why customers do not complete CAP applications or are not approved for CAP.  
15          Among these reasons, some customers do not meet the CAP guidelines outlined in the  
16          Company's USECP (*i.e.*, theft of service, utility service in landlord's name) or fail to  
17          verify income eligibility for CAP.

18                 However, I disagree with the conclusion that the proposed base rate increase will  
19                 unfairly burden low-income customers not on CAP. First, if the rate increase causes an  
20                 increase in the number of payment-troubled customers, the Company would solicit those  
21                 customers for participation in CAP, or the customer could contact the Company on its  
22                 own. There are also programs other than CAP that assist customers facing temporary

1 difficulty paying their utility bills, such as the hardship grants offered by Operation  
2 Share, and federal crisis grants offered by LIHEAP.

3 Additionally, the base rate increase may not have as significant an impact on low-  
4 income customers as theorized by Witnesses Colton, Brady and Miller considering the  
5 mitigating impact of historically low natural gas cost, which comprises the commodity  
6 portion of a UGI Gas customer's monthly bill. As discussed in the direct testimony of  
7 Paul J. Szykman (UGI Gas Statement No. 1 page, 24, lines 6-9), even if the proposed  
8 increase is approved in full, the average monthly residential heating customer bill will be  
9 3.2% lower than the average bill following UGI Gas's last rate case in 1995. And so, it is  
10 hard to argue that UGI Gas's bill is the source of additional hardship for a low-income  
11 customer when the cost of all other goods and services have increased substantially over  
12 the same time period.

13  
14 **Q. CAUSE-PA Witness Miller, and a handful of UGI Gas customers who testified at**  
15 **the Commission's public input hearings, presented some specific examples where**  
16 **customers were unable to take advantage of the Company's universal service**  
17 **offerings, particularly CAP. Would you address this testimony?**

18 **A.** Yes. In his written testimony, Mr. Miller cited a Patriot News article about a UGI Gas  
19 customer, Roger Douglass, who was removed from CAP due to his voluntary removal  
20 from the program. (CAUSE-PA Statement No. 1, page 8 footnote 5) The article's  
21 representations are inaccurate and not supported by the Company's records. The  
22 Company withheld comment on this news article so as to not violate customer  
23 confidentiality.

1           At the Harrisburg public input hearing there were two UGI Gas customers who  
2 testified on the impact of the rate increase on low-income populations and the barriers  
3 that prevent low-income customers from accessing available universal service programs:  
4 Ms. Kay Pickering and Mr. William Ludwig. Ms. Pickering testified that she assists low-  
5 income customers resolve issues with their utility service and that when she intercedes  
6 with UGI Gas on behalf of a customer, that intercession often results in a CAP or LIURP  
7 payment plan. She testified that customers are often unable to enter into these plans  
8 without her assistance due to illiteracy, lack of knowledge, or the customer's intimidation  
9 by the application process. Following the hearing, a UGI Gas representative met with  
10 Ms. Pickering, who we have worked with often, thanked her for her testimony and  
11 reiterated the importance of her clients calling and attempting to resolve their outstanding  
12 balance and termination notices prior to disconnection so that the customer can be  
13 referred to one of UGI Gas's Universal Service Programs.

14           Mr. Ludwig is a UGI Gas customer and a retiree who testified by telephone. He  
15 opposes the rate increase imposed because of its impact on fixed-income seniors, like  
16 himself, and testified that a 10% rate increase would be reasonable. The Company has  
17 had several discussions with Mr. Ludwig following the hearing where he was informed  
18 about the programs Operation Share and LIURP. To date Mr. Ludwig has been approved  
19 for a \$400.00 Operation Share grant and is applying for LIURP.

20           Two individuals at the Allentown public input hearing testified generally on the  
21 impact of the proposed rate increase. Mr. Steve Narraci testified on behalf of the AARP  
22 that Pennsylvanian's recognize that the overall cost of providing natural gas service  
23 includes infrastructure, maintenance and the cost of operating a company, but questioned

1 the increase due to the “overall economic situation” in the Commonwealth. Ms. Mary  
2 Jane Long, a UGI Gas Customer, and an advocate for the elderly, testified as to the  
3 impact of increased rates for that population group. A UGI Gas representative followed  
4 up with both Mr. Narraci and Ms. Long after the hearing to provide contact information  
5 and to address any specific concerns. The issues raised by each of the public input  
6 witnesses have been raised by other parties in this proceeding and have already been  
7 addressed in my testimony or generally by Mr. Szykman in his direct and rebuttal  
8 testimony.

9  
10 **Q. With respect to LIHEAP grants, would you address Witness Colton and Witness**  
11 **Miller’s argument that the increased fixed monthly customer charge will harm low-**  
12 **income customers by offsetting LIHEAP benefits.**

13 **A.** Yes. This is an extension of their argument that the fixed customer charge will  
14 disproportionately impact low-income customers. Mr. Miller states that LIHEAP does  
15 not mitigate a rate increase. (CAUSE-PA Statement No. 1, page 15, lines 7-16) Mr.  
16 Colton also calculates that the proposed increase in the fixed customer charge will “pull  
17 \$4,783,009 out of the low income community.” (OCA Statement No. 4, page 26, lines  
18 18-19) First, by suggesting that the Company is inappropriately “pulling \$4,783,009 out  
19 of the low income community” Mr. Colton mischaracterizes the service that the  
20 Company provides with its LIHEAP outreach efforts, which are undertaken to enable  
21 UGI Gas customers to access federal LIHEAP benefits and apply them to their utility  
22 bills. The Company’s LIHEAP outreach is a net benefit to its customers.



1           Secondly, what Mr. Colton does not recognize is that the range of available  
2 LIHEAP cash for a geographic area is set by the Pennsylvania Department of Human  
3 Services (“DHS”) upon consideration of various factors, including heating region and  
4 fuel type. 55 Pa. Code § 601.41. To calculate the benefit amounts for natural gas heating  
5 customers, Pennsylvania utility rates are collected annually by the Energy Association of  
6 Pennsylvania (“EAP”) and reported to DHS. See UGI Gas Exhibit CAR-2 for the DHS  
7 solicitation letter and the natural gas utility county report provided by EAP to DHS.  
8 Therefore, an increase in utility rates likely would, over time, result in an increase in the  
9 LIHEAP CASH benefit.

10  
11           CAP Enrollment Levels

12   **Q.    Would you summarize OCA witness Colton’s findings and recommendations on the**  
13   **Company’s CAP enrollment?**

14   **A.**    Yes. Mr. Colton notes that UGI Gas enrolls less than 20% of its confirmed low-income  
15 customers in CAP in contrast to other gas utilities that enroll between 30% and 50% of  
16 confirmed low-income customers in CAP. (OCA Statement No. 4, page 36 line 20  
17 through page 37 line 6) Mr. Colton states that most of these confirmed low-income  
18 customers not on CAP are also not enrolled in deferred payment arrangements, and that  
19 those are enrolled in deferred payment arrangements have a low success rate. (OCA  
20 Statement No. 4, page 37, lines 8-17) Based on these findings, Mr. Colton recommends  
21 that the Company undertake greater efforts to enroll low-income customers in CAP and  
22 that the Company enter into a collaborative with OCA, BCS, low-income stakeholders  
23 and other parties to study the issue. (OCA Statement No. 4, page 38, lines 8-19)

1

2 **Q. What is your response to Mr. Colton's findings and recommendations?**

3 A. *Mr. Colton's comparison of UGI Gas's BCS enrollment statistics to those of other*  
4 *utilities is not constructive because of differences in utility rates and in how utilities*  
5 *calculate these reported statistics. First, utility rates, which often dictate a customer's*  
6 *need for assistance, vary throughout the Commonwealth. As supported in Mr.*  
7 *Szykman's direct testimony, UGI Gas customers currently pay the lowest distribution*  
8 *rates in the Commonwealth (UGI Gas Statement No. 1, page 3, line 17 through page 4,*  
9 *line 2) and may feel less compelled to apply for CAP.*

10 *There is also variation in methodology of calculating reported statistics. For*  
11 *instance, UGI Gas includes in its tally of "confirmed low-income customers" those*  
12 *customers who self-report income. Based on my experience collaborating with other*  
13 *Pennsylvania utilities, there is no consistent industry standard for when and how to*  
14 *identify low-income customers.*

15 *Regarding Mr. Colton's concern over UGI Gas's reporting of low-income*  
16 *customers enrolled in deferred payment plans, these figures are under-reported in the*  
17 *BCS report, as explained further below. The Company has recently identified that its*  
18 *method of calculating the number of customers enrolled in deferred payment plans*  
19 *understates such enrollment because it excludes customers who are in default of their*  
20 *payment arrangements, but who are still active customers. Going forward, the Company*  
21 *will include in its tally of customers enrolled in deferred payment plans those customers*  
22 *who are in default, but are still active. This would allow for "apples to apples"*  
23 *comparisons with other natural gas utilities and would demonstrate a higher number of*

1 customers enrolled in payment plans than the BCS statistics currently suggest. With  
2 respect to Mr. Colton's suggestion of an additional collaborative (OCA Statement No. 4,  
3 page 38, lines 8-19), the Company does not agree that holding such a collaborative is a  
4 productive way to improve CAP enrollment. As I previously testified, the Company  
5 holds two annual universal service stakeholder collaborative meetings that are open to  
6 discussion of suggested improvements to CAP enrollment. A third collaborative is  
7 unnecessary.

8  
9 **Q. Would you summarize CAUSE-PA witness Miller's recommendations on increasing**  
10 **CAP enrollment?**

11 A. Yes, Mr. Miller recommends that the Company do the following to improve CAP  
12 enrollment: (1) engage in follow-up communications with recipients of its CAP  
13 application mailings; (2) make referrals and screen for CAP during all credit and bill  
14 related calls; and (3) allow for enrollment to take place on the phone with the Company  
15 without the customer having to verify income in person with a CBO. (CAUSE-PA  
16 Statement No. 1, page 3, line 18 through page 4, line 10)

17  
18 **Q. Do you agree with these recommendations?**

19 A. With respect to the first recommendation, while the Company believes that the  
20 information it provides to its customers regarding CAP is sufficient, the Company is  
21 willing to agree to provide its CBOs a list of customers who meet CAP eligibility criteria  
22 so that additional solicitation efforts can take place.

1           With respect to the second recommendation, the Company does not agree it is  
2 necessary to screen or offer CAP on every credit or billing related call. The Company's  
3 CAP enrollment outreach is focused, per Commission regulations, on those customers  
4 who are payment-troubled. Not every customer who calls the Company with an inquiry  
5 on his or her bill is seeking or in need of assistance with the payment of those bills. To  
6 add routine CAP screening and scripts to every credit or billing related call would make  
7 the Company's handling of customer calls less efficient.

8           With respect to the last recommendation, the Company recognizes that enrollment  
9 over the phone would add convenience to low-income customers interested in CAP. In  
10 fact, UGI Gas does allow for routine phone enrollment for customers who have pre-  
11 verified income through receipt of LIHEAP benefits in which case there is no need to  
12 contact an outside agency. However, in other routine circumstances where income has  
13 not been pre-verified, the Company refers the customer to a CBO. Typically, CBOs  
14 require in-person enrollment for verification of income and/or the completion of a high  
15 usage questionnaire and in-person energy education counseling. Therefore, the Company  
16 cannot agree to Mr. Miller's recommendation for telephonic CAP enrollment for all  
17 customers.

18  
19 **Q.    Would you address the findings and recommendations in the direct testimony of**  
20 **Christopher Keller, I&E Statement No. 3?**

21 **A.**    Yes. Mr. Keller cites the Company's April 1, 2016 report to BCS on the impact of  
22 eliminating the maximum CAP Credits as evidence that this elimination has caused a  
23 significant increase in the awareness of CAP Credits. (I&E Statement No. 3, page 16,

1 line 20 through page 17, line 5) In that report, the Company provided the CAP Credits  
2 for the period of July 2015 through December 2015, the period since the CAP maximum  
3 was lifted in July of 2015. The Company also provided the CAP Credits for the same  
4 six-month period the year prior: July 2014 – December 2014. Mr. Keller interprets the  
5 level of 2015 CAP Credits as an *increase* from the prior year. That is not the case.  
6 Rather, the Company reported *total* CAP Credits, not the increase in CAP Credits.  
7 Because the Company's CAP Credit maximums were lifted in July of 2015, the Company  
8 was unable to provide a year-to-year comparison showing the total amount spent on  
9 customer CAP Credits in the previous calendar year in excess of its previous limits.  
10 Providing partial year data would have provided an incomplete picture without factoring  
11 in a full twelve months of billings. In consultation with BCS, the Company provided an  
12 overview that shows CAP Credit levels decreasing in 2015 in comparison to 2014, which  
13 is most likely a factor of weather differences between 2015 and 2014, rather than any  
14 impact on CAP due to the elimination of the max CAP Credit. As stated in the April 1,  
15 2016 report and per communications with BCS, the Company's April 1, 2017 report will  
16 track 2016 calendar year CAP Credits in excess of previous limits.

17  
18 **IV. RECOVERY OF CUSTOMER ASSISTANCE PROGRAM COSTS**

19 **Q. What issues have the parties raised regarding adjustments to the Universal Service**  
20 **Rider?**

21 A. OCA's witness Mr. Colton has submitted several adjustments related to the Universal  
22 Service Program Rider. These adjustments are: (1) a lost revenue offset of 12.8% for  
23 total CAP Credits based on lost revenue already included in rates; (2) a bad debt offset  
24 for CAP Credits of 9.8% on program participants exceeding average annual participation

1 of 8,700; (3) a working capital offset for CAP Credits of 8.6% on program participants  
2 exceeding an average annual participation rate of 8,700; (4) a bad debt offset of 9.8% for  
3 arrearage forgiveness credits for program participants exceeding an average annual  
4 participation rate of 8,700; and (5) a working capital offset for arrearage forgiveness  
5 credits of 45.3% on program participants exceeding an average annual participation rate  
6 of 8,700. (OCA Statement No. 4, page 23, line 7 through page 24 line 4)

7  
8 **Q. Do you agree with Mr. Colton's estimated average annual CAP program**  
9 **participants at 8,700?**

10 A. No, for the reasons expressed in Mr. Stoyko's direct testimony. (UGI Gas Statement No.  
11 7, page 14, lines 14-22).

12  
13 **Q. Do you agree with Mr. Colton's bad debt offset percentage for CAP Credits and**  
14 **Arrearage Forgiveness Credits of 9.8%?**

15 A. No. Mr. Colton uses gross uncollectibles to calculate his offset percentage. (OCA  
16 Statement No. 4, page 13, line 4) He takes the Company's Gross Low-Income Write off  
17 ratio of 0.128 and subtracts the Company's Gross Residential Write-off ratio of 0.030 to  
18 arrive at a calculation of 0.098, which he argues is the added revenue to the Company  
19 from moving revenue from low-income customers to residential customers as a result of  
20 the customer entering CAP. The unadjusted gross figures, however, do not account for  
21 the recoveries that utilities receive through collection activities and therefore does not  
22 reflect the actual amount of write offs experienced by utilities. The Company calculated  
23 its offset percentage at 8.48% using the 3-year average of the difference between the

1 gross write-off percentage for low-income customers identified by UGI Gas's system and  
2 the gross write off percentage for all other residential customers, adjusted for write-off  
3 recoveries, as described in the direct testimony of David E. Lahoff. (UGI Gas Statement  
4 No. 6, page 21, lines 9-16) See UGI Gas Exhibit No. DEL-8 for the calculation of this  
5 adjustment.

6  
7 **Q. Mr. Colton argues that it is not appropriate to factor write-off recoveries into the**  
8 **write-off calculation because such revenue recoveries are from "inactive" customers**  
9 **that have left CAP. Would you respond to this argument?**

10 A. Yes. Mr. Colton is incorrect. Mr. Colton's argument assumes that recoveries are only  
11 made from customers who are inactive and that these customers will not become active in  
12 the future. That is not the case in my experience. Customers who have been terminated  
13 in April after the expiration of the winter moratorium for non-payment of receivables  
14 become "inactive". If the terminated customer was a CAP participant at the time of  
15 termination, he or she is unenrolled from CAP after 109 days of inactive status per the  
16 Company's current USECP rules. Inactive debt is "written off" at 110 days. Typically,  
17 customers who do not reconnect during the summer seek reconnection prior to the winter  
18 heating season at which time they pay their delinquency and are reactivated. The entire  
19 account receivable for that account is then "moved" from write off to an active debt  
20 receivable. See UGI Gas Exhibit No. CAR-3 for a chart of customer terminations and  
21 reconnections, which demonstrates a large increase in reconnections after the 110 day  
22 mark when CAP debt is "written off". Therefore, it is incorrect, as Mr. Colton has  
23 argued, that recoveries are not made from "active customers."

1

2 **Q. Does the Company agree with these adjustments?**

3 A. No, for the reasons explained in the rebuttal testimony of Ann P. Kelly (UGI Gas  
4 Statement No. 2-R), the Company's uncollectible expense does not include a component  
5 for CAP Credits. Therefore incorporating a 12.8% reduction in the calculation of the  
6 Company's total CAP Credit calculation is inappropriate.

7

8 **Q. Do you agree with Mr. Colton's adjustment to incorporate a working capital offset**  
9 **for CAP Credits of 8.6% for program participants exceeding an average annual**  
10 **participation rate of 8,700?**

11 A. No, for the reasons explained in the rebuttal testimony of Ann P. Kelly (UGI Gas  
12 Statement No. 2-R).

13

14 **Q. Do you agree with Mr. Colton's adjustment to incorporate a working capital offset**  
15 **for arrearage forgiveness credits of 45.3% on program participants exceeding an**  
16 **average annual participation rate of 8,700?**

17 A. No, for the reasons explained in the rebuttal testimony of Ann P. Kelly (UGI Gas  
18 Statement No. 2-R).

19

20 **V. STRUCTURE AND OPERATION OF THE LOW-INCOME USAGE**  
21 **REDUCTION PROGRAM**

22 **Q. Would you please summarize Witness Miller's recommendations on the Company's**  
23 **Low Income Usage Reduction Program ("LIURP")?**



1 A. Yes, Mr. Miller recommends increasing coordination between CAP and LIURP (pp. 20-  
2 21) to increase LIURP participation. (CAUSE-PA Statement No. 1, page 20 line 15  
3 through page 21, line 5) Mr. Miller also recommends an increase in LIURP funding.  
4 (CAUSE-PA Statement No. 1, page 21, lines 4-5) Mr. Miller argues that though the  
5 Company increased its LIURP funding by \$450,000 to \$1.1 million four months ago, the  
6 Company's LIURP is still underfunded compared to other NGDCs and the base rate  
7 increase merits an increase in LIURP funding. Mr. Miller proposes a LIURP increase at  
8 a percentage equivalent to the overall base rate increase resulting from this proceeding.  
9 (CAUSE-PA Statement No. 1, page 24, line 17 through page 26, line 3)

10  
11 **Q. What is your response to Mr. Miller's recommendations?**

12 A. The Company would agree to the general proposition that coordination between CAP  
13 and LIURP benefits LIURP enrollment. The Company notes that in 2015, 67% of the  
14 LIURP jobs completed were CAP participants. UGI Gas anticipates this trend to  
15 continue as the new high-usage controls outlined in its recently-approved USECP  
16 continue to be implemented. These measures include the identification of high-usage  
17 CAP customers and automatic referral for such high-usage customers to LIURP. At this  
18 time, the Company believes that the coordination between its LIURP and CAP is  
19 sufficient.

20 The Company disagrees with Mr. Miller's recommendation to increase the  
21 amount of LIURP funding, at this time. The Company's LIURP budget for years was  
22 based on a percentage of jurisdictional revenue, which provided an inconsistent level of  
23 funding year to year. This, in turn, required constant ramping up and down of LIURP.

1 The Company has just recently moved to a fixed budget for LIURP based on an  
2 extensively negotiated settlement reached in its Universal Service Proceeding. A major  
3 factor in the determination of the funding level in that proceeding was the reasonable  
4 expectation of how many LIURP jobs could be completed within a year given the  
5 Company's response rate, demographics, and community partners. To require the  
6 Company to increase its LIURP spend now would require the Company to re-evaluate the  
7 resources needed to ensure that it is capable of performing the increased number of  
8 LIURP weatherization jobs, and if it is capable, to increase the amount of LIURP  
9 funding to be recovered through the Universal Services Program rider. It is premature to  
10 make those assessments.

11  
12 **Q. Mr. Miller also states that the Company's reported information to BCS indicates**  
13 **that as of April 1, 2016, three months after the LIURP funding increase went into**  
14 **effect, only six LIURP jobs were completed. (CAUSE-PA Statement No. 1, page 25,**  
15 **lines 2-4) Mr. Miller opines that this indicates improvements are necessary in the**  
16 **administration of LIURP. Do you agree?**

17 **A.** No. The Company does not agree that three months of data after the implementation of a  
18 \$450,000 increase in the funding of LIURP is sufficient basis for Mr. Miller's  
19 recommendation that improvements are necessary in the administration of LIURP.  
20 Moreover, Mr. Miller provides no constructive recommendation as to how the  
21 administration of LIURP should be improved.

1 Q. **Would you please summarize Mr. Brady's recommendations on increased LIURP**  
2 **funding?**

3 A. Yes, Mr. Brady recommends an increase in LIURP funding from the currently \$1.1  
4 million to \$1.35 million annual budget. (CEO Statement No. 1, page 16, lines 17-19) He  
5 cites the Company's needs assessment as support for this increase. (CEO Statement No.  
6 1, page 9, lines 1-3) He also makes a recommendation that the Company be required to  
7 carry over unspent funds for LIURP and other USECP programs from year to year.  
8 (CEO Statement No. 1, page 11, lines 3-4)

9  
10 Q. **Do you agree with these recommendations?**

11 A. No. With respect to the LIURP funding I would reiterate the reasons I stated above with  
12 respect to Mr. Miller's testimony on increased LIURP funding. Additionally, I would  
13 note that the Company's needs assessment has not changed since the Commission issued  
14 its June 11th Order approving the Settlement of the USECP proceeding and that both the  
15 needs assessment and the Company's LIURP funding were two items extensively  
16 negotiated in that proceeding and were supported by both OCA and PULP in that  
17 settlement. If CEO had participated in that proceeding it could have provided its input at  
18 that time. With respect to the carry-over of program funds, the Company budgets  
19 annually and makes every attempt to utilize all budgeted funds. However, circumstances  
20 arise, such as increased or decreased need that may dictate additional spending for that  
21 year. Adjusting annual budgets due to over or underspending in the prior year creates  
22 budget inconsistency that necessitates ramping up and down of programs, complicating

1 program administration. Therefore, the Company cannot commit to carrying over every  
2 USECP program budget.

3  
4 **VI. UGI GAS USECP POLICIES AND PROCEDURES**

5 Tracking Low-Income Customers

6 **Q. Would you please summarize Mr. Miller's findings and recommendations regarding**  
7 **the identification and tracking of low-income customers?**

8 A. Yes. Mr. Miller notes that UGI Gas does not inquire about income status on calls  
9 establishing service with the Company and that customers have low-income identifiers on  
10 their accounts removed after one year. (CAUSE-PA Statement No. 1, page 31, lines 9-10  
11 & page 32, lines 4-5) Mr. Miller recommends that low-income status be confirmed upon  
12 the establishment of an account (CAUSE-PA Statement No. 1, page 33, lines 2-4) and the  
13 Company conduct "follow-up" to confirm whether a customer has increased his or her  
14 income above 150% of the FPL over a twelve-month period. (CAUSE-PA Statement No.  
15 1, page 32, lines 19-20)

16  
17 **Q. Do you agree with that finding and recommendation?**

18 A. Yes. The Company will agree to ask for income information on the initial call to  
19 establish service. Once the customer confirms he or she is low income (by verifying low-  
20 income status to a CBO or by receiving LIHEAP) the deposit would be waived and any  
21 previously collected deposit will be applied to the account.

22  
23 Waiver of Security Deposit

1 Q. Mr. Miller also claims that UGI Gas requires low-income customers to enroll in a  
2 universal service program to qualify for waiver of a security deposit. (CAUSE-PA  
3 Statement No. 1, page 33, lines 11-12) Do you agree with his assessment?

4 A. No. The Company does not require a low-income customer to enroll in a universal  
5 service program to qualify for waiver of a security deposit. The Company does require  
6 income verification for waiver of a security deposit. Income verification is done by UGI  
7 Gas CBOs or is evidenced by a customer's receipt of a LIHEAP grant. In practice, it  
8 would be unusual for a customer who had verified income with a CBO and who is found  
9 eligible to participate in one of the Company's universal service programs to decline  
10 participation in those programs, but enrollment is not an obligation. UGI Gas agrees to  
11 review its training documentation and clarify, where necessary, that income verification,  
12 rather than USECP program enrollment, is required for waiver of a security deposit.

13  
14 Income Verification During Winter Moratorium

15 Q. Please describe Witness Colton's recommendations on income verification for  
16 winter moratorium.

17 A. Witness Colton opined that the Company's income verification language in proposed  
18 Tariff Rule 9.1(b) is too restrictive because it lists acceptable forms of income  
19 verification. (OCA Statement No. 4, page 39, lines 7-26) Colton recommends that UGI

1 Gas modify this tariff language to adopt language similar to Columbia<sup>3</sup> and the First  
2 Energy Companies.<sup>4</sup> (OCA Statement No. 4, page 41, lines 6-7)

3  
4 **Q. What is your opinion on that recommendation?**

5 A. The Company disagrees with Mr. Colton's assertion that because UGI Gas's tariff lists  
6 acceptable forms of income, it is unduly restrictive. However, it is not burdensome to  
7 adopt the language proposed by Mr. Colton, and the Company agrees to do so. The  
8 Company will clarify the tariff language to reflect that the Company will not require any  
9 provision of customer information to prove income if the customer has established  
10 income within the past 12 months through receipt of LIHEAP or if the customer is  
11 currently participating in CAP, which addresses another of Mr. Colton's  
12 recommendations.

13  
14 **Q. Mr. Colton also recommends that UGI Gas accept 30-day annualized income to  
15 establish eligibility for winter shutoff protections. (OCA Statement No. 4, page 41,  
16 lines 15-22) What is your response to that proposal?**

17 A. The Company already uses "annualized income" in the form of paystubs, which is listed  
18 in proposed Rule 9.1(b)(i) as an accepted income verification method. The Company  
19 agrees to revise its tariff language to clarify that it accepts 30-day annualized income to  
20 establish winter shutoff protections.

---

<sup>3</sup> The referenced Columbia tariff language states that "the Company will use financial information from the customer provided within the most recent twelve (12) month period to determine if a customer exceeds the 250% federal poverty level threshold." (OCA Statement No. 4, page 40, lines 17-20)

<sup>4</sup> The referenced First Energy Companies tariff language states that "to determine if a Customer exceeds the 250% of federal poverty level threshold, the Company will utilize financial information provided by the Customer. The Company may elect to send the Customer an income verification form for completion and return." (OCA Statement No. 4, page 40, lines 11-15).

1

2 **Q. Does Mr. Colton have any other suggestions on tariff revisions regarding winter**  
3 **termination protections?**

4 A. Yes. Mr. Colton argues that UGI Gas's tariff language requiring a customer to document  
5 his or her eligibility for winter shutoff protection at the time they receive a shutoff notice  
6 is unnecessary and unduly restrictive and that UGI Gas should not require a previously  
7 confirmed low-income customer to re-certify or re-verify their status. (OCA Statement  
8 No. 4, page 42 line 16 through page 43, line 2)

9

10 **Q. Please address those suggestions.**

11 A. UGI Gas only sends collection notices during the moratorium to customers with unknown  
12 income or income reported as above 250% of the FPL. When those customers identify  
13 themselves as low income they are required to verify their income. Since UGI Gas  
14 agrees to identify low-income status when service is established, inconvenience to low-  
15 income customers caused by the requirement to verify their income will be mitigated.

16

17 Budget Billing enrollment

18 **Q. Do you agree with Mr. Colton's recommendation that the Company "not exclude**  
19 **customers on arrears from enrolling in budget billing"?** (OCA Statement No. 4,  
20 **page 45, lines 10-11)**

21 A. No. The Company allows a customer to enroll in budget billing on current bills or on  
22 bills past due no more than 30 days. Budget billing allows a customer to evenly spread  
23 out his or her current late bill and a twelve-month projection of invoicing over a twelve

1 (12) month period. If a customer has more than a 30 day past due bill, that customer is  
2 put on a long-term payment agreement, rather than budget billing. In my experience it is  
3 more beneficial to enroll that customer into a long-term payment agreement that provides  
4 more than 12 months to amortize the delinquency.

5  
6 Use of CBOs

7 **Q. Do you agree with Witness Brady's recommendations that the Company continue**  
8 **its practice of contracting with CBOs? (CEO Statement No. 1, page 10, line 18**  
9 **through page 11, line 2)**

10 A. Yes. The Company agrees that the use of professional community based organizations  
11 that have specialized knowledge in the handling of customer assistance programs is a  
12 valuable aspect of the Company's universal service offerings.

13  
14 **Q. Do you agree with Witness Miller's statement that UGI Gas relies too heavily on**  
15 **CBOs without providing necessary support to these organizations? (CAUSE-PA**  
16 **Statement No. 1, page 21, line 17 through page 22, line 3)**

17 A. No. The use of CBOs is essential for the efficient management of USECP programs and  
18 provides UGI Gas's customers a local point of contact for program enrollment. Mr.  
19 Miller refers to a CBO contract provision that states the Company is not obligated to  
20 conduct ongoing training with CBOs as evidence that the Company fails to adequately  
21 support its CBOs.

22 As a matter of record, the Company does provide training to its CBOs, as  
23 demonstrated in the extensive list of training provided in response to Interrogatory



1 CAUSE-PA II-4. However, CBOs are contracted by the Company because they are  
2 professional organizations and are expected to have subject matter expertise that allows  
3 them to fully perform their contractual obligations to the Company. It is outlandish to  
4 conclude that the Company prevents its CBOs from performing outreach simply because  
5 the vendor contract requires the CBO to have that requisite subject matter expertise  
6 independent of training the Company may provide. I particularly disagree with Mr.  
7 Miller's suggestions that the Company rewrite contract provisions with its CBOs. Mr.  
8 Miller's suggestions are both unnecessary and inappropriately intrusive into the  
9 Company's handling of its universal service programs.

10  
11 **Q. Do you agree with Witness Miller's statement that UGI Gas restricts CBOs from**  
12 **conducting positive outreach? (CAUSE-PA Statement No. 1, page 22, lines 4-5)**

13 A. No. This is another example of where Mr. Miller takes portions of UGI Gas's form  
14 contract with CBOs out of context as evidence that the Company restricts its CBOs from  
15 performing the work that they have been contracted to perform. Mr. Miller focuses on  
16 one task generated by the Customer Outreach System ("COS") that alerts the agency the  
17 customer is in need of a reminder call regarding their past due account balance. (OCA  
18 Statement No. 4, page 23, lines 1-7) Similar tasks are generated from the COS regarding  
19 additional contacts to remind the customer to recertify income. These have nothing to do  
20 with CBO or Company outreach efforts for CAP enrollment.

21  
22 Acceptability of Termination and Reconnection Rate

1 Q. Do you agree with Mr. Miller's assessment that the Company's confirmed low-  
2 income customers have an unacceptably high termination rate and reconnection  
3 rate? (CAUSE-PA Statement No. 4, page 11, line 14 through page 15, lines 16)

4 A. No. It is true that the termination rate for UGI Gas reported to BCS trends higher than  
5 other NGDCs. However, the Company treats a collections termination as an absolute last  
6 resort and a customer is only terminated after he or she has been afforded their rights and  
7 provided advanced notice of the termination. With respect to the Company's  
8 reconnection rate, that has been underreported to BCS due to a reporting error identified  
9 in 2016. BCS is aware of the error and that it has been corrected for 2016 reporting. The  
10 Company is still investigating the underreporting, but it dates back to at least 2011.  
11 When the additional reconnection figures are added to the Company's statistics, UGI  
12 Gas's reconnection rates fall in line with those of the other NGDCs. See UGI Gas  
13 Exhibit CAR-4 for a 2014 and 2015 report that reflects the Company's corrected  
14 reconnection rate.

15 However, I find that Mr. Miller's focus on reported termination and reconnection  
16 rates misses the larger story. The Company, along with other Pennsylvania utilities,  
17 conducts a Cold Weather Interim Procedure ("CWIP") prior to the start of the winter  
18 heating season to determine the impact of its terminations. The Company surveys the  
19 customers that have been disconnected to determine how many of them are without  
20 natural gas heat as a consequence. The CWIP report generated by the Company  
21 demonstrates that a large number of terminated customers have either reconnected  
22 service at that same location in another name or that the property at which the service was  
23 terminated is vacant. The CWIP report demonstrates that the number of customers

1 without natural gas service after termination is far lower than what a review of the  
2 termination and reconnection rates would suggest. See UGI Gas Exhibit CAR-5 for  
3 information UGI Gas gathered on terminated customers to evaluate the impact of those  
4 terminations for the 2014 CWIP. The 2014 survey results demonstrate that of 9,968  
5 terminated customers comprising the survey, 5%, were determined to be using alternative  
6 fuel sources, with the vast majority of terminated customers having either restored  
7 service prior to commencement of the survey (3,668), restored post commencement of  
8 the survey (4,825), or no longer living at the service location (486).

9  
10 Coordination of Universal Service Programs with Other Low Income Service Providers

11 **Q. Mr. Miller makes a general recommendation that the Company should coordinate**  
12 **its universal service programs across its portfolio and with other state and utility-**  
13 **run assistance programs to leverage funding and provide holistic assistance to low**  
14 **income customers. (CAUSE-PA Statement No. 1, page 24, lines 7-10) Do you agree**  
15 **with that recommendation?**

16 **A.** Yes, I do agree, and the Company does coordinate its programs in that manner. As I  
17 testified earlier, the USECP program for each of the UGI Distribution Companies is  
18 managed collectively to realize efficiencies in program administration costs. Cross  
19 referrals are routinely made between the programs – such as the identification of high-  
20 usage CAP customers and their referral to LIURP. The Company also looks for  
21 opportunities to coordinate with outside entities. For instance, all of UGI Gas’s CBOs  
22 are also providers for the Commonwealth of Pennsylvania’s weatherization assistance  
23 program (“WAP”). Coordination of the WAP and LIURP benefits enables a UGI Gas

1 customer to access funding from both sources for weatherization projects. Additionally,  
2 several UGI Gas CBOs are also certified for the PPL Electric Winter Relief Assistance  
3 Program (“WRAP”) and the Met-Ed WARM program. There is significant overlap  
4 between the UGI Gas and PPL Electric and Met-Ed service territories. Using mutually-  
5 certified CBOs to cross refer our customers and ensure efficient management of program  
6 dollars is an ideal that we strive for.

7  
8 **CARES**

9 **Q. Please address Mr. Miller’s criticisms of the CARES program. (CAUSE-PA**  
10 **Statement No. 1, page 26, line 6 through page 28, line 13)**

11 A. Mr. Miller reviewed the Company’s response to CAUSE-PA III-5-a, which requested “a  
12 copy of the Excel spreadsheet that is used to track CARES referrals, redacting the name  
13 and account number.” Based on the Company’s response, Mr. Miller concludes the  
14 Company is not providing adequate referrals and services to CARES customers. First, to  
15 clarify the Company’s response to CAUSE-PA III-5-a, the Company does not maintain a  
16 long-term record of CARES referrals. What was provided in response to CAUSE-PA III-  
17 5-a was a snapshot in time of an evaluation of CARES referrals, the majority of these  
18 evaluations are conducted for customers suspected to be without natural gas service in  
19 November to identify funding sources to enable them to reconnect prior to the winter  
20 heating season. Once these customers are restored, the Company solicits them for CAP.

21 However, Mr. Miller’s general criticism of the Company’s CARES program  
22 seems to be that it is not an individualized social services program. CARES customers  
23 are customers who need additional referrals and services outside of the programs that the

1 Company manages itself as part of its USECP. CARES is operating as described in the  
2 Company's USECP and, with 118 identified CARES referrals in 2015, is exceeding the  
3 sixty (60) annual CARES referrals it projected for 2015. UGI Gas's CARES program  
4 rates well against other NGDC programs based on the only comparable metric published  
5 by BCS – LIHEAP and non-LIHEAP grants that utilities procures for CARES customers.  
6 See CAR-6 for the BCS's 2014 comparison of CARES programs.

7  
8 **Q. Do you agree with Mr. Miller's statement that CARES funding is not being used**  
9 **properly and that the majority of the budget it used for advertising? (CAUSE-PA**  
10 **Statement No. 1, page 26, line 12 through page 27 line 2)**

11 A. No. UGI Gas's CARES program is primarily a referral program that is able to provide  
12 specialized assistance to select customers with demonstrated need without the Company's  
13 incurrence of significant expense. The only costs attributed to CARES are those  
14 associated with information sent to customers, salary for temporary resources hired  
15 annually to take calls from the LIHEAP agencies, and other educational expenses. The  
16 Company prioritizes its modest CARES budget on communication and materials used to  
17 educate our customers and our current expenses reflect this priority.

18  
19 **Q. Do you agree with the recommendation of Mr. Miller that the Company should**  
20 **devote resources for a dedicated staff person with expertise in social work to handle**  
21 **CARES? (CAUSE-PA Statement No. 1, page 28, line 15 through page 29, line 2)**

22 A. No, I don't believe it is necessary. In addition to the Customer Outreach department, the  
23 Company has a Community Relation's Department, with one Manager dedicated to the

1 UGI Gas territory. This employee aids the Customer Outreach department with outreach  
2 efforts such as CARES.

3  
4 **Medical Certification**

5 **Q. Would you please summarize Witness Miller's findings and recommendations**  
6 **regarding the Company's medical certification?**

7 A. Yes. Mr. Miller states: (1) the Company's medical certification policy inappropriately  
8 limits the number of times a customer may renew in violation of Chapter 56 and PUC  
9 policy (CAUSE-PA Statement No. 1, page 34, line 20 through page 36, line 12); (2) the  
10 Company's medical certification process is unduly restrictive because it requires a  
11 doctor's office to contact UGI Gas directly (CAUSE-PA Statement No. 1, page 36, line  
12 13 through page 37, line 7); and (3) the Company's medical certification process is  
13 unduly restrictive. (CAUSE-PA Statement No. 1, page 37, line 9 through page 38, line 5)

14  
15 **Q. Do you agree that the Company inappropriately limits the number of times a**  
16 **customer may renew a medical certificate?**

17 A. No. The Commission's regulations at 52 Pa. Code §56.114 allows for an initial medical  
18 certificate ("med cert") of 30 days and two subsequent renewals for the same arrearage.  
19 Upon expiration of those two medical cert renewals, the Customer must pay all current  
20 undisputed bills consistent with Section 56.116 of the Commission's regulations. The  
21 Company's medical certification procedures, provided in response to CAUSE-PA-II-11  
22 and cited by Mr. Miller, accurately reflect that.

1 Q. Do you agree with Mr. Miller's finding that the Company's medical certification  
2 process is unduly restrictive?

3 A. No. Mr. Miller's testimony on this topic suggests that the Company's med cert form is a  
4 hindrance, when, on the contrary, it facilitates a customer's receipt of a med cert. Section  
5 1403 of the Public Utility Code defines a med cert as a written document "(1) certifying  
6 that a customer or member of the customer's household is seriously ill or has been  
7 diagnosed with a medical condition which requires the continuation of service to treat the  
8 medical condition; and (2) signed by a licensed physician, nurse practitioner, or  
9 physician's assistant." The Company, by creating a form that complies with Chapter 14  
10 and providing that to the customer or directly to the physician, removes any potential for  
11 error by the physician in failing to provide the statutorily required information, which  
12 could cause delays in applying the med cert. The Company's med cert procedures are  
13 also designed to reduce the potential for fraud.

14 UGI Gas does agree that it will clarify its med cert procedures to reflect its  
15 practice of faxing the med cert form directly to a physician's office when provided the  
16 fax number by the customer. The Company will also clarify its procedures to reflect that  
17 a med cert is not limited to the med cert form provided by the Company, but can also be a  
18 writing that contains the information required by Chapter 14.

19 I however, disagree with Mr. Miller that "any writing is sufficient." Section 1403  
20 requires a med cert to be signed by a licensed physician, nurse practitioner, or physician's  
21 assistant. The Commission's regulations at 52 Pa. Code §56.113 require the signatory's  
22 name, office address and telephone number, which is a reasonable implementation of the  
23 statute, to allow the Company and Commission to ascertain the licensure status of the

1 signatory. The Company's examples of a (1) writing on a physician's prescription pad;  
2 or (2) writing on a doctor's office letterhead would be typical examples of documentation  
3 containing the required information. However, the Company will clarify in its  
4 procedures that these two examples are not exhaustive.

5  
6 Language Services

7 **Q. In CAUSE-PA Statement No. 2, Witness Marielle Macher states that UGI Gas has**  
8 **not conducted an adequate assessment of the need for language services. (CAUSE-**  
9 **PA Statement No. 2, page 7, line 10 through page 8, line 3) Do you agree with that**  
10 **assessment?**

11 A. No. UGI Gas uses census data to determine the languages spoken in its service territory.  
12 Additionally the Company uses "demand" reporting of its incoming calls to determine  
13 what language interpretation is being requested by its customers and at what frequency.  
14 Both of these evaluative tools assist the Company in determining need for translation  
15 services.

16  
17 **Q. Do you agree with Ms. Macher's statement that UGI Gas is violating Title VI of**  
18 **Civil Rights Act, which prohibits discrimination of a protected class, by failing to**  
19 **provide adequate language access? (CAUSE-PA Statement No. 2, page 9, lines 10-**  
20 **11)**

21 A. No. First, I am advised by counsel that the arguments raised by Ms. Macher regarding  
22 Title VI of the Civil Rights Act are legal arguments that, if appropriate, will be fully  
23 addressed by the Company in briefs. I also am advised by counsel that Ms. Macher's



1 claims under Title VI of the Civil Rights Act are beyond the Commission's subject matter  
2 jurisdiction. *See Pennsylvania Human Relations Commission, et al. v. Philadelphia*  
3 *Electric Company*, Docket Nos. C-19107, et al., 45 Pa. PUC 432, 1971 Pa. PUC LEXIS  
4 38 (June 21, 1971) (affirmed by *N.A.A.C.P. v. P.U.C.*, 290 A.2d 704, (Pa. Cmwlth. May  
5 4, 1972)). Furthermore, at the advice of counsel, I can represent that Ms. Macher has not  
6 identified any shortcoming on the part of the Company in this regard that could amount  
7 to unlawful discrimination against a protected class under Title VI of the Civil Rights  
8 Act.

9  
10 **Q. Do you agree with Ms. Macher's recommendation that UGI Gas revise its policies to**  
11 **automatically ask callers if they require language assistance? (CAUSE-PA**  
12 **Statement No. 2, page 9, line 18 through page 10, line 3)**

13 **A.** No. UGI Gas does not agree with the recommendation to question all callers if they need  
14 language assistance. Within the first few seconds of a call, the contact center  
15 representative is able to assess if a caller is having difficulty, even when the caller  
16 themselves have not requested an interpreter. The request to ask every caller if they  
17 require language assistance would be an unnecessary burden, and possibly insulting to  
18 the great majority of the Company's customers.

19  
20 **Q. Do you agree with Ms. Macher's recommendation that the Company monitor CBOs**  
21 **administering universal service programs and ensure that CBOs have similar access**  
22 **to language services? (CAUSE-PA Statement No. 2, page 11, lines 3-8)**

1 A. No. CBOs are professional organizations that are aware of the needs of their  
2 communities. While UGI Gas does not collect or require the CBO to provide their  
3 language services, the Company is aware that many CBOs do hire staff that speak the  
4 languages within the communities served. The requirement to hire bi-lingual employees,  
5 if they are not needed for that geographic area, could burden nonprofit organizations.

6  
7 **Q. Do you agree with Ms. Macher's recommendation that enrollment documents for all  
8 universal service programs be available in Spanish? (CAUSE-PA Statement No. 2,  
9 page 11, lines 6-8)**

10 A. The only two universal service enrollment documents that are not in Spanish are for the  
11 LIURP and Operation Share programs. While the Company is under no obligation to  
12 translate these documents into Spanish, the Company will agree to this recommendation.

13  
14 **Q. Would you respond to Ms. Macher's recommendation that the Company accept  
15 alternative forms of identification from immigrants (other than social security  
16 numbers) to establish service with the Company? (CAUSE-PA Statement No. 2,  
17 page 13, lines 16-17)**

18 A. The Company does accept alternate forms of documentation, such as a TIN number, as  
19 forms of identification to establish service. The Company has a training document that  
20 indicates acceptable forms of identification other than social security numbers. See UGI  
21 Gas Exhibit CAR-7 for that training document.

22  
23 Protection From Abuse Procedures

1 Q. **In CAUSE-PA Statement 3, Judith Lewis makes recommendations to update the**  
2 **Company's training materials and policies to reflect that orders other than**  
3 **Protection from Abuse Orders ("PFAs") may trigger separate credit procedures**  
4 **and standards. (CAUSE-PA Statement No. 3, page 11, lines 9-15) Do you agree**  
5 **with this recommendation?**

6 A. Yes, I do. The Company agrees to revise its PFA policies and training documents to  
7 clarify that the separate credit procedures and standards for residential applicants and  
8 customers established for victims with a PFA also apply to those residential applicants  
9 and customers who are the subject to a court order issued by a court of competent  
10 jurisdiction in this Commonwealth, which provides clear evidence of domestic violence  
11 against the applicant or customer.

12  
13 Q. **Do you agree with Ms. Lewis's statement that UGI Gas's policy for handling**  
14 **customer and applicant PFA requests inappropriately empowers employees to**  
15 **interpret PFA content? (CAUSE-PA Statement No. 3, page 11, lines 19-23)**

16 A. No, I do not. UGI Gas employees are not inappropriately empowered to interpret PFA  
17 content. Upon receipt, a PFA is forwarded to the Company's PFA team for review to  
18 *confirm that it has not expired. If a temporary PFA is received, the PFA team will*  
19 *contact the Prothonotary's office to obtain the expiration date. The Company has not yet*  
20 *been presented with other orders issued by a court of competent jurisdiction within the*  
21 *Commonwealth that provide clear evidence of domestic violence against the applicant or*  
22 *customer. However, if such orders are received in the future, the Company has the*  
23 *internal resources to confirm with such court the legitimacy of that order. The Company*

1 is willing to update its procedures to clarify how to confirm the validity of a non-PFA  
2 order upon its receipt.

3  
4 **Q. Do you agree with Ms. Lewis's statement that UGI Gas's policy for handling**  
5 **customer and applicant PFA requests contains incorrect gender and relationship**  
6 **assumptions about PFA parties? (CAUSE-PA Statement No. 3, page 13, lines 6-15)**

7 A. No, I do not. Ms. Lewis refers to one point in the Company's PFA procedures, which  
8 require a customer service rep to escalate a PFA to a manager if it is outside the typical  
9 husband-wife abuse scenario that our customer assistance personnel are most familiar  
10 with. This provision was not included to discount the possibility of other forms of abuse,  
11 but to address an unusual PFA provided to the Company where both the subject and  
12 plaintiff of a PFA were two unrelated neighboring children and the PFA was presented by  
13 the minor plaintiff's parent to receive PFA protection on the parent's account. However,  
14 in reviewing the Company's PFA policies and procedures, I agree that they should be  
15 updated to provide examples to our customer service staff of the universe of potential  
16 PFA plaintiff. The Company agrees to update its policies and procedures to clarify that  
17 anyone who submits a PFA listing them as a Plaintiff should be granted the additional  
18 protections available to them pursuant to Chapter 14 of the Public Utility Code and  
19 Chapter 56 of the Commission's regulations.

20  
21 **Q. Do you agree with Ms. Lewis's statement that UGI Gas's policy for handling**  
22 **customer and applicant PFA requests does not accurately reflect relief available to**  
23 **customers? (CAUSE-PA Statement No. 3, page 14, lines 15-17)**

1 A. The Company has reviewed Ms. Lewis's statements on this topic. While we do not  
2 believe our policy is unreasonable, the Company will modify its PFA policy language to  
3 clarify the applicable statutory and regulatory protections for victims of abuse.  
4

5 **Q. Do you agree with Ms. Lewis's statement that UGI Gas's policy for handling**  
6 **customer and applicant PFA requests lacks adequate confidentiality provisions?**  
7 **(CAUSE-PA Statement No. 3, page 17, lines 12-20)**

8 A. No. The Company does have reasonable policies to protect the confidentiality of victims  
9 of abuse. Per current procedures, PFAs are scanned when received. After an account has  
10 been updated with a PFA indicator, the PFA hardcopy is shredded and the scanned image  
11 is saved electronically in a secured computer drive. Current limitations with the  
12 Company's Customer Information System ("CIS") do not allow an account to indicate  
13 the expiration date of a PFA, which requires maintenance of this information separately  
14 on the Company's servers. In addition to these existent procedures, the Company is  
15 willing to put in place additional procedures to further safeguard the confidentiality of a  
16 victim of abuse. The Company proposes that it will discontinue the practice of keeping  
17 an electronic pdf copy of the PFA on the Company's servers. Because the Company's  
18 CIS does not allow an account indicator for the expiration of a PFA, the Company will  
19 continue to keep separate electronic records of that information, but will agree to limit  
20 access to a PFA team comprised of three management level employees.  
21

1 Q. Do you agree with Ms. Lewis's recommendation that UGI Gas afford protections to  
2 all customers who submit a PFA listing them as a plaintiff? (CAUSE-PA Statement  
3 No. 3, page 18, lines 6-7)

4 A. Yes, and the Company already provides such protection. The Company nonetheless will  
5 revise its policies and procedures to clarify that a residential customer or applicant is  
6 afforded such protections when they submit a PFA or other applicable court order to the  
7 Company.

8  
9 Q. Would you respond to Ms. Lewis's recommendation that the Company advise all  
10 applicants and customers of available PFA protections, and affirmatively ask  
11 applicants and customers to provide a copy of the PFA? (CAUSE-PA Statement No.  
12 3, page 18, lines 8-10)

13 A. Yes. The Company does affirmatively ask applicants and customers to provide a copy of  
14 the PFA. An applicant is provided an explanation of PFA protections upon establishment  
15 of service if they had a prior account with UGI Gas with a remaining balance. Existing  
16 customers with balances are also advised of PFA protections available.

17  
18 Q. Do you agree with Ms. Lewis's recommendation that UGI revise its policies and  
19 procedures to require UGI to seek Commission review when a PFA's legitimacy is  
20 questioned? (CAUSE-PA Statement No. 3, page 18, lines 11-12)

21 A. No, I do not. A requirement to seek Commission review over the legitimacy of a PFA is  
22 unnecessary. With respect to PFAs issued in Pennsylvania, UGI Gas employees can  
23 verify that a PFA has not expired through contact with the applicable County

1 prothonotary's office. With respect to other court orders issued by a court of competent  
2 jurisdiction in this Commonwealth, which provide clear evidence of domestic violence  
3 against the applicant or customer, UGI Gas has the internal resources through its Law  
4 Department to contact that court of competent jurisdiction to confirm the issuance of the  
5 order, if there is a concern about its legitimacy.

6  
7 **Q. Do you agree with Ms. Lewis's recommendation that the Company revise its policy**  
8 **to provide that debt accrued in a name other than the Plaintiff/customer should**  
9 **never be assigned to Plaintiff/customer? (CAUSE-PA Statement No. 3, page 18,**  
10 **lines 13-14)**

11 **A.** Yes. However, to clarify my response, when a customer is listed on an account, either as  
12 a primary or secondary name, they are the customer of record and debt is considered to  
13 be accrued in their name. If a PFA plaintiff is the customer of record, the Company does  
14 not "assign" them accrued debt owed under the account, they are already responsible for  
15 that accrued debt.

16  
17 **Q. Can you comment on Ms. Lewis's recommendation that if a balance is accrued in**  
18 **Plaintiff and third-party's name that the third party should be assigned the debt**  
19 **and that if the third party disputes the debt, only then should the Plaintiff be**  
20 **pursued for the balance? (CAUSE-PA Statement No. 3, page 18, lines 15-17)**

21 **A.** The Company agrees that if a balance is accrued in both the name of the PFA plaintiff  
22 and a third party the Company will first bill the third party. However, the PFA plaintiff

1 as a customer of record for the account is responsible for the payment of that accrued  
2 debt.

3  
4 **Q. Ms. Lewis recommends that payment arrangements should be granted for a**  
5 **“reasonable period of time,” taking into account each of the factors listed in the**  
6 **regulations. Would you respond? (CAUSE-PA Statement No. 3, page 18, lines 18-**  
7 **19)**

8 A. Of course. The Company’s payment arrangements for customers with PFAs are  
9 compliant with Commission regulations and do provide reasonable time periods for  
10 payment. What Ms. Lewis is asking for is an *individualized payment plan* for each PFA  
11 customers that requires an evaluation of the individualized needs and ability to pay for  
12 each such customer. The Company’s current payment plans are compliant with  
13 Commission regulations and the Company does not agree to Ms. Lewis’s  
14 recommendation.

15  
16 **Q. What is your response to Ms. Lewis’s recommendation that the Company undergo**  
17 **extensive staff training, including “new hire” and “refresher” trainings in**  
18 **consultation with experts? (CAUSE-PA Statement No. 3, page 19, lines 1-7)**

19 A. The Company provides extensive training to its customer care representatives and has in  
20 the past welcomed and received training from local domestic violence service providers  
21 and advocacy groups such as the Pennsylvania Coalition Against Domestic Violence.  
22 The Company continues to be agreeable to working with experts in domestic violence to  
23 expand training for its employees.



1

2 **Q. Does this conclude your rebuttal testimony?**

3 **A. Yes, it does.**

4

5

**UGI Gas Exhibit CAR-1**



UGI Utilities, Inc.  
460 North Gulph Road  
King of Prussia, PA 19406  
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Valley Forge, PA 19482-0858  
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October 22, 2014

**VIA E-FILING**

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

**Re: UGI Utilities, Inc.- Gas Division, UGI Utilities, Inc.-Electric Division, UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc., Universal Service and Energy Conservation Plan for 2014-2017 Submitted in Compliance with 52 Pa. Code § 54.74 and § 62.4. Docket No. M-2013-2371824**

Dear Secretary Chiavetta:

Enclosed for filing, please find the Comments of UGI Utilities, Inc. – Gas Division, UGI Utilities, Inc. – Electric Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. to the Tentative Order entered by the Commission in the above-captioned matter on October 2, 2014.

Should you have any questions concerning this filing, please feel free to contact me at (610) 992-3203. Thank you for your attention to this matter.

Very truly yours,

Danielle Jouenne

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

Enclosure

Cc:

Joseph Magee, Bureau of Consumer Services *via email*  
Louise Fink Smith, Law Bureau *via email*  
Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

UGI Utilities, Inc.- Gas Division, UGI :  
 Utilities, Inc.-Electric Division, UGI Penn :  
 Natural Gas, Inc., and UGI Central Penn :  
 Gas, Inc., Universal Service and Energy : Docket No: M-2013-2371824  
 Conservation Plan for 2014-2017 Submitted :  
 in Compliance with 52 Pa. Code § 54.74 :  
 and § 62.4. :

COMMENTS OF THE UGI COMPANIES  
TO THE TENTATIVE ORDER

**I. INTRODUCTION**

On July 1, 2013, UGI Utilities, Inc. - Gas Division (“UGI Gas”), UGI Utilities, Inc.- Electric Division (“UGI Electric”), UGI Penn Natural Gas, Inc., (“PNG”) and UGI Central Penn Gas, Inc. (“CPG”) (collectively, the “UGI Companies” or “Companies”) jointly filed the initial version of their Universal Service and Energy Conservation Plan (“USECP” or “Plan”) for the Three-Year Period of January 1, 2014 through December 31, 2016. On August 1, 2014, pursuant to the Commission’s Secretarial Letter, dated June 27, 2014,<sup>1</sup> the Companies filed an updated USECP for the period of January 1, 2014 through December 31, 2017.

On October 2, 2014 the Commission issued a Tentative Order concluding that the Plan contains all of the components cited in the definition of universal service at 66 Pa.C.S. § 2202 and meets the requirements of 66 Pa.C.S. § 2203(8), which mandate that universal service programs be available in each large NGDC service territory and that programs be appropriately

<sup>1</sup> The Commission’s June 27, 2014 Secretarial Letter 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.

funded.<sup>2</sup> The Tentative Order approved the Plan, in part, consistent with the Tentative Order, as complying with the applicable provisions of the Public Utility Code, 66 Pa.C.S. §§ 101 et seq., Commission regulations, and Commission policy statements. The Tentative Order also sought further clarification and/or modification as set forth in the Tentative Order's "proposed resolutions" for the Plan Components: Customer Assistance Program ("CAP"); Low Income Usage Reduction Program ("LIURP"); and Operation Share Energy Fund. The Commission also offered proposed resolutions regarding the Companies' Projected Needs Assessment and Program Budgets.

In addition, Commissioner James H. Cawley entered a Statement into the record at the Public Meeting held October 2, 2014 regarding the Company's proposal to eliminate the maximum CAP credit. In his Statement, the Commissioner noted that in light of the Commission's expressed policy of capping maximum allowable CAP credits it was "incumbent on UGI to demonstrate that eliminating the maximum CAP credit is in the interest of both CAP and non-CAP residential customers."

The UGI Companies respectfully submit these written comments in response to the Tentative Order and the associated Statement of Commissioner Cawley.

## II. CUSTOMER ASSISTANCE PROGRAM

In the Tentative Order, the Commission made the following recommendations and requests for clarification with respect to the CAP component of the Companies' USECP: (1) eliminate CAP enrollment limits; (2) update tariff language to reflect the administration of the

---

<sup>2</sup> As noted in the Tentative Order, UGI CPG is not a large NGDC but voluntarily filed a USECP in conjunction with UGI Gas and UGI PNG. Similarly, UGI Electric is not a large EDC required to file a USECP under Section 2804(9) of the Electric Competition Act but voluntarily filed a USECP in conjunction with UGI Gas and UGI PNG.

Low Income Home Energy Assistance Program (“LIHEAP”)<sup>3</sup>; (3) clarify the Companies’ arrearage forgiveness policy; (4) clarify non-LIHEAP customers’ eligibility for CAP and their requirements for recertification; (5) implement additional recertification reminders; (6) clarify policy on zero income reporting and eliminate notarized statement requirement; and (7) explain the impact of CAP credit elimination on the UGI Companies’ CAP budget. Each of these points will be addressed in turn below:

### 1. CAP Enrollment Limits

The UGI Companies have CAP enrollment limits previously approved by the Commission in the amount of 10,000 for UGI Gas<sup>4</sup>, 7,500 for PNG<sup>5</sup>, 6,000 for CPG<sup>6</sup> and 2,500 for UGI Electric.<sup>7</sup> In UGI’s 2011-2013 USECP Final Order<sup>8</sup>, the Companies were directed to monitor need projections and to petition the Commission to increase CAP enrollment numbers, if necessary. In the Tentative Order, the Commission proposes that the Companies petition the Commission to remove limits to CAP enrollment levels for all of its companies rather than wait for CAP enrollment to near the enrollment ceilings.

As noted in the Tentative Order, and as set forth in the table below, current CAP enrollment<sup>9</sup> for the Companies is generally not near the enrollment ceilings. See Table 1, below:

<sup>3</sup> LIHEAP (42 U.S.C. 8621 et seq.) was established under Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35. The Pennsylvania Department of Public Welfare administers LIHEAP in Pennsylvania.

<sup>4</sup> See *Petition of UGI Utilities, Inc. – Gas Division to Expand Participation in UGI’s Low Income Self-Help Program*, Docket No. P-2008-2066708 (December 4, 2008).

<sup>5</sup> See *Pa. PUC, et al. v. UGI PNG*, Docket No. R-2008-2079660 (August 27, 2009).

<sup>6</sup> See *Pa. PUC, et al. v. UGI CPG*, Docket No. R-2008-2079675 (August 27, 2009).

<sup>7</sup> See *Petition of UGI Utilities, Inc. – Electric Division to Expand Participation in UGI-ED’s Customer Assistance Program, Increase the Maximum Allowed Discounts, and Implement a Funding Mechanism to Recover Certain Associated Costs*, Docket No. P-2008-2066579 (December 4, 2008).

<sup>8</sup> See *UGI’s 2011-2013 USECP Final Order*, Docket No. M-2010-2186052.

<sup>9</sup> As of September 30, 2014, the end of UGI Corporation’s 2015 Fiscal Year.

**TABLE 1**

<b>Company</b>	<b>Max CAP Enrollment</b>	<b>Current Enrollment</b>
UGI Gas	10,000	7,497
PNG	7,500	5,858
CPG	6,000	2,193
UGI Electric	2,500	2,165
<b>Total</b>	<b>26,000</b>	<b>17,713</b>

However, the Companies accept the Commission’s proposed resolution and agree to petition the Commission to remove limits to CAP enrollment levels for all of its companies, subject to associated timely cost recovery approval as well, within 90 days of the Commission’s entry of the Final Order in this proceeding.

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

Section §601.45 of the Commonwealth’s Department of Public Welfare’s (“DPW”) Fiscal Year 2014 Final State Plan mandates that “no LIHEAP funds may be applied to CAP customer’s pre-program arrearages or actual usage amounts.” The Commission has identified language in the UGI Gas LISHP Rider, PNG Universal Service Program Rider and CPG Universal Service Program Rider that it finds inconsistent with this mandate. The Commission offers the proposed resolution that the Companies update their tariff language to reflect its *current practices, consistent with DPW’s current LIHEAP policy.*

As recognized by the Tentative Order, the Companies’ actual procedures are compliant with the DPW Final Plan mandate as the Companies do not apply LIHEAP funds to the CAP shortfall or CAP Credit amount. The Companies have interpreted their existing tariff language as being applicable only to the extent permitted under DPW’s Final State Plan. The Companies however, acknowledge the Commission’s concern that the language in the tariff riders noted above should be updated to reflect DPW’s current policy and the actual practices of the UGI

Companies. The Companies therefore agree to this proposed resolution and will file revised tariffs for UGI Gas, PNG and CPG as directed by the Final Order entered in this proceeding.

### **3. Clarify UGI's Arrearage Forgiveness Policy**

As stated in the USECP, in accordance with the Commission's October 31, 2011 Final Order at Docket NO. M-2010-2186052, the Companies forgive a CAP customer's pre-program arrearage balance on a one thirty-sixth ( $1/36^{\text{th}}$ ) basis upon receipt of each timely and in-full CAP monthly payment. The USECP incorrectly stated that "Customers will not receive forgiveness if they are not current with their payments but will receive forgiveness once they bring payments up to date." This statement does not reflect the Companies' current policy that the Companies related to the Bureau of Consumer Services ("BCS") in informal telephone and email communications in August of 2014 following the filing of the USECP. The Commission, in its Tentative Order, requested that the Companies clarify their arrearage forgiveness policy and confirm that CAP customers can receive forgiveness for timely and full monthly payments, regardless of arrears, and retroactively once the account is caught up.

In accordance with the proposed recommendation, the Companies do herein confirm that regardless of CAP payments in arrears, CAP participants will receive each month of forgiveness upon full payment of each CAP bill. CAP customers will receive partial arrearage forgiveness upon payment of each delinquent CAP bill. 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 for those two months.



#### **4. Clarify Whether Non-LIHEAP Recipients are Allowed to Remain in the Program and Recertify**

In the Tentative Order, the Commission has asked the Companies to clarify why their CAP Program includes an income re-verification process for non-LIHEAP receiving customers<sup>10</sup> when the Plan considers refusal to apply for LIHEAP as appropriate grounds for removal from the CAP Program altogether.<sup>11</sup>

The Companies herein clarify that a customer will not be deemed ineligible for the CAP Program solely on the basis of failure to participate in the LIHEAP program. Via participation in LIHEAP a customer has already met the burden of demonstrating CAP eligibility. Therefore the Companies only have set a triennial recertification requirement for known LIHEAP customers. CAP customers who are not known LIHEAP participants will be required to recertify annually. The Companies believe that the triennial recertification requirement for LIHEAP participants is also a method of encouraging participation in that federally-funded program by reducing the administrative burden of annual CAP recertification on the customer. The Companies agree to clarify the language in the USECP to reflect that non-LIHEAP CAP customers who recertify annually will remain enrolled in the program. Further detail on the Companies' recertification process for LIHEAP and Non-LIHEAP receiving customers is outlined in response to comment II(5.) below.

#### **5. Address Additional Measures to Remind Customers to Recertify for CAP**

In the Tentative Order, the Commission noted that in its review of 122 informal complaints filed at the Commission by UGI customers in 2013, there were 19 instances where

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<sup>10</sup> Proposed 2014-2017 Plan at 18-19.

<sup>11</sup> Proposed 2014-2017 Plan at 20.

customers complained of high CAP payments as a result of being charged budget billing<sup>12</sup> because of a failure to recertify for the CAP program. The Commission has proposed that the Companies address how they could be more effective in reminding customers to recertify for CAP before and after the recertification deadline.

Under the Companies' current process for reminding customers to recertify for the CAP program, a recertification reminder letter is mailed to the customer one month prior to the yearly anniversary date for recertification. The customer's agency caseworker also receives a notification that the recertification is due. The caseworker attempts to contact the customer via phone. If the caseworker is not able to reach the customer by telephone the caseworker will mail a notification to inform the customer of the impending deadline and need to recertify. If the recertification process is not complete two months after the yearly anniversary date, the CAP amount is changed to the budget bill amount on the customer's bill.

The Companies agree with the Commission's proposed resolution and suggest the inclusion of an additional recertification letter for the month that recertification is due plus an additional agency contact to be scheduled one-month after the customer's anniversary date. These two additional proposed notifications for CAP recertification would apply to both LIHEAP-receiving and non-LIHEAP-receiving customers, the only difference being that recertification for LIHEAP customers is triennial whereas recertification for non-LIHEAP customers is annual. See Exhibit A for a schematic of the Companies' proposed recertification process.

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<sup>12</sup> "Budget Billing" is an optional billing procedure which averages estimated public utility service costs over a 10-month, 11-month or 12-month period to eliminate, to the extent possible, seasonal fluctuations in utility bills. 52 Pa. Code § 56.12(7).

## 6. Standard Policy and Procedures for Addressing Claims of Zero Income

The Companies currently require a customer to provide a notarized statement in support of claims of zero income. In the Tentative Order, the Commission noted that it has previously directed that statements of zero income need not be notarized<sup>13</sup> and described the zero-income verification processes of Duquesne Light<sup>14</sup>, PECO Energy Company<sup>15</sup>, and Philadelphia Gas Works<sup>16</sup>, that have been approved by the Commission. The Commission seeks the UGI Companies' explanation of their current zero-income verification process and proposes that UGI review the zero income eligibility criteria utilized by other utility CAP programs and consider revising its zero income requirements accordingly. The Commission also directed that the Companies eliminate the notarization requirement for zero income statements.

As stated above, currently when one of the Companies' customers reports zero income at the time of CAP enrollment, that customer is required to sign a notarized statement attesting to zero income. The Companies have reviewed the zero-income verification processes of Duquesne Light, PECO Energy Company, and Philadelphia Gas Works as directed by the Tentative Order. The Companies agree to the Commission's proposed recommendation and will adopt the zero-income verification process outlined by Duquesne's 2014-2016 USECP.

Under this revised process, customers of UGI Gas, UGI Electric, PNG and CPG who report zero household income at the time of enrollment will be required to complete a "Zero Income Form," as set forth in Exhibit B, and give the Companies permission to verify income with government agencies. The Companies will request that the customer identify all household

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<sup>13</sup> PECO 2013-2015 USECP Final Order, Docket No. M-2012-2290911 (April 4, 2013), at 39-41.

<sup>14</sup> Duquesne Light's 2014-2016 USECP, Docket No. M-2013-2350946, at 6-7.

<sup>15</sup> PECO's Second Amended 2013-2015 USECP, Docket No. M-2012-2290911, at 13.

<sup>16</sup> PGW 2014-2016 USECP Final Order, Docket No. M-2013-2366301.

members, the address where service is provided, and a brief explanation of how household expenses are met on the Zero Income Form.

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

The Plan proposes eliminating the maximum CAP credit limit to lessen the energy burden on those customers most in need while implementing a strategy to identify high-usage customers that would benefit from participation in LIURP. As noted in the Tentative Order, the Commission is concerned that a lack of consumption limits will result in higher program cost that must be borne by non-CAP residential customers and has proposed that UGI explain if it anticipates an increase to its annual CAP budget with the elimination of CAP credit limits and if this increase is reflected in the projected CAP budgets in its USECP.

The Companies have proposed eliminating the maximum CAP credit in response to a 2012 comprehensive evaluation of UGI Gas and PNG's Universal Service Programs conducted by the Applied Public Policy Research Institute for Study and Evaluation ("APPRISE"). The 2012 APPRISE evaluation showed that the mean energy burden for 2010 CAP enrollees with income below 50 percent of the poverty level was 16 percent in the year after program enrollment. This energy burden far exceeds the standards established by the Commission for appropriate energy burdens for CAP participants.<sup>17</sup> The APPRISE evaluation therefore recommended that the Companies either consider increasing the maximum shortfall amount for customers in this poverty group or eliminate the maximum limit of CAP credits a customer can receive each year.<sup>18</sup> As the Companies have not seen any noticeable cases of intentional

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<sup>17</sup> The Commission standards established for gas heating participants are as follows: 0 - 50% of poverty, 5%-8% of income; 51 - 100% of poverty: 7%-10% of income; 101 - 150% of poverty, 9%-10% of income. APPRISE Universal Service Evaluation at 93.

<sup>18</sup> 2012 APPRISE Universal Service Evaluation at 86.

excessive energy use from its CAP customers that would justify such a limit, the Plan proposes eliminating the maximum CAP credit.

In responding to the Commission's concerns, the Companies do not anticipate an increase to its annual CAP budget, proposed in Appendix A to the Plan, due to the elimination of CAP credit limits. The Companies have reviewed detail customer shortfall (CAP credit) expense for 2012 and have determined that only 1.6% of the Companies' CAP customer base exceeded the maximum shortfall for heating customers. This equated to less than \$32,000/year or 0.78 % of the total shortfall (CAP credit) expenditure for all UGI Companies. Furthermore, 89% of those customers who required forgiveness above the current \$950.00 yearly CAP maximum for the Companies had incomes below 100% of the Federal Poverty Income Guidelines ("FPIG"). These customers are those most in need. The Plan as proposed would allow these customers to receive needed CAP program benefits while simultaneously identifying high-usage customers for LIURP.

Commissioner Cawley's associated statement, entered into the record on October 2, 2014, echoes the sentiments expressed above in the Tentative Order regarding the elimination of the maximum CAP credit. Commissioner Cawley made two main points in this regard: he (1) stated that it was incumbent on the Companies to demonstrate that eliminating the maximum CAP credit is in the interest of both CAP and non-CAP residential customers, and (2) questioned whether the Companies should instead focus LIURP efforts on its poorest CAP participants rather than eliminate the maximum CAP limit.

Regarding the first point, as previously stated, the elimination of the maximum CAP credit will have a de minimis impact on non-CAP customers based on the analysis conducted of the 2012 detail customer shortfall (CAP credit) expense. The Companies believe this

demonstrates an appropriate balance between burden to non-CAP residential customers and benefit to CAP customers most in need. Regarding the second point, the Companies are in agreement with Commissioner Cawley that they must focus their LIURP efforts on this population of low-income customers with demonstrated excessive usage. In the USECP, the Companies outlined a plan by which they will focus their increased attention and efforts on that population of customers who are determined to be high energy users. Where the usage for a customer who applies for CAP exceeds set thresholds established by each UGI Company, that customer will (1) participate in an interview with the CAP caseworker; (2) be provided an energy education session; (3) be referred to the LIURP program (if applicable); and (4) if enrolled in CAP, this customer's usage will continue to be monitored for additional outreach and referrals. The Companies' experience has demonstrated that in comparing usage of customers pre and post LIURP participation, those high-use participants have seen an average energy usage reduction of 12%. This reduction in energy usage in turn reduces the related costs that would be otherwise born by non-CAP participants. However, this increased LIURP focus on the Companies' poorest customers is not expected, in itself, to reduce their energy burden to levels deemed acceptable by the Commission. Considering that eliminating the maximum CAP limit is not anticipated to have a materially detrimental impact on the Companies' non-CAP customers, the Companies maintain that elimination of the maximum CAP limit is the most prudent course of action. The Companies will evaluate the effectiveness of removing the maximum CAP limits in the Companies' next triennial USECP.

### III. LIURP

In the Tentative Order, the Commission made the following recommendations and requests for clarification with respect to the LIURP component of the Companies' USECP: (1)

clarify if the Rehabilitation Pilot will be extended to UGI Electric and track and report data from the program separately from other LIURP Programs; (2) explain the funding of a single organization under the Conservation Pilot Program; (3) provide the Companies' summary and status updates from the APPRISE LIURP evaluation regarding their customer outreach system; and (4) provide the summary and/or status updates from the APPRISE LIURP Evaluation recommendations regarding the NSSC evaluation and contractor work quality issues.

**1. Clarify if the Rehabilitation Pilot will be Extended to UGI Electric and Track and Report Data from the Program Separately from other LIURP Programs.**

The Companies' LIURP Rehabilitation Program was approved on a pilot basis as a part of the Companies' 2011-2013 USECP. The program provides weatherization services to low-income housing in the construction or rehabilitation stage. As directed by the Commission in its 2011-2013 USECP Order, UGI Gas evaluated the Rehabilitation Program and tracked customer participation levels. UGI Gas estimates an annual natural gas usage reduction of 23% for the seven jobs completed under the auspices of the program. The Companies' 2014-2017 Plan proposes to end the piloting phase of the Rehabilitation Program and make it a permanent component of the USECP for all of the UGI Companies.

In its proposed resolution, the Commission notes that one of the eligibility requirements for the Rehabilitation Program is that homes have existing gas heat. The Commission has requested clarification as to whether the Companies intend to expand the program to UGI Electric customers, who may have electric-only heat. The Commission has also requested that tracking for the program be kept separate from regular LIURP jobs; that the budget be limited at a maximum of 10% of the LIURP budget for each Company; and that UGI consider target marketing this niche program to local builder associations, state and government agencies that operated and fund revitalization programs and to coordinate with the EDCs within its service

territory related to the provision of Act 129<sup>19</sup> programs where common CBOs are utilized. The Commission has noted that UGI Gas did not track the costs of labor, which was provided at no cost by program volunteers, and that estimating labor costs could assist in determining the comparative cost-effectiveness of the program.

The Companies agree with the Commission's proposed resolution and herein clarify that all UGI Companies' customers, including UGI Electric customers, will be eligible for the Rehabilitation Program. The Companies will keep program tracking separate from regular LIURP jobs and will estimate labor costs to evaluate the comparative cost-effectiveness of the Rehabilitation Program in comparison to other LIURP programs. Volunteers providing labor for the Rehabilitation Program will be asked to provide their labor hours which will be assigned a value based on the average cost of the Companies' per hour external labor costs, which currently equates to a negotiated rate of \$50.00/hour for weatherization contracts. The Companies agree to market the program to local builder associations as well as state and government agencies that operate and fund revitalization programs, and to coordinate with the EDCs within its service territory related to the provision of Act 129.

## **2. Explain the Funding of a Single Organization under the Conservation Pilot Program**

In the USECP the Companies proposed to discontinue their Conservation Pilot Program, authorized as part of the UGI Companies' 2011-2013 USECP. The Conservation Program was intended to employ up to 5% of the Companies' LIURP funds toward energy conservation measures for housing to low-income or transitional populations. As stated in the USECP, the main reason for the Companies' request to discontinue this program is the minimal interest it received from the agencies it was designed to benefit.

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<sup>19</sup> Act of Oct. 15, 2008, P.L. 1592, No. 129



In the Tentative Order, the Commission has proposed to allow the UGI Companies to discontinue the Conservation Pilot Program and to reallocate any remaining funding back into the general LIURP budget. The Commission made a further request for additional details regarding the expenditure of these funds and an explanation of why the Companies funded the same and sole organization, Berks Women in Crisis, for multiple years.

The Companies' expenditures from the Conservation Program supported the organization's initiative over a three-year period to build a new facility with many energy upgrades. The Tentative Order correctly stated that the program funding for BWIC for 2011, 2012, and 2013 was \$50,000, \$25,000 and \$24,183.21 respectively. These funds specifically went to a more energy efficient heating system, water heating, lighting, and windows at the BWIC center. Any remaining funding for this pilot project were reallocated to the budget for traditional LIURP programs.

The lack of agency interest in the Conservation Program, despite the Companies' outreach efforts, is the main reason why the Companies have sought its discontinuance. The UGI Companies first promoted the Conservation Program by meeting with Community Relations Managers<sup>20</sup> and UGI employees who work directly with community-based organizations to inform their internal staff of the programs offered by the UGI Companies, including the Conservation Program. These Community Relations Managers work directly with many local community organizations and actively promoted the program in the communities served by the UGI Companies. The UGI Companies also promoted the program on their website, and mailed information regarding the program to all known organizations meeting the

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<sup>20</sup> In addition to their other organizational responsibilities, certain employees deemed "Community Relations Managers" work throughout the UGI Service Territory to develop and implement programs within the incumbent's assigned area aimed at promoting community awareness of UGI, the Company's vision, mission, commitment to the betterment of the community it serves.

program descriptions. A copy of the informational program mailer is attached hereto as **Exhibit C**.

Despite this outreach, only Berks Women in Crisis (“BWIC”) applied for the program. While the Companies believe that limited community participation from one agency is insufficient to justify the continuation of the Conservation Program, the Companies stand by their decision to fund BWIC. BWIC is an agency that provides transitional housing and ongoing support for victims of domestic violence. By funding the BWIC conversation project, the UGI Companies increased the comfort and improved energy conservation for the residents of this transitional housing facility.

**3. The Companies’ Summary and Status Updates from the APPRISE LIURP Evaluation Regarding their Customer Outreach System.**

The UGI Companies are engaged in a long-term effort to improve the functionality of the COS used to manage the LIURP and other low-income programs. In 2013, APPRISE was engaged by the Companies to conduct an evaluation of their LIURP program. The resulting report noted several areas for improvement for the COS.<sup>21</sup> As referenced in the Tentative Order, the Companies, on September 4, 2014, provided a status update to BCS regarding progress they have made in addressing some of their COS programming improvements. Pursuant to the Commission’s proposed resolution, that portion of the September 4, 2014 update relating to the Company’s COS upgrades is attached hereto as **Exhibit D**.

**4. Provide the Summary and/or Status Updates from the APPRISE LIURP Evaluation recommendations Regarding the NSSC Evaluation and Contractor Work Quality Issues**

In 2013, the UGI Companies began a partnership with the National Sustainable Structures Center (“NSSC”) in Williamsport, PA to implement a new quality control process.

<sup>21</sup> APPRISE UGI Utilities 2013 LIURP Evaluation Final Report, pages 108-109.

The purpose of this partnership is to utilize trained staff from the NSSC to conduct evaluations of the agencies contracted by the UGI Companies for their weatherization jobs. The NSSC investigators shadow each agency on a select number of weatherization jobs, including audits, measures installations, and post-work inspections, with the goal of providing feedback to help the agencies improve energy savings. On-site training and instruction is provided as part of the NSSC evaluation process. In 2015, when the shadowing process is complete, the NSSC will compile a final evaluation report for UGI detailing the findings for each individual agency.

The Commission has requested in the Tentative Order that the Companies provide a summary and status update of the ongoing NSSC evaluation. The Commission has also requested that, to the extent that additional training or certifications may be required, UGI also provide details on funding and budget allocations for such training and certifications. The Companies have compiled a summary and status update of the NSSC report, attached hereto in **Exhibit E**. The preliminary findings of the NSSC evaluations have not identified any additional trainings and/or certification that have required adjustments to the Companies' budget allocations for these items.

#### **IV. OPERATION SHARE ENERGY FUND**

In the Tentative Order, the Commission made the following recommendations and requests for clarification with respect to the Operation Share Energy Fund component of the Companies' USECP: (1) explain increases or decreases in Operation Share administrative costs for UGI Companies from 2014 to 2015; and (2) explain what household expenses customers must verify to qualify for an Operation Share grant and whether UGI would consider eliminating or modifying this eligibility requirement.

**1. Explain Increases or Decreases in Operation Share Administrative Costs for UGI Companies from 2014 to 2015.**

Table 8 of the Commission’s Tentative Order lists Operation Share administrative costs per Company. This table, reproduced here as Table 2, was populated with data the Companies had provided in Appendix A to the Plan *Funding Commitments of Each Company for Each Universal Service Program*. The Commission has requested an explanation as to the increases and decreases in Operation Share administrative costs for the Companies from 2014 to 2015.

**Table 2: Operation Share Administrative Costs**

<b>Company</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
UGI Gas	\$1,400	\$1,930	\$1,930	\$1,930
UGI PNG	\$1,130	\$1,100	\$1,100	\$1,100
UGI CPG	\$1,250	\$600	\$600	\$600
UGI Electric	\$350	\$500	\$500	\$500

In 2014, the Companies utilized the allocations previously approved in the 2011-2013 USECP. The Operation Share administrative costs either increase or decrease in 2015 as compared to 2014 as a result of new Company allocations. For instance, each Company compensates its contracted CBO by way of a set fee for every Operation Share application approved. The change in administrative cost per Company is therefore a result of a change in funding level for each CBO. The change in funding level for each Company is due to the change in projected participation levels as reflected in Tables 4-7 that are described in more detail below. The projected participation levels are calculated based on the customer base and low income customer demographic for each Company’s service territory.

**2. Explain what Household Expenses Customers Must Verify to Qualify for Operation Share Grant and Whether UGI Would Consider Eliminating or Modifying this Eligibility Requirement.**

The Commission noted that the 2014-2017 USECP states that to qualify for an Operation Share grant, customers must provide “evidence of income and expenses of all members of the household.”<sup>22</sup> The Commission questioned the necessity of verifying expenses as a requirement for the Operation Share application process and requested further explanation of this point by the Companies.

As part of its Operation Share application process, the UGI Companies do not, in practice, require evidence of expenses of all members of the household. Instead UGI only requires that applicants provide evidence of *income* for each household member. The Companies will revise its USECP to eliminate the language stating that expenses are required as part of the application process.

**V. PROJECTED NEEDS ASSESSMENT**

The Companies jointly filed the initial version of the Universal Service and Energy Conservation Plan (“USECP” or “Plan”) for the Three-Year Period of January 1, 2014 through December 31, 2016. On August 1, 2014, the Companies filed an updated USECP for the period of January 1, 2014 through December 31, 2017 in response to the Secretarial Letter dated June 27, 2014. Appendix B to the Plan contains the Companies’ Projected Needs Assessment submitted per the Commission’s regulations at 52 Pa. Code § 62.4(b)(3). When the Companies updated the 2014-2016 USECP, they updated those items in the Needs Assessment relating to Census data per the request of BCS. The Companies did not update the projected numbers of customers needing LIURP. In the Tentative Order, the Commission has requested that the

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<sup>22</sup> 2014-2017 UGI USECP at p. 9.

Companies provide the methodology used to calculate the LIURP Needs Assessment for UGI Gas and PNG and any revised LIURP Needs Assessment figures.

The Companies used the following methodology to calculate the LIURP Needs Assessment for UGI Gas and PNG using data from the UGI Companies' customer information system: UGI Companies identified the number of customers that meet the LIURP eligibility criteria (such as residential heating customer with 12 months continuous service and higher than normal consumption) and deducted customers who have already received weatherization services. Based on UGI's experience, the number of customers identified as potentially eligible for LIURP was multiplied by average job cost in order to estimate a cost to weatherize all the potentially eligible households identified. The updated Appendix B Projected Needs Assessment Chart is attached to these Comments at **Exhibit F**.

## **VI. PROGRAM BUDGETS**

The Commission has raised several issues regarding the Companies' Universal Service Budgets provided in Appendix A of the Plan. The Commission has requested that the Companies: (1) submit and explain the revised LIURP Budget and corresponding enrollment figures for UGI Gas for the 2014-2017 period covered by this Proposed Plan; (2) explain why LIURP and Operation Share projected enrollments and budget change significantly from 2014 to 2015 for some UGI companies; and (3) explain why its enrollment and budget projections for Operation Share have increased from the estimates provided in the 2014-2017 Plan and explain the UGI CPG projections for 2014.

### **1. Submit the revised LIURP Budget and Corresponding Enrollment Figures for UGI Gas for the 2014-2017 Period Covered by this Proposed Plan.**

The Commission has remarked that the Proposed LIURP budget for UGI Gas is less than the proposed LIURP budget for PNG. Having noted that the LIURP figures in the Companies'

Needs Assessment were not updated in the August 1, 2014 filing of the revised USECP, the Commission has requested that the Companies provide a revised budget and corresponding enrollment figures for UGI Gas for the 2014-2017 period.

As noted in the Tentative Order, the LIURP funding for PNG is \$850,000<sup>23</sup> for each year of the Plan while the LIURP funding for UGI Gas is \$650,000 per year for the same Plan period. Unlike PNG LIURP funding which is a set annual amount, UGI Gas LIURP funding is calculated at 0.2 percent of jurisdictional revenues.<sup>24</sup> The Companies have reviewed the updated Needs Assessment figures for LIURP (as set forth in Exhibit F). Based on preliminary review of Company data, UGI is in support of maintaining UGI's LIURP funding at 0.2% of jurisdictional revenue.

A direct comparison of LIURP funding for PNG and UGI Gas is not appropriate due to the difference in demographics and needs in the service territories. Both UGI Gas and PNG's LIURP programs date to 1988. However, after 26 operational years of LIURP programs, UGI Gas has spent substantially more money and completed more individual jobs than PNG. The historically higher spending in the UGI Gas service territory has created more of a "saturation" effect leading to a reduced number of eligible projects as compared to the other UGI Companies. Additionally, though UGI Gas has a larger customer base than PNG, the demographics of those customers also supports a different funding level for UGI Gas. Calculating the two Companies' low income percentage against total customer base reveals figures of 12% for UGI Gas and 18% for PNG as set forth in Table 3. As noted in the Needs Assessment, PNG currently has 4.64% of potential LIURP eligible customers against its customer base versus 2.2% at UGI.

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<sup>23</sup> LIURP Program funding for PNG is dictated in the UGI PNG Rate Settlement, Docket NO. R-2008-2079660.

<sup>24</sup> LIURP Program funding for UGI Gas is based on the Commission's Order in Docket Nos. A-120011F200, A-125146F5000, and A-125146.

**TABLE 3**

<b>Company</b>	<b>LIURP Spending</b>	<b>Completed Jobs</b>	<b>Low income % against customer base</b>	<b>LIURP Eligible Customers</b>
UGI Gas	\$16,276,179.67	5,363	12%	2.2%
PNG	\$11,636,211.00	4,178	18%	4.64%

Furthermore, it must be stated that there is no statutory requirement for UGI Gas to fund LIURP in amounts greater than the .02% of jurisdictional revenue set forth in 52 Pa. Code 58.4(a). The LIURP funding levels for UGI Gas and PNG are a result of negotiated multi-issue rates cases, and cannot be directly compared out of the context of those negotiated settlements.

**2. Explain why LIURP and Operation Share Projected Enrollments and Budget Change Significantly from 2014 to 2015 for some UGI Companies.**

The Commission has questioned why enrollment and budget levels for LIURP and Operation Share increase or decrease significantly between program years 2014 and 2015.

i. LIURP

With regard to LIURP, the Commission notes that LIURP jobs for UGI PNG decrease from 132 in 2014 to 121 in 2015, with a corresponding budget decrease of \$71,605 between years. LIURP jobs for UGI Electric decrease from 42 jobs in 2014 to 30 jobs in 2015, with a corresponding budget decrease of \$22,653 and has requested an explanation.

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. The 2014 budget therefore reflects carryover money that was not spent in 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.



ii. Operation Share

The difference between the 2014 and 2015 Operation Share budgets was addressed previously in Section IV(1) with respect to Operation Share administrative costs. As stated above, for program year 2014, the Companies utilized the allocations previously approved in the 2011-2013 USECP. The Operation Share administrative costs either increase or decrease in 2015 as compared to 2014 as a result of new Company allocations. The changed allocations for each Company is due to the change in projected participation levels calculated based on the customer base and low income customer demographic for each Company's service territory, and as reflected in Table 4 through Table 7.

**3. Explain why its Enrollment and Budget projections for Operation Share have Increased from the Estimates Provided in the 2014-2017 Plan and Explain the UGI CPG projections for 2014.**

In informal communications with the Companies, the BCS questioned the projected Operation Share participation levels and projected budgets. In response, the UGI Companies provided updated Operation Share enrollment and budget projections and explained to BCS the source of the discrepancy. The Commission has requested: (i) a formal explanation for the increase in Operation Share estimates from the 2014 – 2017 Plan; (ii) an explanation of why CPG anticipates no donations to its Operation Share program in 2014; and (iii) where the difference between the initial contribution and total donations comes from.

Regarding the first point above, as explained to BCS informally, the projected participation levels and projected budgets that the Companies originally submitted in their 2014-2017 Plan only reflected the Company Voucher Commitments and did not reflect CASH donations to the program. This is why the revised figures provided to BCS for Operation Share estimates are increased from those figures in the Plan.

Addressing the second point, CPG did not note voluntary donations in 2014 for the reason that customer donations did not impact CPG's matching contribution in the 2011-2013 USECP and it was this 2011-2013 USECP that formed the basis of 2014 projections.<sup>25</sup> For 2014, UGI utilized company allocations approved in the 2011-2013 USECP which require CPG to contribute a flat donation of \$50,000. In 2014, customer donations did not impact the matching contribution since the contribution was a flat donation. In the 2014-2017 USECP, CPG proposes that the company 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. In the proposed plan, customer donations will impact UGI's matching contribution.

The UGI Companies herein submit their updated Operation Share enrollment and budget projections depicted in the Tables 4-7 below to be made a formal part of the record of these proceedings.

**TABLE 4: PNG REVISED OPERATION SHARE COSTS**

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

<sup>25</sup> Through 9/30/2014, CPG received \$25,879 in customer donations.

**TABLE 5: UGI GAS REVISED OPERATION SHARE COSTS**

Year	Projected Participation Levels	Initial Contribution (voucher)	Matching Funds (voucher)	Projected CASH donations	Total Donations
2014	220	\$40,000	\$16,000	\$32,000	\$88,000
2015	385	\$38,500	\$38,500	\$77,000	\$154,000
2016	385	\$38,500	\$38,500	\$77,000	\$154,000
2017	385	\$38,500	\$38,500	\$77,000	\$154,000

**TABLE 6: UGI ELECTRIC REVISED OPERATION SHARE COSTS**

Year	Projected Participation Levels	Initial Contribution (voucher)	Matching Funds (voucher)	Projected CASH donations	Total Donations
2014	55	\$10,000	\$4,000	\$8,000	\$22,000
2015	100	\$10,000	\$10,000	\$20,000	\$40,000
2016	100	\$10,000	\$10,000	\$20,000	\$40,000
2017	100	\$10,000	\$10,000	\$20,000	\$40,000

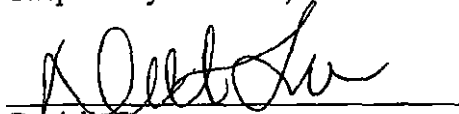
**TABLE 7: CPG REVISED OPERATION SHARE COSTS**

Year	Projected Participation Levels	Initial Contribution (voucher)	Matching Funds (voucher)	Projected CASH donations	Total Donations
2014	125	\$50,000	N/A		\$50,000
2015	120	\$12,000	\$12,000	\$24,000	\$48,000
2016	120	\$12,000	\$12,000	\$24,000	\$48,000
2017	120	\$12,000	\$12,000	\$24,000	\$48,000

**VII. CONCLUSION**

The UGI Companies appreciate the opportunity to provide these comments to the Tentative Order. For the reasons outlined above, the Companies respectfully request that the Commission enter a Final Order that incorporates and adopts the Companies' responses to the proposed resolutions of the Tentative Order. Additionally, as requested in the Companies' August 1, 2014 filing of the initial USECP, if the Commission approves the proposed changes to the UGI Companies' CAP Program, the Companies respectfully request an implementation time frame of six months from the date of the Commission's Final Order to allow the Companies to make all necessary system programming changes to implement the approved CAP changes.

Respectfully submitted,



Danielle Jouenne

(PA Attorney I.D. #306839)

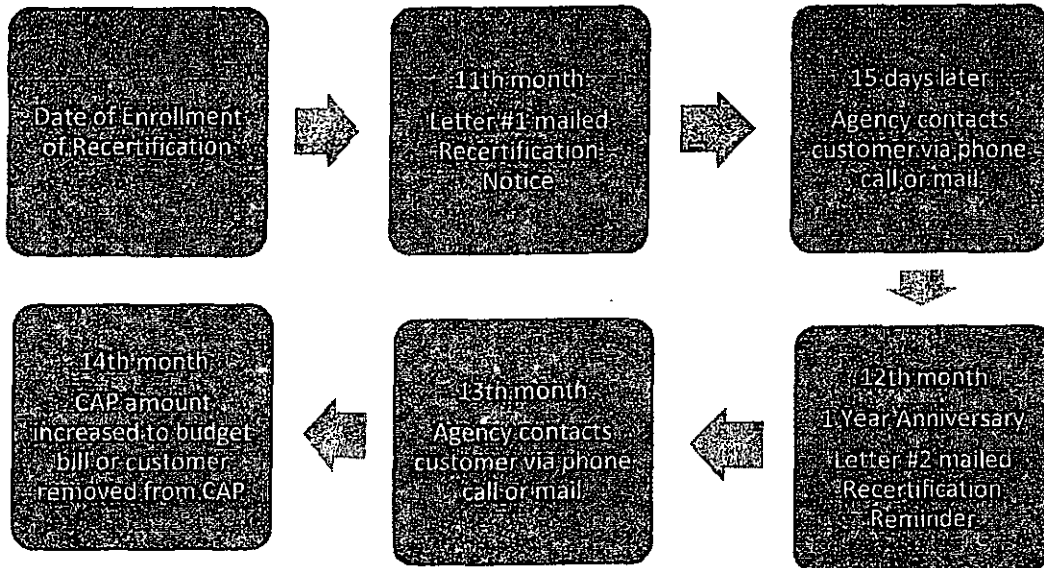
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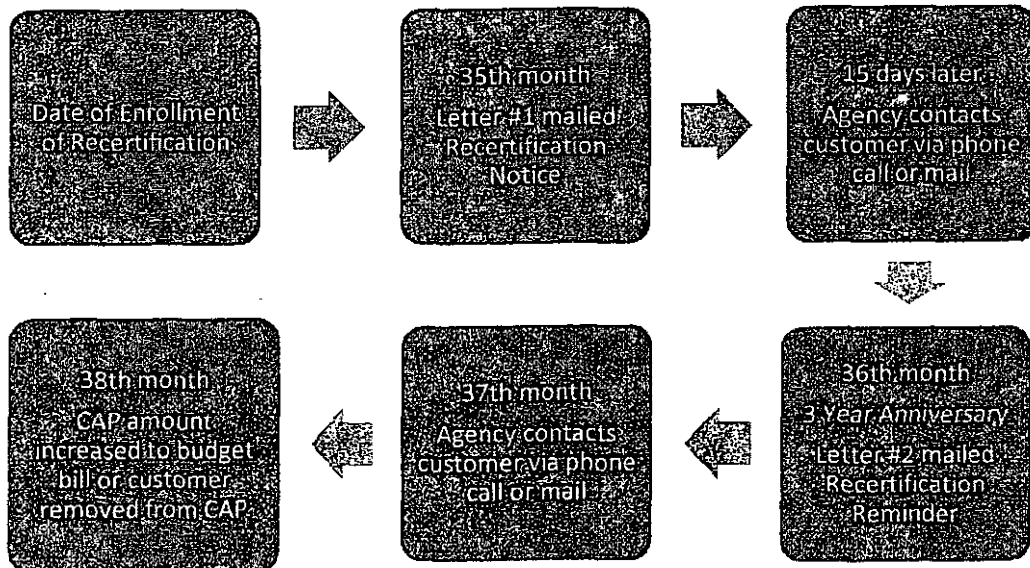
Dated: October 22, 2014

**Exhibit A**

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



**Proposed Notification for CAP Recertification Process-LIHEAP (Triennial Certification)**



**Exhibit B**

**UGI [Entity Name]  
Universal Service Customer Assistance Program**

Applicant's Name: \_\_\_\_\_

Date of Application: \_\_\_\_\_

Account # \_\_\_\_\_

Name on Account \_\_\_\_\_

Relationship to Rate Payer \_\_\_\_\_

**Verification of Zero Income Claim**

To be completed and signed by household members over 18 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 the CAP Program can be denied for making false statements, and do reaffirm that all claims made here are true and correct to the best of my knowledge, information and belief.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Agency Representative: \_\_\_\_\_

**All members of the household 18 and over must sign a Zero Income form before CAP enrollment can be completed.**

Exhibit C

Conservation Pilot Program  
Guidelines and Proposal

# LIURP

## Conservation Pilot Program

The Conservation Pilot Program was designed by UGI with the intent of the program aims at increasing energy conservation or demanding reduction for a non-profit organization's building. In order to qualify for the program, applicants must meet the following criteria:

**General Program Guidelines:**

- The location must provide housing to a low income or transitional population, including abused women and children or similar situation.
- The location must reside within the UGI Gas, Penn Natural Gas, Central Penn Gas or UGI Electric service territories.
- Contributions must be used to install energy efficient measures to the property in order to conserve energy.
- UGI will fund the cost for approved energy efficient measures at the organization's property. (Please see List of Measures for qualifying materials).

If your agency is interested in applying for funding through the Conservation Pilot Program, please submit a proposal containing the following:

- Property information
- Year constructed
- Measures intended to be installed
- Estimated costs for materials to be installed
- *Amount of total grant requested*
- Time frame for installation
- Agency information
- Transitional/Low Income customer criteria for housing

The final proposal should be submitted to:

**UGI Utilities Customer Outreach Department**  
**Attention: Conservation Pilot Program**  
PO Box 13009  
Reading, PA 19612

Exhibit D

APPRISE UGI 2013 LIURP Evaluation Summary of Findings and Recommendations

**B. Customer Outreach System(COS)**

UGI has developed a Customer Outreach System (COS) to help manage their low-income programs. This system is critical for the management of their LIURP and has greatly increased the efficiency of program management. However, system improvements could greatly add to the LIURP management efficiency and information available for program management.

1. Additional Fields – Many program issues are tracked in a notes field rather than in coded data fields. The program could benefit by modifying the COS to track additional data items. The additional data would allow for a more detailed program evaluation and program management of key program issues. Some of the recommended data items are as follows.

**Response:**

**COS improvements are underway with our program vendor, please see the updates noted below:**

- a. Blower Door Not Conducted – It would be useful to code the reasons why the test was not conducted, rather than having the reasons included in the comment field. A drop-down box could be provided with the most common reasons why a blower door test was not conducted.
  - o **When programmed, this will be a required field in the COS.**
- b. Testing Results – Additional testing results could provide more information on the level of savings expected, and the return to specific measures under various conditions. For example pre/post blower door readings and refrigerator meter readings would provide additional insight on the program.
  - o **This item is under review.**
- c. Health and Safety Work – Another specific example of adding to the capability to track what was done, is to add information about health and safety measures. Each measure should have an indicator box to check if the measure was provided for health and safety reasons. This is especially important to know in the case of furnace replacements and window and door work (that is often not found to be cost-effective). In the same way, a field should be created to check if the measure was a repair-related expense.
  - o **This program change is in progress and will be implemented by the end of the year.**
- d. Work Correction Reason – These reasons should be coded on the inspection form, and then incorporated into the COS, so they can be tabulated by agency or overall.



- o This program change is in progress and will be implemented by the end of the year.

2. Measure Data Entry – Agency staff should be trained to provide more accurate data entry about measures installed. Review of the measures data showed that measures were often grouped together with one cost, and that measures were not entered with sufficient detail, such as insulation that frequently was not coded as attic, wall, or other type of insulation.

**Response:**

The company agrees with this recommendation. The system currently allows agency users to code the type of insulation as attic, wall or other. Additional agency staff training was added to ensure compliance.

3. PUC Codes – UGI noted that a barrier to providing more measure-specific data is that the PUC has certain coding requirements. However, UGI can code these measures as Misc. if required by the PUC, and then create a more specific sub-code for UGI analysis purposes.

**Response:**

UGI agrees with this recommendation. We have initiated conversations with the PUC on some additional codes and fields needed to better track specific measures data. An example is the addition of a health and safety category to track measures such as CO detectors. We look forward to additional opportunities to provide PUC with feedback on measures and updates to the current measures list. UGI would prefer this method to sub-categorizing within the COS.

4. Reporting – The COS has limited reporting capabilities that require staff to copy and paste into Excel to conduct program analysis. The COS should be programmed to provide better reporting functions so that UGI can compare agencies or companies, rather than looking at one at a time and then pasting each group into a spreadsheet.

**Response:**

UGI agrees with this recommendation and has added additional reporting functions to the COS.

**Exhibit E****National Sustainable Structures Center LIURP Weatherization Program Analysis  
Summary of Observations<sup>26</sup>****POSITIVE OBSERVATIONS****1. Customer Service Skills:**

- a. Agency excelled in areas of customer satisfaction. They did very well interviewing the client.
- b. Auditor did an excellent job interviewing the client. He provided energy education during his audit.
- c. Some agencies employ bi-lingual auditors. Their ability to communicate with a Spanish only customer was invaluable with this audit as the client was limited in her understanding of English.
- d. It was observed that Agency employs trained office staffs who handle referrals, scheduling, and purchasing.

**2. Weatherization Knowledge and Skills:**

- a. Agency used up to date equipment that was recently calibrated.
- b. Auditor was very knowledgeable during his evaluation of the home. He took extra initiative to explore behind all knee walls to access insulation levels and problems.
- c. Agency arrived with a well-equipped truck.
- d. Auditor was skilled in making proper judgment calls when it came to deferring a structure. He explored many options to try to deal with a moisture issue. He originally recommended air sealing but eventually determined that air sealing would be too risky and he had to defer the structure.
- e. Most work completed at the observed customers' homes was in accordance with accepted DOE Standard Work Specifications.
- f. Most of the agencies shadowed send their personnel to NSSC for training required for certification required by DCED. Some of the agencies recently sent their personnel to NSSC for a CAZ Workshop which helped them with diagnostic testing. One agency encourages their personnel to attend conferences and training to keep them on the forefront of new materials, techniques, and equipment.
- g. All observed auditors are BPI Building Analysis certified.
- h. One particular agency has a well-stocked warehouse allowing for easy access to requested measures for installation.

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<sup>26</sup> The persons and subject agencies whose performance is addressed in this summary are not identified and are instead referred to in general terms such as "Auditor" and "Agency." This has been done to protect the confidentiality of the evaluation process, which is necessary to the success of this initiative.

**3. Health and Safety Practices:**

- a. Agency properly identified a flue vent issue with carbon monoxide and followed proper procedure to report the issue to UGI and make the customer's home safe.
- b. Of the home observed, CO Detectors were installed on all occupied levels and in the basement. The clients were instructed on how to monitor them and what to do if they alarm.
- c. Auditor explained to the clients about asbestos siding and why it will be best to not disturb it.

**4. Overall Quality of Work:**

- a. Agency utilized drop clothes on the path to protect the client's floors from traffic debris.
- b. Installers displayed best practices and did a very good job of air sealing and insulating the attic way, insulating the attic floor, dense packing the side walls, air sealing the ducts with mastic and air sealing in the basement.

**AREAS NEEDING IMPROVEMENT**

**1. Customer Service Skills:**

- a. Agency conducted minimal amount of client education at the audit. This could be because the agency was over scheduled with their number of audits for the day.

**2. Weatherization Knowledge and Skills:**

- a. Auditor observed making a poor judgment and not maximizing the customer's energy savings. He was talking about replacing the storm windows with R-5 Low-E storm windows. I questioned the savings to be achieved by this measure because the windows and existing storm windows appeared in good condition and showed minimal leakage with the house under positive pressure by the blower door.

**3. Health and Safety Practices:**

- a. Heating Contractor did not document that he checked fuel lines. It is recommended to have the contractor thoroughly document that he has checked all fuel lines for leaks and that all leaks have been corrected.
- b. Auditor was observed entering a house where there were odors indicative of indoor air quality issues from the client's pets. A lawn mower, a can of gasoline, and debris were stored in the basement. These are a fire hazard and contribute to indoor air quality issues. They should have been addressed by Auditor.
- c. Agency was not aware of how to handle the presence of vermiculite in the attic. This instance was used to train the auditors on how to conduct a positive pressure blower door test, zonal pressure tests, and how to use a smoke stick to locate by-passes (air leaks).
- d. Agency crew member had a ladder jack scaffold with two scaffold picks bridging to a central ladder. No one was on the scaffold at that time. I advised the agency that when using Ladder Jack Scaffold, OSHA Standards do not allow you to bridge one scaffold pick to another [1926.452(k)(5)]. I reminded the user that the platforms shall not

exceed a height of twenty feet when using ladder jack scaffolding [ 1926.452(k)(2)], and fall protection is required on any scaffolds more than 10 feet above a lower level [1926.451(k)].

- e. Agency did not implement any Lead-Safe-Weatherization Practices on pre-1978 house during the preparation of the side walls for dense pack cellulose insulation or cutting the plaster walls for an access hole.

4. **Overall Quality of Work:**

- a. *Installer encouraged to place "tack" mats at entrances and the basement as additional protection when coming inside or from the basement.*

**EXHIBIT F**

**PROJECTED NEEDS ASSESSMENT APPENDIX B TABLE  
WITH REVISED LIURP FIGURES**

	<u>DC/GCA</u>	<u>CG/ENG</u>
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	23,755	14,348
4. Estimate of Number of Payment-Troubled, Low-Income Customers	23,755	14,348
5. Number of Customers In Need of LIURP Services <sup>27</sup>	7,265	6,861
6. Cost of Serving the Number of Customers In Need of LIURP Services	\$26,138,686	\$26,879,740
7. Enrollment Size of CAP to Serve all Eligible Customers <sup>28</sup>	10,000	7,500

<sup>27</sup> The number of customers in need of LIURP services and the correlated cost of service is inflated. Based on 2013 data, only 28% of LIURP-eligible customers that were solicited by the Companies to participate in LIURP received a completed weatherization job.

<sup>28</sup> While the Companies have agreed with the Commission's proposed recommendation to eliminate CAP enrollment limits, the Companies do not anticipate that the current ceilings will be exceeded during the program period of 2014 - 2017 and have therefore retained previously-provided figures for their Needs Assessment.

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

UGI Utilities, Inc.- Gas Division, UGI :  
Utilities, Inc.-Electric Division, UGI Penn :  
Natural Gas, Inc., and UGI Central Penn :  
Gas, Inc., Universal Service and Energy :  
Conservation Plan for 2014-2017 Submitted : Docket No: M-2013-2371824  
in Compliance with 52 Pa. Code § 54.74 :  
and § 62.4. :

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**CERTIFICATE OF SERVICE**

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I hereby certify that I have, this 22nd day of October, 2014, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

**VIA FIRST CLASS MAIL**

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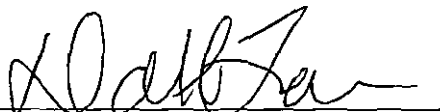
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Danielle Jouenne





OFFICE OF CONSUMER ADVOCATE

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October 22, 2014

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

RE: UGI Utilities, Inc. – Gas Division, UGI  
Utilities, Inc. – Electric Division, UGI Penn  
Natural Gas, Inc. and UGI Central Penn  
Gas, Inc., Universal Service and Energy  
Conservation Plan for 2014-2017 Submitted  
in Compliance with 52 Pa. Code § 54.74 and  
§ 62.4  
Docket No. M-2013-2371824

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Comments, in the  
above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached  
Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink that reads "Christy M. Appleby".

Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824

Enclosures

cc: Joseph Magee, Bureau of Consumer Services  
Louise Fink Smith, Law Bureau  
Certificate of Service

194334

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

UGI Utilities, Inc. – Gas Division,	:	
UGI Utilities, Inc. – Electric Division,	:	
UGI Penn Natural Gas, Inc., and	:	Docket No. M-2013-2371824
UGI Central Penn Gas, Inc.,	:	
Universal Service and Energy Conservation	:	
Plan for 2014-2017 Submitted in Compliance	:	
With 52 Pa. Code § 54.74 and § 62.4	:	

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COMMENTS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate (OCA) files these Comments pursuant to the Pennsylvania Public Utility Commission’s (Commission) directive in the Tentative Order entered October 2, 2014.<sup>1</sup>

**I. INTRODUCTION**

On July 1, 2013, UGI Utilities, Inc. – Gas Division (UGI Gas), UGI Penn Natural Gas, Inc. (UGI PNG), UGI Central Penn Gas, Inc. (UGI CPG), and UGI Utilities, Inc. – Electric Division (UGI Electric) (collectively referred to as UGI or Companies) filed their Universal Service and Energy Conservation Plan (USECP or Plan) for 2014 through 2016 in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71- 54.78, relating to electric universal and energy conservation requirements and §§ 62.1- 62.8, relating to natural gas universal service and energy conservation requirements. On August 1, 2014, UGI filed an amended USECP for

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<sup>1</sup> The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies, and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton’s work focuses on low-income energy issues, and he has testified and published extensively in this area.

2014-2017. On October 2, 2014, the Commission entered its Tentative Order on the Plan which requested Comments from interested parties. The Commission requested that UGI and interested parties provide Comments within twenty days.

UGI's Plan contains four components: (1) Customer Assistance Program (CAP), which provides discounted rates for low-income customers; (2) Low Income Usage Reduction Program (LIURP), which provides weatherization and usage reduction services to help low-income customers reduce their utility bills; (3) Customer Assistance and Referral Evaluation Services (CARES) program that provides referral services and for low-income, special needs customers; and (4) a Hardship Fund, Operation Share Energy Fund, which provides "grants to customers with hardships, inability to pay the full amount of their energy bills, and annual incomes at or below 200% of the Federal Poverty Income Guidelines (FPIG)." Tentative Order at 8-9.

The Tentative Order requested Comments on the following issues:

1. Removing limits to CAP enrollment.
2. Updating tariff language to reflect DPW's current policy.
3. Clarify UGI's arrearage forgiveness policy.
4. Clarify whether non-LIHEAP recipients are allowed to remain in the program and recertify.
5. Address whether additional measures could be implemented to remind customers to recertify for CAP before and after the recertification deadline.
6. Explain the company's standard policy and procedure when a CAP applicant or participant reports zero income and ensure that all of its companies eliminate the requirement that CAP customers who report zero income must provide a notarized statement.
7. Explain if the elimination of CAP credits will increase UGI's annual CAP budgets and whether this increase is reflected in the projected CAP budgets listed in its 2014-2017 Proposed Plan.

8. Continue the Rehabilitation Program as part of its regular LIURP program but to track and report data from the Rehabilitation Program separately from the LIURP data.
9. Clarify if the Rehabilitation Pilot will be extended to UGI Electric.
10. Discontinue the Conservation Pilot Program and reallocate any remaining funding back into the LIURP budget.
11. Provide details and an explanation regarding why previous Conservation Pilot funds were spent on a single organization.
12. Provide in its comments the summary and/or status updates from the APPRISE LIURP Evaluation regarding the COS.
13. Provide in its comments the summary and/or status updates from the APPRISE LIURP Evaluation recommendations.
14. Explain increases or decreases in Operation Share administrative costs for UGI Companies from 2014 to 2015.
15. Explain what household expenses customers must verify to qualify for an Operation Share grant and discuss whether UGI would consider eliminating or modifying this eligibility requirement.
16. Provide the methodology used to calculate the LIURP Needs Assessment for UGI Gas and UGI PNG, and any revised LIURP Needs Assessment figures.
17. Submit the revised LIURP Budget and corresponding enrollment figures for UGI Gas for the 2014-2017 period covered by this Proposed Plan.
18. Explain why LIURP and Operation Share projected enrollments and budget change significantly from 2014 to 2015 for some UGI companies.
19. Explain why its enrollment and budget projections for Operation Share have increased from the estimates provided in its Proposed 2014-2017 Plan and explain the UGI CPG projections for 2014.

Tentative Order at 50-51.

The OCA addresses the following issues in its Comments: (1) whether there should be a limit on CAP enrollments; (2) whether additional measures could be implemented to remind customers to recertify for CAP before and after the recertification deadline; (3) whether a

customer who reports zero-income should be required to provide a notarized statement of household expenses; (4) whether the maximum CAP credit should be eliminated; (5) whether the Conservation Pilot should be eliminated and the Rehabilitation Pilot Project should be retained; and (6) whether customers applying for the hardship fund, Operation Energy Share, should be required to provide a statement of household expenses. The OCA also raises the following additional issues: (1) CAP enrollment levels; (2) CARES enrollment levels; and (3) type of up-front payment required.

## II. COMMENTS

### A. CAP Enrollment Limits

The Tentative Order recommended that UGI remove the proposed CAP enrollment limits for its four companies. The Commission stated that UGI should not wait until the limits are reached before addressing increased demand for enrollment in CAP. Tentative Order at 13. UGI proposes a total CAP enrollment limit of 26,000 CAP participants across all four companies. UGI specifically proposes CAP enrollment limits as follows: (1) 10,000 CAP participants for UGI Gas; (2) 7,500 CAP participants for UGI PNG; (3) 6,000 CAP participants for UGI CPG; and (4) 2,500 CAP participants for UGI Electric. Tentative Order at 12. The OCA supports the *Tentative Order's* recommendation that the Companies eliminate any proposed CAP enrollment ceilings.

UGI Gas and UGI PNG each submitted the respective needs assessment based on the 2012 Census data.<sup>2</sup> The 2012 Census data demonstrates that there is a significant, unmet need for the CAP program in the UGI Companies' service territories. UGI Gas estimates that there are 84,809 households below 150 percent of the Federal Poverty Level (FPL) and recommends a

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<sup>2</sup> UGI Electric and UGI Central Penn Gas are not required to file this needs assessment with the Commission because each of the Companies has less than 100,000 residential customers.

maximum CAP enrollment of 10,000 customers. UGI PNG estimates that there are 48,409 households below 150 percent of the FPL and recommends a maximum CAP enrollment of 7,500 customers. Tentative Order at 37. The OCA submits that the needs assessment demonstrates that there is a significant continuing need for assistance in the UGI Companies' service territories. The OCA submits that the enrollment numbers should be considered goals and not a hard and fast enrollment cap.

The OCA, therefore, recommends that the Tentative Order's recommendation to eliminate the enrollment cap be adopted.

B. Recertification

The Tentative Order recommends that UGI address how it could be more effective in reminding customers to recertify for CAP before and after the recertification deadline. Tentative Order at 17. The Tentative Order stated that in a review of 122 informal complaints with the Bureau of Consumer Services (BCS), BCS found 19 instances of customer complaints of high bills because the customer was moved onto budget billing instead of recertifying. Id. at 16. BCS found that most of the customers were unaware that they had failed to recertify. Id. UGI currently only sends one recertification letter to CAP customers before CAP customers are switched to budget billing. The Commission recommends that the Companies provide additional notifications to customers thirty days and ten days prior to a recertification deadline and that a CAP agency representative attempt to call the customer shortly before and after the recertification deadline. Id. at 16-17.

The OCA supports the additional recertification reminders to CAP customers. A customer who fails to recertify will be dismissed from CAP. Dismissal from CAP will mean that customer will lose the CAP discount benefits and the full balance of any unforgiven arrears will

become due and payable. The higher bill and the need to pay off all arrearages have the potential to significantly impact the customer who has already experienced payment difficulties. The customer may become at risk for termination. The OCA supports providing the customer with additional recertification reminders to give the customer additional opportunities to remain in CAP.

The OCA supports the Tentative Order's proposal to add customer recertification notifications at thirty days and ten days prior to the deadline and to attempt to call the customer shortly before and after the recertification deadline.

C. Zero Income Customers

The Tentative Order identified a concern because UGI's zero income customers may be required to provide a notarized zero income statement. Tentative Order at 17. BCS cited to two examples where a UGI Electric CAP customer was required to provide a notarized zero income statement. Id. The Commission requested that the Companies explain in its Comments the Companies' policies and procedures regarding requiring a zero income statement.

To the extent that any of the UGI Companies require a notarized zero income statement, the OCA supports the elimination of this requirement. The Commission recently eliminated such a requirement for PECO Energy Company Universal Service and Energy Conservation for 2013-2015 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Docket No. M-2012-2290911 at 41 (Order Entered April 4, 2013).<sup>3</sup> Notarization often requires transportation to a notary and the payment of additional fees. A proper zero-income form with verification would avoid these burdens and costs while providing the necessary information to assess the claim.

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<sup>3</sup> The issue was also similarly addressed in Duquesne Light Company's most recent Universal Service and Energy Conservation Plan and Philadelphia Gas Work's most recent Universal Service and Energy Conservation Plan. See, Tentative Order at 17.

The Department of Public Welfare (DPW) has a form for use in its Low Income Home Energy Assistance Program (LIHEAP) when a customer reports a zero income. The DPW approach should be used as a model by the Companies. The LIHEAP Plan states that "If an applicant reports that the household has minimal or no income, the applicant shall be required, as a condition of eligibility, to produce evidence that will satisfactorily explain how the household members are meeting their financial obligations and basic living needs" 2015 LIHEAP State Plan, Section 601.103. This LIHEAP approach is codified in the Pennsylvania Code at 55 Pa. Code § 601.103.

The OCA recommends that the Company mirror the income statement required by LIHEAP and other Pennsylvania utilities who have recently addressed this issue in their Plans. If a notarized statement is required, a zero-dollar income customer would be required to expend both time and money in obtaining a notarized statement. Notaries often require a fee for their services, and while it may not be a significant fee, a zero-income customer would not likely have money to expend on such a service. Further, depending upon the location of the zero-dollar income customer, the customer may not have a convenient access of transportation to a notary public.

The OCA recommends that the Companies adopt a policy similar to that of DPW and what has been approved by the Commission for other Pennsylvania utilities, including PECO Energy Company, and require only that the zero-income customer explain on a proper verified form how the customer pays for his or her bills.

D. Elimination of Maximum CAP Credits

The Tentative Order examines UGI's proposal to eliminate the maximum CAP credits. Tentative Order at 19-20. Pursuant to the recommendation of its evaluator, Applied Public



Policy Research Institute for Study and Evaluation (APPRISE), UGI proposes to eliminate the maximum CAP credit and to institute new CAP control features in lieu of the CAP credit limits. Plan at 17. APPRISE found that CAP customers with incomes below 50 percent of the FPL were more likely to exceed their maximum CAP credit limits. *Id.* at 19, citing 2012 APPRISE Universal Service Evaluation at 86. Overall, UGI avers that it has not found excessive energy usage among its CAP customers. Tentative Order at 19.

In response and in addition to the elimination of the maximum CAP credit limits, the Companies propose to set annual threshold limits to identify high usage customers as follows: (1) 2,285 ccf for UGI Gas CAP customers, (2) 2,135 ccf for UGI PNG CAP customers, (3) 2,135 ccf for UGI CPG CAP customers, and (4) 34,465 kwh for UGI Electric CAP customers. Tentative Order at 19, citing Plan at 17. UGI then proposes to monitor those CAP participants who exceed the thresholds. If the CAP customer exceeds the threshold, the Companies will require the customers to speak with a CAP caseworker to discuss the potential reasons for the customer's high usage and to discuss energy education with the customers. *Id.* at 19-20. Those high usage customers will be referred to the Low Income Usage Reduction Program (LIURP), if applicable, and UGI will continue to monitor the household usage for additional outreach and referral. *Id.* at 20. Customers who refuse to participate in LIURP or fail to comply with the high usage controls will be at risk for removal from CAP. *Id.*

In Commissioner James H. Cawley's Statement to the Tentative Order, Commissioner Cawley stated:

Given the Commission's expressed policy of capping maximum allowable CAP credits, it is incumbent on UGI to demonstrate that eliminating the maximum CAP credit is in the interest of both CAP and non-CAP residential customers.

Statement of Commissioner James H. Cawley at 1. The OCA submits that the most important aspect of the maximum CAP credit is that the maximum CAP credit provides an important cost control measure for the CAP. APPRISE has identified that the most vulnerable customers are the most likely customers to exceed the maximum CAP credit and that other customers are not generally exceeding the existing maximum CAP credit. It is important to note that as the price of gas or electricity changes, the amount of usage encompassed by the maximum CAP credit will also change.

The Company is proposing to set maximum usage limits for customers in order to address the needs of the population identified in the APPRISE Evaluation. The OCA submits that UGI's proposed changes with the program limitations identified and the more hands-on approach to energy conservation education may be reasonable under the circumstances presented, but the OCA agrees with Commissioner Cawley that more information and support is needed to evaluate this proposal. The OCA supports the Companies' proposal to more closely monitor customers whose usage exceeds the identified thresholds and provide these customers necessary LIURP and conservation service. This proposal should be implemented whether there is a maximum CAP credit or not. The OCA reserves the right to further address this proposal after reviewing the information the Companies provide in response to Commissioner Cawley's request.

E. Conservation and Rehabilitation Pilot Projects

The Tentative Order recommends approving UGI's proposal to eliminate its Conservation Pilot but to retain the UGI Gas Rehabilitation Pilot Project. Tentative Order at 21. The Companies propose to make the Rehabilitation Pilot a permanent program and extend the program to the other three utilities. The Program provides weatherization services to low-income housing that is either under construction or under rehabilitation stage in order to pre-

emptively address high energy usage or arrearage problems in low-income dwellings. Approximately ten percent of UGI's LIURP budget was reserved for this program. Tentative Order at 21. The Commission concluded that there are potential significant benefits provided to the low-income customer receiving pre-emptive weatherization services and recommended continuation of the program with the condition that program tracking be separate from the regular LIURP jobs. Tentative Order at 24, 26. As the Commission noted, UGI's program is the only LIURP weatherization program that attempts to pre-emptively "avoid further high usage and possible arrears." Id. at 24. The Commission also requested clarification about the expansion to UGI Electric because one of the eligibility criteria is the condition that the home have gas heat. Id. at 26.

Pending the clarification regarding UGI Electric and the condition that the program be tracked by UGI, the OCA supports the proposal to eliminate the Conservation Pilot and the proposal to retain and to expand the Rehabilitation Program to the other three utilities. The OCA recommends that if the program is expanded to UGI Electric that the issue of de facto space heating be made a priority to be addressed by the Company in the measures taken for rehabilitation projects. The OCA also recommends that the three gas companies coordinate with the electric companies' Act 129 programs that serve coincident service territories to address potential de facto space heating issues in rehabilitation projects and to maximize the energy conservation measures implemented.

F. Hardship Fund

One of the conditions for receipt of a grant from UGI's Hardship Fund, Operation Share Energy Fund, is that applicants "[p]rovide information to demonstrate an inability to pay (including income and expenses of all household members)." Tentative Order at 33, citing

Proposed 2014-2017 Plan at 9. The Companies may waive a requirement in extraordinary circumstances. *Id.* The Tentative Order requests that UGI explain what household expenses must be verified in order to qualify for the Operation Share grant and whether the Company could consider eliminating this requirement or a less burdensome alternative. *Id.* at 35.

The OCA submits that a customer should not be required to provide expense information in order to qualify for a hardship grant. As the Tentative Order notes, the requirement to provide verification may “unreasonably delay the approval of Operation Share grants.” Tentative Order at 35. In order to qualify for a hardship grant, a customer must have an outstanding utility bill balance. Customers who are applying for a hardship grant are typically in the midst of a crisis with either a pending termination or are attempting to restore service after termination. Requiring the customer to provide income and household expense information presents an unreasonable burden and will further delay assistance in these situations. In particular, for CAP customers, the requirement to provide income information and household expense information is particularly unnecessary. Household expense information is not a requirement for enrollment in CAP. For UGI’s natural gas customers and electric heating customers, such a delay could impact the household’s health and safety by unnecessarily delaying restoration.

The OCA submits that the requirement that customers submit household expenses for receipt of a hardship grant should be eliminated.

G. Additional Issues

1. CAP Enrollment Levels

The CAP customer enrollment levels for UGI Gas and UGI PNG both have decreased over the last several years, and the CAP enrollment levels for UGI Gas have decreased significantly since 2008. In 2008, UGI Gas had 8,292 customers enrolled in CAP and

approximately 8,243 confirmed low-income customers in debt. 2008 BCS Universal Service Programs and Collection Performance Report at 49. In its Plan, the Company reports that UGI Gas had 5,041 CAP participants as of the end of 2012, a decrease of approximately 40 percent. Plan at 3. Conversely, the Company reported that UGI Gas had 12,365 confirmed low-income customers in debt, or an increase of approximately 33 percent, since 2008. 2008 BCS Universal Service Programs and Collection Performance Report at 49; 2012 BCS Universal Service Programs and Collection Performance Report at 46.

Similarly, UGI PNG's enrollment levels have decreased significantly from a high of 5,158 participants in 2010 to a participation level of 3,703 participants in 2012, a decrease of approximately 28 percent. Plan at 3; 2010 BCS Universal Service Programs and Collection Performance Report at 53. Conversely, the number of UGI PNG's confirmed low-income customers in debt has increased from 5,311 customers in 2010 to 7,368 customers, or an increase of approximately 28 percent, for the same time period. 2010 BCS Universal Service Programs and Collection Performance Report at 537; 2012 BCS Universal Service Programs and Collection Performance Report at 46.

The OCA submits that the Commission should review the means through which all of the UGI Companies, in particular UGI Gas and UGI PNG, identify and enroll CAP-eligible customers into CAP. The OCA is concerned about the decrease in enrollments when there still appears to be a great need for assistance in UGI's service territories. The OCA recommends that UGI increase its outreach efforts to reach these customers who are not currently enrolled in CAP and may otherwise be on payment agreements or in debt.

2. CARES Enrollment Levels

The UGI's Plan states that the total CARES enrollment level for 2012 was 45 "CARES referrals" across all four companies (18 at UGI Gas, 16 at UGI PNG, 1 at UGI CPG and 10 at UGI Electric). Plan at 3. The Companies state that the "goal of the CARES Program is to provide personal assistance and referrals to payment-troubled customers and to help improve their delinquent problems." Plan at 7. CARES eligibility is defined as:

*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.*

Plan at 8. The Company proposes to designate approximately \$60,000 per year for CARES and LIHEAP outreach across the four companies. Plan at 26.

The OCA submits that 45 participants appear to be a very low number of customers who are assisted by the CARES program when the four companies had a total of 12,532 CAP participants in 2012. Plan at 3. The 45 customers represent only 0.35% of the total CAP customer population. The OCA recommends further analysis to determine how UGI identifies CAP customers in need of CARES assistance; how accurate this process is; whether additional Call Center training is necessary to identify customers in potential need of CARES assistance; and how more customers can be identified and offered CARES assistance.

3. Type of Up-Front Payment Required

Under its Reinstatement Policy, UGI states that as a condition of reinstatement, the customer must: (1) provide adequate assurance that the reasons for the default and resulting program dismissal have been removed or corrected and (2) make up all missed CAP payments or the full balance prior to reinstatement. Plan at 21. In addition to these two requirements, the

Companies' Plan states that "[a]s a condition of reinstatement, a customer may also be required, depending upon individual circumstances, to make an up-front payment." *Id.* The OCA requests that UGI clarify what additional type of up-front payment would be required and under what "individual circumstances" such an up-front payment would be required.

### III. CONCLUSION

The OCA appreciates the opportunity to Comment on UGI's Universal Service and Energy Conservation Plan for 2014-2016. The OCA respectfully submits that its Comments and recommendations contained herein should be adopted.

Respectfully Submitted,



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DATE: October 23, 2014  
193286.doc

CERTIFICATE OF SERVICE

UGI Gas Exhibit CAR-1

UGI Utilities, Inc. – Gas Division,	:	
UGI Utilities, Inc. – Electric Division,	:	
UGI Penn Natural Gas, Inc., and	:	Docket No. M-2013-2371824
UGI Central Penn Gas, Inc.,	:	
Universal Service and Energy Conservation	:	
Plan for 2014-2017 Submitted in Compliance	:	
With 52 Pa. Code § 54.74 and § 62.4	:	

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate’s Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 22nd day of October 2014.

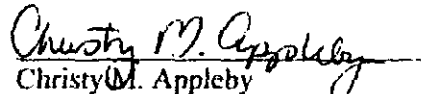
SERVICE BY E-MAIL and INTEROFFICE MAIL

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 Pennsylvania Public Utility Commission  
 Commonwealth Keystone Building  
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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

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

Docket No. M-2013-2371824

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**Comments of the Pennsylvania Utility Law Project (PULP) to the Pennsylvania Public  
Utility Commission Tentative Order of October 2, 2014, Regarding the UGI Companies  
Universal Service and Energy Conservation Plan for 2014-2017**

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**The Pennsylvania Utility Law Project**  
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## INTRODUCTION AND BACKGROUND

On July 1, 2013, UGI Utilities, Inc.- Gas Division (UGI Gas), UGI Penn Natural Gas, Inc. (UGI PNG), UGI Central Penn Gas, Inc. (UGI CPG), and UGI Utilities, Inc.-Electric Division (UGI Electric) (collectively referred to herein as “UGI” or “Company”) filed its Universal Service and Energy Conservation Plan (USECP or “Plan”) for 2014 through 2016 in accordance with the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) regulations at 52 Pa. Code §§ 54.71 - 54.78 and §§ 62.1 - 62.8, relating to electric universal service and energy conservation reporting requirements.<sup>1</sup> On August 1, 2014, UGI filed an amended USECP for 2014-2017 (“Proposed 2014-2017 Plan”). On October 2, 2014, the Commission issued a Tentative Order (“TO”) in which the UGI Proposed 2014-2017 Plan was tentatively approved, consistent with its order, and in which comments from interested parties were solicited.

The Pennsylvania Utility Law Project (PULP) Thanks the Commission for this opportunity and respectfully submits these comments, on behalf of the low-income utility consumers it represents, in response to the Commission’s request. PULP, as the designated statewide specialized project of the nonprofit Pennsylvania Legal Aid Network, provides representation, advice, and support in energy and utility matters on behalf of low-income, residential utility customers.

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<sup>1</sup> The *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code §§ 54.1-54.9 require regulated utilities to submit an updated universal service and energy conservation plan every three years to the Commission for approval. 52 Pa. Code § 74(a)(1). The regulations place the responsibility on the PUC to determine if the plan meets the goal of universal service to provide utility service to all Pennsylvanians at an affordable rate. 52 Pa. Code § 54.73. The Commission may approve, reject or modify the plan. 52 Pa. Code 54.74(a)(5).

The triennial submission and review of each utility’s Universal Service and Energy Conservation Plan is the only regulatory opportunity for the PUC to analyze the utility’s universal service program in its entirety. This complete program review is needed to determine if the Company’s universal service program adheres to all legal and policy requirements; is structured and administered in a manner which achieves universal service goals; is appropriately funded and available; and provides an affordable payment structure which enables low income customers to maintain essential utility service. Although during the intervening three years between triennial program approvals it is not uncommon for modifications of certain program aspects to occur, it is during the triennial review and *only* during the triennial review when the entire universal service program is reviewed and approved as an integrated whole. It is, therefore, critical for the PUC to permit and embrace full and complete participation of the public during the triennial review period to ensure that universal service programs are designed in a manner that best serves the needs of low income individuals.

At the outset, PULP commends the Commission and its staff for its detailed and comprehensive review of the UGI Proposed 2014-2017 Plan. The TO sets forth the aspects that UGI will need to address prior to Commission approval of the proposed Plan; and specifically directs UGI to address, in its comments, the following:

1. Removing limits to CAP enrollment.
2. Updating tariff language to reflect DPW's current policy.
3. Clarify UGI's arrearage forgiveness policy.
4. Clarify whether non-LIHEAP recipients are allowed to remain in the program and recertify.
5. Address whether additional measures could be implemented to remind customers to recertify for CAP before and after the recertification deadline.
6. Explain the company's standard policy and procedure when a CAP applicant or participant reports zero income and ensure that all of its companies eliminate the requirement that CAP customers who report zero income must provide a notarized statement.
7. Explain if the elimination of CAP credits will increase UGI's annual CAP budgets and whether this increase is reflected in the projected CAP budgets listed in its 2014-2017 Proposed Plan.
8. Continue the Rehabilitation Program as part of its regular LIURP program but to track and report data from the Rehabilitation Program separately from the LIURP data.
9. Clarify if the Rehabilitation Pilot will be extended to UGI Electric.
10. Discontinue the Conservation Pilot Program and reallocate any remaining funding back into the LIURP budget.
11. Provide details and an explanation regarding why previous Conservation Pilot funds were spent on a single organization.
12. Provide in its comments the summary and/or status updates from the APPRISE LIURP Evaluation regarding the COS.
13. Provide in its comments the summary and/or status updates from the APPRISE LIURP Evaluation recommendations.
14. Explain increases or decreases in Operation Share administrative costs for UGI Companies from 2014 to 2015.

15. Explain what household expenses customers must verify to qualify for an Operation Share grant and discuss whether UGI would consider eliminating or modifying this eligibility requirement.
16. Provide the methodology used to calculate the LIURP Needs Assessment for UGI Gas and UGI PNG, and any revised LIURP Needs Assessment figures.
17. Submit the revised LIURP Budget and corresponding enrollment figures for UGI Gas for the 2014-2017 period covered by this Proposed Plan.
18. Explain why LIURP and Operation Share projected enrollments and budget change significantly from 2014 to 2015 for some UGI companies.
19. Explain why its enrollment and budget projections for Operation Share have increased from the estimates provided in its Proposed 2014-2017 Plan and explain the UGI CPG projections for 2014.

PULP will await the comments submitted by UGI in which they have been directed to provide additional data, explanation and clarification. After reviewing the additional data, explanation and clarification submitted by UGI, PULP will address these issues in its reply comments.

However, PULP will address herein a number of matters, which while discussed within the TO, are not adequately addressed as part of the Commission's Proposed Resolutions or Directives.

These matters are:

- a) The low and declining CAP participation rates of UGI Gas and UGI PNG, and
- b) The Applied Public Policy Research Institute for Study and Evaluation (APPRISE) (2012 APPRISE Universal Service Evaluation) findings that of all customers participating in CAP for all of 2011, 35% were above the Commission's Policy Statement Energy Burden Guidelines, and that 77% of those below 50% FPL were above the Commission's Policy Statement Energy Burden Guidelines.<sup>2</sup>

As detailed below, we submit that the specific deficiencies within the bedrock universal service CAP programs must be proactively addressed to ensure that UGI is successful in providing cost

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<sup>2</sup> APPRISE, UGI –Gas and UGI PNG Universal Service Program, Final Evaluation Report, July 2012, at xi, emphasis added.

effective assistance measures for low income customers which reach appropriate populations<sup>3</sup> and provide affordable energy burdens to participants.<sup>4</sup>

**CAP Enrollment:**

The Commission recommends that “UGI petition the Commission to remove limits to CAP enrollment levels for all of its companies. In the interim, UGI should not wait until the limits are reached before addressing increased demand.”<sup>5</sup> PULP fully supports this recommendation and the reasoning upon which the Commission based it.

We are, however, greatly concerned that the enrollment levels at UGI Gas and UGI PNG indicate that the company has experienced declining CAP enrollments. The PUC BCS USECP Report for 2012 indicates that from 2011 to 2012 UGI-Gas CAP enrollment levels have declined from 6,741 or 17% of its confirmed low- income customers to 5,041 or 13%, and that UGI-PNG has shown a decline of CAP participants from 4,534 or 18% of its confirmed low- income customers to 3,703 or 14% of its confirmed low-income customers.<sup>6</sup> As the USECP Report points out, if the estimated number of low-income customers, based on current census data, had been used, the actual participation rate would be much lower.<sup>7</sup> Although a number of other natural gas companies have shown a decline during this period, the CAP participation rates of these two companies are far more troubling since their enrollment rates are significantly below that of all other Pennsylvania NGDCs analyzed within the Commission Report<sup>8</sup>. Since APPRISE has reported that once a low-income customer is enrolled there is “a large impact on affordability”<sup>9</sup> it is especially troubling that so few low-income customers are enrolled in these CAPs.

<sup>3</sup> “The Competition Acts require the Commission to ensure that universal service and energy conservation services are appropriately funded and available in each utility distribution territory. 66 Pa.C.S. §§ 2203(8) and 2804(9);” TO at 2.

<sup>4</sup> The Commission’s Policy Statement provides guidance on affordable payments. 52 Pa. Code §§ 69.261-69.267. TO at 3.

<sup>5</sup> TO at 13.

<sup>6</sup> PUC, BCS USECP Report for 2012, at 35.

<sup>7</sup> ID at 34.

<sup>8</sup> The Statewide average, including UGI-Gas and UGI-PNG is 37%. USECP Report at 35.

<sup>9</sup> APPRISE Report, Mean energy burden declined from 15% to 10% and the percent of customers above the PUC energy burden level went from 65% to 22%, at xi. Emphasis added.

PULP respectfully recommends that the Commission direct UGI to report to the Commission in its Reply Comments or within a short time thereafter, as to what steps it is affirmatively taking, beyond those recommended by the Commission in its TO, to better market and communicate the benefits of CAP to its low-income population and to decrease barriers to enrollment. At a minimum, the APPRISE recommendation<sup>10</sup> that UGI consider providing all forms and information to its agencies and to the public in Spanish should be adopted. Such an action would be a significant step to reaching underserved low-income populations and would move UGI toward compliance with Commission policy to provide information in the language spoken by a significant number of the population served within the distribution company territory.

#### **UGI Energy Burdens:**

PULP is particularly concerned about the 2012 APPRISE Universal Service Evaluation findings that of all customers participating in CAP for all of 2011, 35% were above the Commission's Policy Statement Energy Burden Guidelines, and that 77% of those below 50% FPL were above the Commission's Policy Statement Energy Burden Guidelines.<sup>11</sup>

The Choice Acts, Commission regulations, and CAP Policy Statement Guidelines each articulate policies intended to provide affordable energy burdens for low-income customers within each utility service territory in order to assist those customers maintain service. However, the APPRISE report clearly notes that the UGI CAP bills result in energy burdens that significantly exceed the Commissions guidelines.

Although the Proposed 2014-2017 Plan addresses modifications to CAP, a number of which may prove to be beneficial and helpful in reducing the energy burden levels, there is no analysis or discussion by the Company, or by the Commission within the TO, directed toward the specific goal of analyzing whether these modifications are sufficient to reduce the energy burdens of UGI CAP customers within policy guidelines. PULP submits that such an analysis and directive to the Company to report on this issue is especially critical in light of APPRISE's finding that more

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<sup>10</sup> APPRISE Report at xiii.

<sup>11</sup> APPRISE, UGI –Gas and UGI PNG Universal Service Program, Final Evaluation Report, July 2012, at xi, emphasis added.

than 3/4s of CAP customers at the lowest income levels, i.e. 0-50% FPL, are not receiving bills within commission policy guidelines.

PULP respectfully requests that the Commission not approve the Proposed 2014-2017 Plan until it receives appropriate information and analysis indicating that UGI's 2014-2017 USECP Plan will comply with Commission guidelines the energy burdens to be achieved for CAP participants.

**LIURP Budget and Production Levels:**

PULP notes its significant concern regarding the low and declining LIURP budget and production levels of UGI Gas as well as the numerous UGI operations issues identified by APPRISE.. However, in accord with the Commission directives regarding LIURP and the directive to UGI Gas to submit and explain the revised LIURP Budget and corresponding enrollment figures for the 2014-2017 period covered by its Proposed Plan, and the statement that concerns about the revised budget and enrollment projections for UGI Gas may be addressed in the reply comments, PULP will defer addressing these matters until it has an opportunity to review UGI's comments.

**Conclusion**

PULP thanks the Commission for this opportunity to submit comments regarding the UGI Proposed Plan for 2014-2017 and the October 2, 2014 TO and respectfully requests that the Commission, prior to final approval, require UGI to submit appropriate information and analysis and to modify its Plan as reflected within these and any reply comments in order to comply with The Choice Act, Commission regulations, and policy.

Respectfully,



Harry S. Geller, Esq.

Elizabeth R. Marx, Esq.

Pennsylvania Utility Law Project

[pulp@palegalaid.net](mailto:pulp@palegalaid.net)

October 22, 2014



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(610) 337-1000 Telephone  
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November 6, 2014

**VIA E-FILING**

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

**Re: UGI Utilities, Inc. — Gas Division, UGI Utilities, Inc. — Electric Division, UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc., Universal Service and Energy Conservation Plan for 2014-2017 Submitted in Compliance with 52 Pa. Code § 54.74 and § 62.4; Docket No. M-2013-2371824**

Dear Secretary Chiavetta:

Enclosed for filing, please find the Reply of UGI Utilities, Inc. — Gas Division, UGI Utilities, Inc. — Electric Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. to the Comments of the Office of Consumer Advocate and the Pennsylvania Utility Law Project with respect to the Tentative Order entered by the Commission in the above-captioned matter on October 2, 2014.

Should you have any questions concerning this filing, please feel free to contact me at (610) 992-3203. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Danielle Jouenne".

Danielle Jouenne

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

Enclosure

Cc:

Joseph Magee, Bureau of Consumer Services *via email*  
Louise Fink Smith, Law Bureau *via email*  
Certificate of Service



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

UGI Utilities, Inc. — Gas Division, UGI :  
Utilities, Inc. — Electric Division, UGI :  
Penn Natural Gas, Inc., and UGI Central :  
Penn Gas, Inc., Universal Service and : Docket No: M-2013-2371824  
Energy Conservation Plan for 2014-2017 :  
Submitted in Compliance with 52 Pa. Code :  
§ 54.74 and § 62.4. :

REPLY OF THE UGI COMPANIES TO  
COMMENTS ON THE TENTATIVE ORDER

**I. INTRODUCTION**

On October 2, 2014 the Pennsylvania Public Utility Commission (“Commission”) entered a Tentative Order conditionally approving the Universal Service and Energy Conservation Plan (“USECP” or “Plan”) jointly filed by UGI Utilities, Inc. – Gas Division (“UGI Gas”), UGI Utilities, Inc. – Electric Division (“UGI Electric”), UGI Penn Natural Gas, Inc., (“PNG”) and UGI Central Penn Gas, Inc. (“CPG”) (collectively, the “UGI Companies” or “Companies”) for program years 2014-2017. The Tentative Order both directed the Companies to address aspects of the Plan in filed comments and solicited public comment from interested parties.

The Companies filed timely comments on October 22, 2014 addressing those points raised by the Commission in the Tentative Order (“UGI Comments”). Comments were also filed on October 22, 2014 by the Office of Consumer Advocate (“OCA”) and the Pennsylvania Utility Law Project (“PULP”). The UGI Companies respectfully submit this Reply to the Comments submitted by OCA and PULP. Where issues raised by OCA and PULP in their Comments were

addressed in the UGI Comments, the Companies' previous responses are noted and incorporated herein.

**II. REPLY TO COMMENTS FROM THE OFFICE OF CONSUMER ADVOCATE**

The OCA raised the following issues in its Comments: (1) whether there should be a limit on the Companies' Customer Assistance Program ("CAP") enrollments; (2) whether additional measures could be implemented to remind customers to recertify for CAP before and after the recertification deadline; (3) whether a customer who reports zero-income should be required to provide a notarized statement of household expenses; (4) whether the maximum CAP credit should be eliminated; (5) whether the Conservation Pilot should be eliminated and the Rehabilitation Pilot Project should be retained; and (6) whether customers applying for the hardship fund, Operation Energy Share, should be required to provide a statement of household expenses. The OCA also raised the following additional issues: (7) CAP enrollment levels; (8) CARES enrollment levels; and (9) type of up-front payment required for reinstatement of service. Each of these issues is addressed in turn below.

**1. Limit on CAP Enrollment**

The OCA echoes the Tentative Order's recommendation to eliminate the enrollment ceiling for the Companies' CAP. As stated in the UGI Comments, the Companies have accepted the Commission's proposed resolution and have agreed to petition the Commission to remove limits to CAP enrollment levels for all of the UGI Companies, subject to associated timely cost recovery approval as well, within 90 days of the Commission's entry of the Final Order in this proceeding.<sup>1</sup>

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<sup>1</sup> UGI Comments, pp. 3-4.

## 2. Reminder Measures for CAP Certification

The OCA's Comments state that OCA "supports the Tentative Order's proposal to add customer recertification notifications at thirty days and ten days prior to the deadline and to attempt to call the customer shortly before and after the recertification deadline." As stated below, the Companies have agreed to implement additional recertification reminders but have adopted a different approach with regard to the timing of those reminders, based on the Companies' experience administering CAP.

The Commission, in its Tentative Order, noted certain instances where customers complained of high CAP payments as a result of being charged budget billing<sup>2</sup> because of the customer's failure to recertify for the CAP program. The Tentative Order noted that "there are a number of methods that UGI could utilize to provide these reminders" and offered as one suggestion that recertification letters be sent to CAP customers 30 and 10 days prior to a recertification deadline.

The Companies agree with the Commission's suggestion of additional recertification reminders, and have detailed their reminder schedule in Exhibit A to the UGI Comments. The Companies' proposed schedule includes:

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

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<sup>2</sup> "Budget Billing" is an optional billing procedure which averages estimated public utility service costs over a 10-month, 11-month, or 12-month period to eliminate, to the extent possible, seasonal fluctuations in utility bills. 52 Pa. Code § 56.12(7).

Under this proposal, recertification letters would be spaced approximately one month apart, which will provide customers sufficient time to respond and provide community based organizations (“CBOs”) administering CAP the time to process the customers’ enrollment. This approach was deemed preferable to clustering written recertification reminders at 10 and 30 days pre-certification, which the Companies believe would reduce the impact of the additional written reminder letter.

### **3. Zero-Income Verification Process**

Echoing the Tentative Order, the OCA recommends that the Companies eliminate the requirement to notarize the zero-income statement and adopt a policy similar to that approved by the Commission for other Pennsylvania utilities. As set forth in the UGI Comments, the Companies have agreed to this approach and will adopt the Commission-approved zero-income verification process outlined by Duquesne Light in its 2014-2016 USECP.<sup>3</sup>

### **4. Elimination of Maximum CAP Credit**

The OCA supports the Companies’ proposal to more closely monitor CAP customers whose usage exceeds the identified thresholds and provide these customers necessary LIURP and conservation service. The OCA also stated its desire to see additional information and support for the elimination of the maximum CAP credit and the potential impact to non-CAP customers.

As stated in the UGI Comments, the Companies have agreed to adopt the recommendation of the Applied Public Policy Research Institute for Study and Evaluation (“APPRISE”) to eliminate the maximum limit of CAP credits a customer can receive each year. The Companies do not anticipate an increase to its annual CAP budget due to the elimination of

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<sup>3</sup> *Duquesne Light's 2014-2016 USECP*, Docket No. M-2013-2350946, at 6-7.

CAP credit limits and have demonstrated, as reflected in their Comments, that such a change would not have a materially detrimental impact to non-CAP customers.<sup>4</sup>

#### 5. Issues Regarding the LIURP Rehabilitation Pilot

*The OCA recommends that if the Rehabilitation Project is expanded to UGI Electric,*

*that the issue of de facto space heating be made a priority to be addressed by the Company in the measures taken for rehabilitation projects. The OCA also recommends that the three gas companies coordinate with the electric companies' Act 129 programs that serve coincident service territories to address potential de facto space heating issues in rehabilitation projects and to maximize the energy conservation measures implemented.*

The Companies do currently coordinate with electric distribution companies ("EDCs") within their service territories related to the provision of Act 129 and pledged in their Comments to continue this coordination.<sup>5</sup> For instance, the UGI Companies have met with PPL Electric Utilities Corporation ("PPL") to discuss programs and coordination and shared their list of CBOs with PPL to coordinate programs where PPL and UGI service territories overlap. The CBOs are encouraged to coordinate efforts to maximize the value of improvements. Those CBOs with EDC contracts use the Customer Outreach System to evaluate eligibility for a customer receiving Act 129 or EDC LIURP services to pair with UGI's LIURP as program funds permit. Specifically, all residences treated with UGI LIURP funds are also eligible for compact florescent lamps, which are distributed to the residences by UGI LIURP contractors. In addition, any residence that receives UGI LIURP funds that has electrically heated water will receive energy conservation measures such as AWH tank wrap and hot water pipe insulation.

As stated above, OCA has also recommended that the UGI Companies address de facto space heating use, either in the context of the Rehabilitation Program or thorough coordination

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<sup>4</sup> See, UGI Comments, pp. 9-11.

<sup>5</sup> UGI Comments, p. 13.

with other utilities' CAP or Act 129 programs. The UGI Companies understand the OCA's comment as a recommendation that, as part of the Rehabilitation Program's weatherization efforts, the Companies attempt to preempt the future use of space heaters by addressing older, inefficient or broken heating equipment during the rehabilitation.

The UGI Companies do address older and inefficient heating equipment in the context of their Rehabilitation Program. The Rehabilitation Program is up-front alternative to traditional LIURP that is designed to pay the difference in cost between an item's base model and its energy efficient upgrade. Upgraded insulation, higher-rated energy efficient windows, water heaters and furnaces are the most common measures. As part of the Rehabilitation Program, heating and water heating equipment are reviewed to determine if they are in need of efficiency upgrades. While we cannot prospectively guarantee that each Rehabilitation Program job will entail a replacement or upgrade of the heating system, upon review of 2012 and 2013 data, all completed jobs entailed the replacement of heating equipment and/or water heating equipment in accordance with the recommendation of the CBO administering each project.

#### **6. Requirement to Demonstrate Household Expenses for Hardship Grants**

OCA notes that the USECP requires that applicants to an Operation Share grant submit proof of household expenses. The OCA submits that the requirement that customers submit household expenses for receipt of a hardship grant should be eliminated. As part of its Operation Share application process, the UGI Companies do not, in practice, require evidence of expenses of all members of the household. As stated in the UGI Comments, the UGI Companies will revise the USECP to eliminate the language stating that proof of expenses is required as part of the application process.

### **7. OCA Concerns over Perceived Low CAP Enrollment Levels**

The OCA notes a decrease in CAP enrollment levels for UGI Gas and UGI PNG over the last several years and submits that the Commission should review the means used by the UGI Companies to identify and enroll CAP-eligible customers. The OCA further recommends that UGI increase its outreach efforts to reach these customers who are not currently enrolled in CAP. The UGI Companies appreciate OCA's concern about the Companies' decreasing CAP enrollment figures and take this opportunity to explain the reason for the decreased enrollment and highlight measures that the Companies have taken since November of 2013 to ensure that eligible customers are incentivized to participate in CAP.

The Companies' decreased CAP enrollment appears to be correlated to the decreased cost of natural gas rather than any weakness in the Companies' outreach efforts. UGI Companies base a customer's monthly CAP payment on a percentage of that customer's income.<sup>6</sup> The Companies believe that many customers elected not to participate in the CAP program because the monthly CAP payment based on a percentage of income resulted in a higher monthly bill than the customer's average monthly usage due to the low price of natural gas. For these customers, the benefit of arrearage forgiveness alone may have been an insufficient incentive for CAP enrollment. It appeared that payment troubled customers were more likely to enter into a payment plan with the UGI Companies than enroll in CAP.

The Companies modified their CAP program in November of 2013 to address the downward enrollment trend. As with the proposed 2014-2017 USECP, the Companies' former

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<sup>6</sup> 2014 – 2017 UGI USECP, p. 14-15. Customers between 0 – 50% of Federal Poverty Income Guidelines ("FPIG") have their monthly CAP payment set at 7% of monthly income. Customers between 51-100% of FPIG have their monthly CAP payment set at 8% of monthly income and customers between 101 and 150% of FPIG are paying 9% of their monthly income as CAP payments.

USECP provided that the Companies could make exceptions to the CAP payment schedule based on individual needs.<sup>7</sup> In November of 2013, the Companies approached the Bureau of Consumer Services (“BCS”) to address their declining CAP enrollment figures and proposed to set a customer’s CAP payment at the customer’s average monthly bill where the average monthly bill was lower than the CAP payment calculated as a percentage of income. BCS agreed that the Companies’ USECP allowed such an interpretation and the change was adopted. Since this change, CAP enrollments have started to increase. The Companies’ total CAP enrollment in November of 2013 was 11,644. This has increased to a current enrollment level of 17,693. The Company’s tracking of these new CAP enrollments and recertifications shows a large number of participants that are “average bill” accounts, as set forth in Table 1.

**Table 1.**

<b>Review of CAP Average Bill Accounts as of 10/31/2014</b>			
	<b># Accounts</b>	<b>Enrollment</b>	<b>Recertifications</b>
<b>Total</b>	<b>4665</b>	<b>4029</b>	<b>636</b>

To further address the OCA’s concerns, the Companies have and will maintain a strong outreach effort to identify and enroll CAP-eligible customers. CAP is promoted through bill inserts, the UGI website, and agency and UGI staff referrals. Additionally, over the past year the UGI Companies conducted campaigns to target LIHEAP recipients not already participating in CAP. The Companies are also sensitive to addressing the needs of their low-income customers for whom English may be second language. The Companies have therefore developed both a CAP application and customer letters in Spanish for the UGI Gas service territory because the territory demographics warrant such measures.

<sup>7</sup> See, e.g., 2014-2017 UGI USECP, p. 14 fn. 11.



### **8. OCA Concerns over Perceived Low CARES Enrollment Levels**

The OCA has also expressed concern over the perceived low enrollment of CAP customers in need of CARES assistance, how accurate the process for identifying such customers is, and whether additional training is needed to identify potential CARES customers. OCA submits that the number of identified CARES participants only represents a small percentage of the total CAP population for the four UGI Companies.

The Companies appreciate the OCA's concern and want to address the perceived implication that a low number of identified CARES customers indicates that the Companies are underserving their low-income customers. The Companies take a conservative approach with respect to who they classify as a CARES customer. While the CARES budget includes those CAP customers referred to the LIHEAP program, the Companies do not use a LIHEAP referral alone as a ground for CARES classification. The UGI Companies' CAP customers are routinely referred to LIHEAP and UGI-administered programs such as LIURP. The Companies do not classify each recipient of such a cross-referral as a CARES customer. Rather, identified CARES customers are those people for whom extraordinary measures are taken. All CARES recipients receive information that extends beyond the services offered at UGI. Examples of such services are referrals to the office of aging, food pantries, and assistance with the program application process.

### **9. Requirement for Up-Front Payments for Service Reinstatement.**

Referencing page 21 of the USECP, the OCA has questioned what type of upfront payment may be required by the Companies as a condition of reinstatement of service and under what "individual circumstances" such an up-front payment would be required.

Upfront payments are most common for a customer that is looking to restore service and remain on CAP. In addition to missed CAP payments, a reconnection charge can be required as an upfront payment. Another scenario is when an upfront payment is needed to receive additional grants or program services. CBOs will contact the UGI Companies to advise that the customer must pay amount 'A' to receive program grant 'B' and the Companies will partner this grant and customer payment to allow reinstatement to CAP. For example, if a customer owes \$500 in missed CAP payments, a CBO may require customer to pay \$300 which permits the CBO to then approve \$200 in Federal Emergency Management Agency ("FEMA") funds. The Companies never charge a CAP participant a security deposit for reconnection of service.

**III. REPLY TO COMMENTS FROM THE PENNSYLVANIA UTILITY LAW PROJECT**

The concerns expressed by PULP in large part overlap those expressed by OCA. Where appropriate the Companies incorporate their previously-provided responses herein.

**1. PULP Concerns over Perceived Low CAP Enrollment Levels**

PULP recommends that the Commission direct the UGI Companies to report to the Commission in its Reply Comments, or within a short time thereafter, what steps the Companies are affirmatively taking, beyond those recommended by the Commission in its Tentative Order, to better market and communicate the benefits of CAP to their low-income population and to decrease barriers to enrollment. PULP recommends that the UGI Companies provide all forms and information to its agencies and the public in Spanish.

The Companies herein incorporate their response to the OCA Comments on pages 7-9 above regarding the increases in CAP enrollments and the Companies' efforts to publish information in Spanish where demographic data warrants such measures.

## 2. Energy Burden

PULP has requested that the Commission not approve the proposed 2014-2017 Plan until it receives appropriate information and analysis indicating that the Plan will comply with Commission guidelines on the energy burdens to be placed upon CAP participants.

The Companies share PULP's concerns that the energy burden of many of the Companies' customers exceeds those targets set by the Commission. However, the energy burden levels are targets, not mandates. The Companies will do whatever is reasonably practicable to meet those targets; however the Companies also need to balance the needs of all customers in deciding on a reasoned and rational approach.

In accordance with this approach, the Companies proposed in their Plan to eliminate the maximum CAP credit limit. This was proposed in response to the 2012 APPRISE evaluation, which showed that the mean energy burden for 2010 CAP enrollees with income below 50 percent of the poverty level was 16 percent in the year after program enrollment – an energy burden that exceeds the standards established by the Commission for appropriate energy burdens for CAP participants.<sup>8</sup>

As stated in the UGI Comments, the Companies chose to eliminate the maximum CAP credit to allow low-income customers to receive needed CAP program benefits while simultaneously identifying high-usage customers for LIURP.<sup>9</sup> The benefit of such a program far outweighed the negligible additional burden to non-CAP customers. Only 1.6% of the Companies' CAP customer base exceeded the maximum shortfall for heating customers. This equated to less than \$32,000/year or 0.78 % of the total shortfall (CAP credit) expenditure spread

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

<sup>9</sup> 89% of those customers who required forgiveness above the current \$950.00 yearly CAP maximum for the Companies had incomes below 100% of the Federal Poverty Income Guidelines ("FPIG").

out among all UGI Companies. With the cumulative proposed changes in the 2014-2017 Plan all customers should fall within the target energy burdens. A customer will have a CAP payment that is either 7, 8, or 9 % of their income, or their average bill if less than the percent of income payment, or the minimum CAP amount of \$25 heating or \$15 non-heating. With no maximum shortfall, the UGI Companies no longer will be required to increase a payment above the target energy burdens.

### 3. LIURP Budget

PULP notes its significant concern regarding the low and declining LIURP budget and production levels of UGI Gas as well as the “numerous UGI operations issues identified by APPRISE.”

The Companies disagree with PULP’s characterization of the UGI Gas LIURP budget as “declining.” While UGI Gas’ LIURP budget is currently lower than PNG’s, UGI Gas LIURP funding is variable by nature as it is calculated at 0.2 percent of jurisdictional revenues. There is no statutory requirement for UGI Gas to fund LIURP in amounts greater than the 0.2 percent of jurisdictional revenue set forth in 52 Pa. Code 58.4(a); the higher level of funding for PNG reflects the normal give and take of the base rate case settlement process.<sup>10</sup>

Regarding PULP’s comment on the “numerous UGI operations issues identified by APPRISE,” the UGI Comments provided a status update on Customer Outreach System (“COS”) programming improvements recommended by the APPRISE Evaluation in response to a proposed recommendation in the Tentative Order,<sup>11</sup>

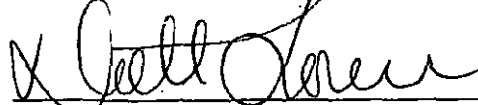
### I. CONCLUSION

<sup>10</sup> UGI Comments pp. 19-21; *Pa.PUC, et al. v. UGI Penn Natural Gas, Inc.* Docket No. R-2008-2079660 (Order entered August 27, 2009).

<sup>11</sup> UGI Comments, Exhibit D.

The UGI Companies appreciate the opportunity to submit this Reply to OCA and PULP's Comments to the Tentative Order. For the reasons outlined above, the Companies respectfully request that the Commission enter a Final Order that incorporates and adopts this Reply and the Companies' responses to the proposed resolutions of the Tentative Order. Additionally, as requested in the Companies' August 1, 2014 filing of the initial USECP and the UGI Comments, if the Commission approves the proposed changes to the UGI Companies' CAP Program, the Companies respectfully request an implementation time frame of six months from the date of the Commission's Final Order to allow the Companies to make all necessary system programming changes to implement the approved CAP changes.

Respectfully submitted,



Dantelle Jouenne

(PA Attorney I.D. #306839)

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

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Dated: November 6, 2014

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

UGI Utilities, Inc. — Gas Division, UGI :  
Utilities, Inc. — Electric Division, UGI :  
Penn Natural Gas, Inc., and UGI Central :  
Penn Gas, Inc., Universal Service and :  
Energy Conservation Plan for 2014-2017 : Docket No: M-2013-2371824  
Submitted in Compliance with 52 Pa. Code :  
§ 54.74 and § 62.4. :

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**CERTIFICATE OF SERVICE**

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I hereby certify that I have, this 6th day of November, 2014, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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Prosecutor  
Bureau of Investigation & Enforcement  
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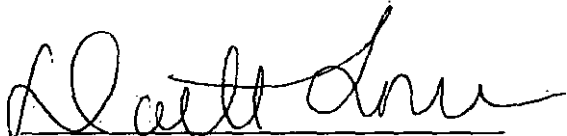
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November 6, 2014

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

RE: UGI Utilities, Inc. - Gas Division, UGI  
Utilities, Inc. - Electric Division, UGI Penn  
Natural Gas, Inc. and UGI Central Penn  
Gas, Inc., Universal Service and Energy  
Conservation Plan for 2014-2017 Submitted  
in Compliance with 52 Pa. Code § 54.74 and  
§ 62.4  
Docket No. M-2013-2371824

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Reply Comments, in the  
above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached  
Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824

Enclosures

cc: Joseph Magee, Bureau of Consumer Services  
Louise Fink Smith, Law Bureau  
Certificate of Service

191334

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

UGI Utilities, Inc. – Gas Division,	:	
UGI Utilities, Inc. – Electric Division,	:	
UGI Penn Natural Gas, Inc., and	:	Docket No. M-2013-2371824
UGI Central Penn Gas, Inc.,	:	
Universal Service and Energy Conservation	:	
Plan for 2014-2017 Submitted in Compliance	:	
With 52 Pa. Code § 54.74 and § 62.4	:	

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REPLY COMMENTS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate (OCA) files these Reply Comments pursuant to the Pennsylvania Public Utility Commission’s (Commission) directive in the Tentative Order entered on October 2, 2014.

**I. INTRODUCTION**

On July 1, 2013, UGI Utilities, Inc.- Gas Division (UGI Gas), UGI Penn Natural Gas, Inc. (UGI PNG), UGI Central Penn Gas, Inc. (UGI CPG), and UGI Utilities, Inc. – Electric Division (UGI Electric) (collectively referred to as UGI or Companies) filed their Universal Service and Energy Conservation Plan (USECP or Plan) for 2014 through 2016 in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71-54.78, relating to electric universal service and energy conservation requirements and §§ 62.1-62.8, relating to natural gas universal service and energy conservation requirements. On August 1, 2014, UGI filed an amended USECP for 2014-2017. On October 2, 2014, the Commission entered its Tentative Order on the Plan which requests Comments from interested parties in twenty days and Reply Comments fifteen days thereafter. Pursuant to the Tentative Order, the OCA, the Pennsylvania Utility Law

Project (PULP), and the Company filed Comments. The OCA responds to the Comments of the Companies regarding: (1) whether additional measures should be implemented to remind customers to recertify for CAP before and after the recertification deadline; (2) whether a customer who reports zero-income should be required to provide a notarized statement of household expenses; (3) whether the maximum CAP credit should be eliminated; and (4) whether applicants for the Hardship Fund must provide information about their household expenses.

## II. COMMENTS

### A. Recertification

The Tentative Order recommends that UGI address how it could be more effective in reminding customers to recertify for CAP before and after the recertification deadline. Tentative Order at 17. Specifically, the Commission recommends that the Companies provide additional notifications to customers thirty days and ten days prior to a recertification deadline and that a CAP agency representative attempt to call the customer shortly before and after the recertification deadline. Id. at 16-17. In its Comments, the OCA supported the proposed additional recertification reminders. OCA Comments at 5-6. In their Comments, the UGI Companies agree to the additional customer notifications. UGI Comments at 6-7.

The UGI Companies propose to contact the customer 30 days prior to recertification and on the anniversary date for recertification. The Companies also agree that a CAP agency representative would attempt to call the customer 15 days after the 30 day written notice and a month after the customer's recertification anniversary date has passed and prior to the customer's removal from CAP. UGI Comments at 6-7. Exh. A.

The Companies' recertification notice proposal addresses the concerns identified in the OCA's Comments.

B. Zero Income Certification

The Tentative Order identifies a concern with UGI's requirement that zero-income CAP participants provide a notarized zero income statement. Tentative Order at 17. In its Comments, the OCA supported the elimination of this requirement and recommended that the Companies adopt a policy similar to that of DPW and what has been approved by the Commission for other Pennsylvania utilities. OCA Comments at 6-7. The Commission previously eliminated the notarization requirements for PECO Energy Company, Duquesne Light Company, and Philadelphia Gas Works. Tentative Order at 17. In UGI's Comments, the Companies agree to revise the zero income statement procedures to use a form similar to the Zero Income Form used by Duquesne Light Company and to eliminate the notarization requirement. UGI Comments at 8, Exh. B. The Companies' proposal addresses the OCA's concerns, and the OCA, therefore, supports the use of the proposed Zero Income Form attached as Exhibit B to the UGI Comments.

C. Elimination of Maximum CAP Credits

In its Comments, UGI addresses its proposal to eliminate the maximum CAP credit in response to the recommendations of the Applied Public Research Institute for Study and Evaluation (APPRISE) in its most recent six-year evaluation. UGI Comments at 9. APPRISE recommended that the Companies either increase the maximum shortfall amount for customers below 50 percent of the Federal Poverty Level) or eliminate the annual maximum CAP credit. Id. The Companies propose to eliminate the annual maximum CAP credit for all customers and monitor the CAP participants who exceed the following annual threshold limits: (1) 2,285 ccf for UGI Gas CAP customers, (2) 2,2135 ccf for UGI PNG CAP customers, (3) 2,135 ccf for UGI

CPG CAP customers, and (4) 34,465 kwh for UGI Electric CAP customers. Tentative Order at 19, citing Plan at 17. UGI also proposes that if the CAP customer exceeds the threshold, the CAP customer will be required to speak with a CAP caseworker. Id. at 19-20. High usage CAP customers will be referred to the *Low Income Usage Reduction Program (LIURP)*, if applicable, and the Companies will continue to monitor the household for additional outreach and referral. Id. at 20.

In Commissioner James H. Cawley's Statement to the Tentative Order, Commissioner Cawley requested that the Companies provide additional information "to demonstrate that eliminating the maximum CAP credit is in the interest of both CAP and non-CAP residential customers." Statement of Commissioner James H. Cawley at 1. In their Comments, UGI states:

In responding to the Commission's concerns, the Companies do not anticipate an increase in its annual CAP budget, proposed in Appendix A to the Plan, due to the elimination of CAP credit limits. The Companies have reviewed detail [sic] customer shortfall (CAP credit) expense for 2012 and have determined that only 1.6% of the Companies' CAP customer base exceeded the maximum shortfall for heating customers. This equated to less than \$32,000/year or 0.78% of the total shortfall (CAP credit) expenditure for all UGI Companies. Furthermore, 89% of those customers who required forgiveness above the current \$950.00 yearly CAP maximum for the Companies had incomes below 100% of the Federal Poverty Income Guidelines ("FPIG").

UGI Comments at 10. UGI argues that the impact on non-CAP residential ratepayers is de minimus and continues to recommend that the maximum CAP credit be eliminated.

The OCA appreciates the additional information provided by the Companies and understands that a relatively small number of dollars are currently expected to result from the proposed change. Although the CAP shortfall will only increase by \$32,000/year at this time, the OCA submits that this is a time of historic low natural gas prices. As the price of natural gas or electricity changes, the impact of this proposed elimination of the maximum CAP credit could

change. The potential costs of this modification may increase beyond \$32,000/year as the programs grow and the price of natural gas or electricity increases.

Given the information provided by UGI, a more targeted approach to addressing the needs of 1.6% of customers who exceed the maximum CAP credit may be needed. Since this is a relatively small population (1.6% of the CAP customer population) and the majority of customers are below of 100% of the FPL, the OCA recommends that instead of eliminating the maximum CAP credit for the entire population, the Companies should focus their efforts on addressing the needs of the population identified in the APPRISE Evaluation. The Companies could also consider a more targeted increase to the maximum CAP credit level for certain customer income levels rather than a complete elimination of the maximum CAP credit for all customers.

The OCA recommends that the Companies' proposal to eliminate the maximum CAP credit for all customers not be approved. The OCA recommends approval of the Companies' proposal to monitor CAP customers who exceed a certain threshold, to proactively contact the CAP customers and provide them with education, and to refer those customers for LIURP services. The OCA also urges consideration of more targeted maximum CAP credit levels.

D. Hardship Fund

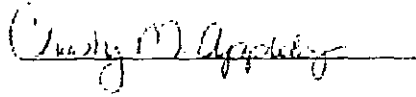
The Companies state that applicants for hardship funds are only required to provide evidence of income for each household member and are not required to provide household expenses information as part of the application process. UGI Companies Comments at 18. The Companies state that they will correct the Plan to eliminate the language stating that information regarding household expenses is required as part of the application process. *Id.* For all the

reasons set forth in its Comments, the OCA supports this proposed change. OCA Comments at 10-11.

**III. CONCLUSION**

WHEREFORE, the Office of Consumer Advocate respectfully requests that the UGI Companies' Universal Service and Energy Conservation Plan for 2014-2016 be approved subject to the recommendations in the OCA's Comments and identified herein.

Respectfully Submitted.



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Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152

DATE: November 6, 2014

196201.doc



CERTIFICATE OF SERVICE

UGI Utilities, Inc. – Gas Division, :  
 UGI Utilities, Inc. – Electric Division, :  
 UGI Penn Natural Gas, Inc., and : Docket No. M-2013-2371824  
 UGI Central Penn Gas, Inc., :  
 Universal Service and Energy Conservation :  
 Plan for 2014-2017 Submitted in Compliance :  
 With 52 Pa. Code § 54.74 and § 62.4 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate’s Reply Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 6th day of November 2014.

SERVICE BY E-MAIL and INTEROFFICE MAIL


Johnnie Simms, Esq.  
 Bureau of Investigation & Enforcement (I&E)  
 Pennsylvania Public Utility Commission  
 Commonwealth Keystone Building  
 400 North Street  
 Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Danielle Jouenne, Esq.  
 UGI Utilities, Inc.  
 460 North Gulph Road  
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Joseph L. Vullo, Esq.  
 1460 Wyoming Avenue  
 Forty Fort, PA 18704-4237

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 Christy M. Appleby  
 Assistant Consumer Advocate  
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 Elizabeth Marx, Esq.  
 Pennsylvania Utility Law Project  
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 Office of Consumer Advocate  
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 Phone: (717) 783-5048  
 Fax: (717) 783-7152  
 194333

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

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

Docket No. M-2013-2371824

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

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**The Pennsylvania Utility Law Project**  
Harry S. Geller, Esq., PA ID: 22415  
Elizabeth R. Marx, Esq., PA ID: 309014  
118 Locust Street  
Harrisburg, PA 17101  
Tel.: 717-236-9486  
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## **INTRODUCTION AND BACKGROUND**

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

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

## **CUSTOMER ASSISTANCE PROGRAM (CAP)**

### **1. CAP Enrollment Ceilings**

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

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

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

**3. UGI's Arrearage Forgiveness Policy**

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

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

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

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

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

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

#### **6. Policy and Procedures for Addressing Zero Income**

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

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

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

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

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

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

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

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

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

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

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

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

#### **8. CAP and LIURP Enrollment Levels**

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

<sup>2</sup> UGI comments to TO at 11 (emphasis added.)

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

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

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

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

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

<sup>3</sup> OCA Comments to TO, at 5.

<sup>4</sup> UGI Comments to TO at 20.



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

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

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

#### **9. Conservation Pilot Program**

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

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

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

### **Conclusion**

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

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

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

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

Respectfully,

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Harry S. Geller, Esq.  
Elizabeth R. Marx, Esq.  
Pennsylvania Utility Law Project  
[pulp@palegalaid.net](mailto:pulp@palegalaid.net)

November 6, 2014

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### **Conclusion**

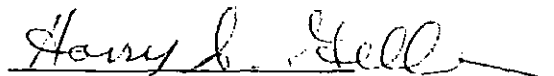
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In the absence of commission receipt of appropriate and accurate information and analysis, PULP respectfully requests that the matter of determining the actual need for LIURP and CAP in the UGI Gas and UGI PNG service territories be referred to the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

Respectfully,



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November 6, 2014

**UGI Gas Exhibit CAR-2**



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF HUMAN SERVICES

**OFFICE OF INCOME MAINTENANCE**  
Willow Oak Building – Room 224  
Harrisburg, Pennsylvania 17110

Ms. Nicole Gear  
Energy Association of Pennsylvania  
800 North Third Street, Suite 205  
Harrisburg, Pennsylvania 17102

Dear Ms. Gear:

I am writing to request your help in procuring natural gas costs by county, for all 67 counties.

Specifically, we need, by county, the result of a totaled annual bill for a 140 Million Cubic Feet (MCF) customer divided by 140. If more than one gas utility operates in a county, please provide the information for the two, with the largest customer base and number of customers served by each utility.

To accommodate our time table for implementation of the 2015-16 LIHEAP benefit tables, we would appreciate receipt of the fuel data as soon as possible.

Thank you for your assistance in this matter.

If you have any questions, please call me at 717-705-0717.

Sincerely,

Jeremy Pahl  
Division of Federal Programs and Program Management

Natural Gas Costs by County - Snapshot at June 1, 2015  
 Unit Price per Mcf for 140 Mcf Annual Use by County (Two Largest Providers Where Applicable)

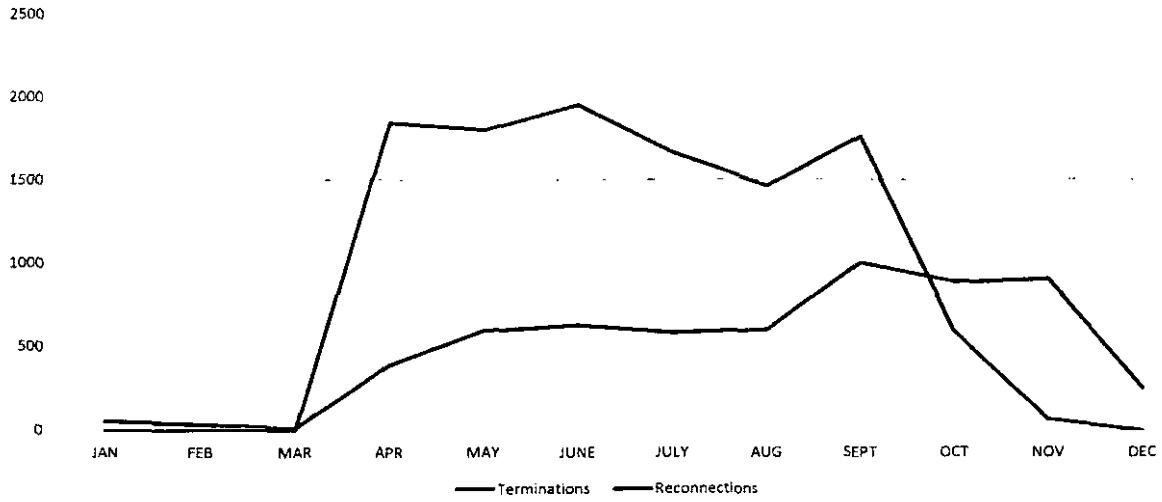
County	Provider 1		Provider 2 (if applicable)		Weighted Average	County	Provider 1		Provider 2 (if applicable)		Weighted Average
	Rate	Customers	Rate	Customers			Rate	Customers	Rate	Customers	
Adams	\$ 11.61	13,233	\$ 10.67	48	\$ 11.61	Lackawanna	\$9.05	53,889		\$9.05	
Allegheny	\$ 8.05	214,007	\$ 7.46	138,300	\$ 7.82	Lancaster	\$8.68	58,871	\$10.67	5	\$8.68
Armstrong	\$ 7.46	11,037	\$ 9.64	4,160	\$ 8.06	Lawrence	\$11.61	17,874	\$7.46	3,842	\$10.88
Beaver	\$ 11.61	34,482	\$ 7.46	17,319	\$ 10.22	Lebanon	\$8.68	16,378	\$10.67	1	\$8.68
Bedford	\$ 10.67	851	\$ 11.61	11	\$ 10.68	Lehigh	\$8.68	41,537	\$10.67	651	\$8.71
Berks	\$ 8.68	57,339	\$ 10.67	1,303	\$ 8.72	Luzerne	\$9.05	51,612	\$8.68	6,976	\$9.01
Blair	\$ 7.46	29,425	\$ 10.67	614	\$ 7.53	Lycoming	\$9.05	15,015	\$10.67	1,451	\$9.19
Bradford	\$ 7.90	5,759	\$ 10.67	4,329	\$ 9.09	McKean	\$7.09	5,835	\$10.67	3,866	\$8.52
Bucks	\$ 8.33	86,263	\$ 8.68	6,391	\$ 8.35	Mercer	\$7.09	26,294	\$7.46	4,283	\$7.14
Butler	\$ 9.64	24,826	\$ 7.46	12,459	\$ 8.91	Mifflin	\$10.67	2,843			\$10.67
Cambria	\$ 7.46	25,496			\$ 7.46	Monroe	\$10.67	4,029	\$8.68	152	\$10.60
Cameron	\$ 7.09	1,310			\$ 7.09	Montgomery	\$8.33	165,482	\$8.68	2,618	\$8.34
Carbon	\$ 10.67	2,444	\$ 8.68	27	\$ 10.65	Montour	\$9.05	1,858	\$10.67	2	\$9.05
Centre	\$ 11.61	11,247	\$ 10.67	387	\$ 11.58	Northampton	\$8.68	40,406	\$10.67	2,216	\$8.78
Chester	\$ 8.33	75,307	\$ 10.67	2,814	\$ 8.41	Northumberland	\$9.05	7,953	\$10.67	2,859	\$9.48
Clarion	\$ 7.09	3,891	\$ 11.61	3,541	\$ 9.24	Perry					
Clearfield	\$ 7.09	6,709	\$ 10.67	2,323	\$ 8.01	Philadelphia	\$13.43	469,611			\$13.43
Clinton	\$ 10.67	2,361	\$ 9.05	12	\$ 10.66	Pike	\$11.18	1,112	\$9.05	862	\$10.25
Columbia	\$ 9.05	7,023	\$ 10.67	293	\$ 9.11	Potter	\$10.67	6,764	\$7.09	4	\$10.67
Crawford	\$ 7.09	17,380			\$ 7.09	Schuylkill	\$10.67	3,772	\$8.68	22	\$10.66
Cumberland	\$ 8.68	33,091	\$ 10.67	2,137	\$ 8.80	Snyder	\$9.05	1,791			\$9.05
Dauphin	\$ 8.68	40,549			\$ 8.68	Somerset	\$11.61	4,526	\$7.46	1,491	\$10.58
Delaware	\$ 8.33	179,152			\$ 8.33	Sullivan	\$10.67	1			\$10.67
Elk	\$ 7.09	10,820	\$ 11.61	32	\$ 7.10	Susquehanna	\$9.05	264			\$9.05
Erie	\$ 7.09	89,842			\$ 7.09	Tioga	\$10.67	14,073			\$10.67
Fayette	\$ 11.61	21,813	\$ 7.46	2,996	\$ 11.11	Union	\$10.67	1,071	\$9.05	329	\$10.29
Forest	\$ 10.67	1,000	\$ 7.09	887	\$ 8.99	Venango	\$7.09	14,609	\$10.67	1,135	\$7.35
Franklin	\$ 11.61	4,399	\$ 10.67	2,985	\$ 11.23	Warren	\$7.09	9,767	\$11.61	2,337	\$7.96
Fulton	\$ 10.67	227	\$ 11.61	3	\$ 10.68	Washington	\$11.61	40,818	\$8.05	14,084	\$10.70
Greene	\$ 8.05	4,368	\$ 11.61	2,659	\$ 9.40	Wayne	\$9.05	1,980			\$9.05
Huntingdon	\$ 10.67	1,682			\$ 10.67	Westmoreland	\$7.46	66,633	\$11.61	20,317	\$8.43
Indiana	\$ 7.46	11,048	\$ 9.64	2,946	\$ 7.92	Wyoming	\$9.05	305			\$9.05
Jefferson	\$ 7.09	6,554	\$ 9.64	5,209	\$ 8.22	York	\$11.61	93,607	\$8.68	1,315	\$11.57
Juniata											

**UGI Gas Exhibit CAR-3**



56.231 - 2014- UGI GAS	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Total
Total number of terminations for non-payment.	0	0	0	1845	1800	1953	1664	1465	1761	595	66	0	11149
Total reconnections	57	36	12	394	599	631	584	603	1003	888	904	254	5965

2014 Reconnection Lag



**UGI Gas Exhibit CAR-4**

UGI Gas Exhibit CAR-4

UGI GAS Corrected Reconnection Rate

Year	Terminations	Reconnections Reported	Corrected Reconnections	Reported Reconnection Rate	Corrected Reconnect Rate
2014	11149	5240	5965	47.00%	53.50%
2015	9658	4536	5559	46.97%	57.56%

**UGI Gas Exhibit CAR-5**

UGI Gas CWIP 2014

<b>Survey Results</b>	<b>Number of Customers</b>	<b>Percent of Customers</b>
<b>1. Terminations (Heating Only)</b>	<b>9,968</b>	
<b>2. Restored Prior to Survey</b>	<b>3,668</b>	<b>37%</b>
<b>3. Not Restored Prior to Survey</b>	<b>6,300</b>	
<b>A. Found to be Vacant</b>	<b>486</b>	<b>5%</b>
<b>B. Restored in Same/New Party Post Survey Commencement</b>	<b>4,825</b>	<b>48%</b>
<b>D. No Contact/Occupied</b>	<b>487</b>	<b>5%</b>
<b>E. Contacted not reconnected</b>	<b>502</b>	<b>5%</b>
<b>Total Customers Accounted For In Survey</b>	<b>9,968</b>	<b>100%</b>

**UGI Gas Exhibit CAR-6**

## 2014 Electric CARES Benefits

Company	CARES Costs	Total LIHEAP Grants for Low-Income Customers*	Low-Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants for CARES Participants	Net CARES Benefits
Duquesne	\$135,000	\$3,409,077	9,300	\$273,210	\$3,547,287
Met-Ed**	\$0	\$2,361,027	7,882	\$0	\$2,361,027
PECO-Electric	\$1,251,319	\$12,350,227	38,439	\$162,038	\$11,260,946
Penelec**	\$0	\$3,221,829	9,248	\$0	\$3,221,829
Penn Power**	\$0	\$8,68,776	2,396	\$0	\$868,776
PPL	\$0	\$8,390,984	29,522	\$41,922	\$8,432,906
West Penn	\$0	\$3,582,665	11,303	\$0	\$3,582,665
<b>Total</b>	<b>\$1,386,319</b>	<b>\$34,184,585</b>	<b>108,090</b>	<b>\$477,170</b>	<b>\$33,275,436</b>

\*Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.

\*\*Met-Ed, Penelec and Penn Power enroll and monitor all CARES participants in CAP rather than separately monitoring these accounts. PPL includes the costs of CARES in its OnTrack costs. The CARES representatives in each of these companies perform the functions of both CAP and CARES.

## 2014 Natural Gas CARES Benefits

Company	CARES Costs	Total LIHEAP Grants for Low-Income Customers*	Low-Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants for CARES Participants	Net CARES Benefits
Columbia	\$322,025	\$5,938,641	22,319	\$62,491	\$5,679,107
Peoples	\$140,900	\$5,469,915	20,908	\$12,547	\$5,341,562
Peoples-Equitable	\$164,228	\$4,343,069	13,866	\$138,283	\$4,317,124
NFG	\$4,052	\$5,718,149	20,271	\$566	\$5,714,663
PECO-Gas	\$202,013	\$1,993,823	6,206	\$26,159	\$1,817,969
PGW	\$647,793	\$20,479,821	66,410	\$658	\$19,832,686
UGI-Gas	\$70,002	\$3,546,607	13,245	\$4,757	\$3,481,362
UGI Penn Natural	\$33,817	\$3,237,294	11,016	\$20,575	\$3,224,052
<b>Total</b>	<b>\$1,584,830</b>	<b>\$50,727,319</b>	<b>174,241</b>	<b>\$266,036</b>	<b>\$49,408,525</b>

\*Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.

**UGI Gas Exhibit CAR-7**



## Acceptable ID

When it has been determined ID is necessary, we require two forms of ID. We can not hold an order or advise an applicant that a copy of the SS card is required in order to gain service. Acceptable forms of ID are:

1st Form of ID **must be State/Government issued identification with a photograph**, such as:

- Drivers License (U.S. or Canada)
- U.S. Passport
- Military ID Card
- ID cards issued by Federal, State, or Local Government

2nd Form of ID can be:

- Social Security Card
- Voter Registration Card
- U.S. Military Card
- Birth Certificate
- U.S Citizen ID Card/Permanent Resident Card
- Native American Tribal Card
- ITIN (Individual Taxpayer Identification Number)

Any other form of ID you feel may qualify must be reviewed by a Sr. Rep or Supervisor before release.

Please note that all forms of ID **must be valid (date may not be expired)**.

If an applicant does not have a Social Security Number or will not give us a SSN, we require proof of identification, including a picture. Proof could include a driver's license, student ID, visa, green card, tax ID number and any of the above accepted forms. It is important to ensure the ID provided clears up any questions as to why the Experian Match Code first flagged the connect check (did not pass). Refer to your Red Flag Policy if the Experian Code warrants escalation.

**If the applicant refuses to provide ANY identification, UGI will not provide service to the applicant.**

Please contact your supervisor if you have any questions regarding this policy.