



COMMONWEALTH OF PENNSYLVANIA

September 29, 2017

**E-FILED**

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

**Re: UGI Utilities, Inc. - Electric Division Petition for Approval of Modifications of its Energy Efficiency and Conservation Plan Changes  
Docket No. M-2015-2477174**

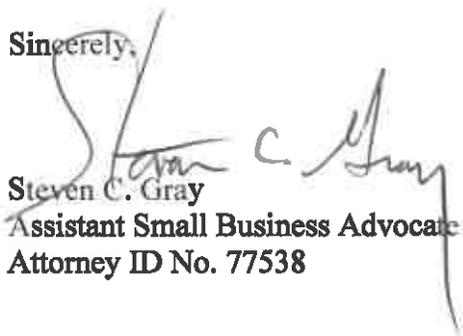
Dear Secretary Chiavetta:

I am delivering for filing today the Comments of the Office of Small Business Advocate ("OSBA") to UGI Utilities, Inc.- Electric Division Petition for Approval of Modifications of its Energy Efficiency and Conservation Plan Changes, at the above-docketed proceeding.

Copies of these Comments will be served on all known parties, as indicated on the attached Certificate of Service.

If you have any questions, please contact me

Sincerely,

  
Steven C. Gray  
Assistant Small Business Advocate  
Attorney ID No. 77538

*Enclosures*

cc: Parties of Record  
Robert D. Knecht

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**UGI Utilities, Inc. - Electric Division Petition for :**  
**Approval of Modifications of its Energy :** **Docket No. M-2015-2477174**  
**Efficiency and Conservation Plan Changes :**

**COMMENTS OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE**

**I. Introduction**

On August 31, 2017, UGI Utilities Inc. -- Electric Division (“UGI Electric” or the “Company”) filed two documents with the Pennsylvania Public Utility Commission (“Commission”).

The first document filed was the Company’s Energy Efficiency and Conservation (“EE&C”) Plan Program Year 5 (June 1, 2016 – May 31, 2017) Annual Report (“*Annual Report*”). This *Annual Report* was filed as required by Section 2806.1(i)(1) of the Public Utility Code, 66 Pa. C.S. § 2806.1(i)(1).

The second document filed was the Company’s Petition for Approval of Modifications of its Energy Efficiency and Conservation Plan Changes (“*Modification Petition*”). Modifications of EE&C Plans are permitted by Sections 2806.1(a)(6), 2806.1(b)(2), and 2806.1(b)(3) of the Public Utility Code, 66 Pa. C.S. §§ 2806.1(a)(6), 2806.1(b)(2) and 2806.1(b)(3). In addition, the Commission has addressed the procedure for such modifications, as follows:

Regarding approved plans, the Commission will permit EDCs and other interested stakeholders, as well as the statutory advocates, to propose plan changes in conjunction with the EDC’s annual report filing required by the Act at 66 Pa. C.S. § 2806.1(i)(1). The Commission will establish a deadline for the filing of annual reports by the EDCs following the approval of the EDCs’ plans in 2009. These annual reports are to be served on OCA, OSBA and

OTS. The Commission will also post the annual reports on a web page dedicated to the EE&C program. The Commission and any interested party can make a recommendation for plan improvement or object to an EDC's proposed plan revision within 30 days of the annual report filing. EDCs will have 20 days to file replies, after which the Commission will determine whether to rule on the recommended changes or refer the matter to an ALJ for hearings and a recommended decision.

*Energy Efficiency and Conservation Program Implementation Order*, Docket M-2008-2069887 (Order entered January 16, 2009), at 24 (“*January 16<sup>th</sup> Implementation Order*”).<sup>1</sup>

The *Annual Report* and the *Modification Petition* both relate to the UGI Electric Energy Efficiency and Conservation Plan Phase II (Original Filing Date April 9, 2015) (“*Compliance Plan*”) which was submitted by UGI Electric on August 9, 2016, and approved by the Commission on June 9, 2017.

The Office of Small Business Advocate (“OSBA”) submits these Comments to the Company’s Modification Petition as permitted by *January 16<sup>th</sup> Implementation Order*.

## II. Comments

### A. Eliminating the HVAC Tune-Up Program

The Company requests a major modification to eliminate the heating, ventilation, and air conditioning (“HVAC”) system Tune-Up Program. *Modification Petition*, at 6-7.

UGI Electric reports that customer participation has been low and the program has not been cost-effective. *See id.*, at 6, Paragraph 21. According to the *Annual Report*, it appears that costs for “CSP Labor” have substantially exceeded budget (both in total and as a percentage of utility costs), which appears to be the primary factor contributing to the poor economic

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<sup>1</sup> UGI Electric incorrectly cited the *January 16<sup>th</sup> Implementation Order* as M-2008-2069987. *See, e.g., Modification Petition*, at 3.

performance. *See Annual Report*, at 25, Table 36. Thus, the primary beneficiaries of the excessive and inefficient spending appear to be vendors and not UGI Electric customers.

In light of performance of the HVAC Tune-Up Program, the Company proposes to eliminate it. *Modification Petition*, at 7, Paragraph 22.

The OSBA supports UGI Electric's proposal to eliminate the HVAC Tune-Up Program.

B. Reallocation of the HVAC Tune-Up Program Funding

In addition to proposing the elimination of the HVAC Tune-Up Program, the Company also proposes the following:

[T]he dollars associated with this [HVAC Tune-Up] program would be better allocated to the Custom Incentive Program which serves this same customer class.

\* \* \*

[This proposed change] will not affect the EE&C Plan's overall implementation, cost, or budget.

*Modification Petition*, at 7, Paragraphs 22 and 23.

The OSBA respectfully opposes the Company's proposal to allocate the dollars associated with the HVAC Tune-Up Program to the Custom Incentive Program ("CIP").

First, the Company offers no justification for this proposal.

Second, the Company's *Annual Report* shows that the CIP operated far below its budget level for the period June 1, 2016 to May 31, 2017 (Program Year 5). *See Annual Report*, at 23, Tables 32 and 33. The Company apparently engaged in 9 projects compared to a budget of 20 (45% of its target); achieved annual savings of 812 MWh compared to budget of 3,141 MWh (26% of its target); and direct utility costs were \$182,000 compared to budget of \$750,000 million (24% of its target). *See id.*

In addition, the Company appears to be operating the CIP in a way that is more generous to participants than originally envisioned, in that the actual ratio of customer incentives to direct participant costs has been over 56 percent, compared to a budget under 26 percent. This result does not appear to be consistent with the *Compliance Plan*, which states: “Additionally, for the C&I Custom Program, incentives may not exceed \$100,000 or 50% of total project cost borne by the customer.” *See Compliance Plan*, at 57, footnote 14. The OSBA notes that this issue was a matter of some contention at Docket No. M-2015-2477174, and this language was explicitly required in the settlement agreement for that proceeding. In effect, the Company appears to have chosen to substantially increase subsidies to induce participation. *See Annual Report*, at 23, Table 33.<sup>2</sup>

Consequently, not only is the CIP operating far below budget, the CIP appears to be falling far short of its goals with respect to having the program beneficiaries contribute a reasonable share of the costs of the program, in violation of the settlement agreement referred to above.

Third, the *Annual Report* provides no indication that the budget savings will be expanded. In fact, the *Annual Report* states that the savings goal is 7,812 MWh through 2019, when the approved plan shows planned savings of 9,423 MWh. *Compare Annual Report*, at 22 with *Compliance Plan*, at 57. Although the *Annual Report* recognizes that the HVAC Tune-Up program will be terminated, it provides no indication that additional spending for the CIP is necessary or desirable.

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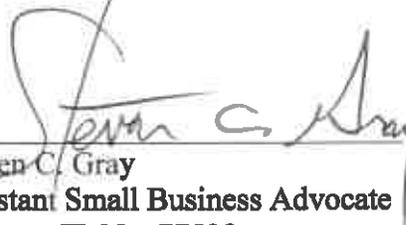
<sup>2</sup> The *Annual Report* in Table 33 shows actual PY5 incentives of \$87,957, which is 56 percent of the reported direct participant costs of \$156,789.

Therefore, re-allocating the HVAC Tune-Up Program dollars to the CIP will not make it any more efficient, or make it any fairer to the non-participating ratepayers who have to pick up the costs of the CIP. Thus, the OSBA respectfully submits that any savings from eliminating the HVAC Tune-Up Program should be returned to ratepayers in the form of lower EE&C charges.

**III. Conclusion**

Wherefore, the OSBA supports the Company's proposal to terminate the HVAC Tune-Up Program. However, the OSBA opposes the expansion of the CIP budget. Consequently, the OSBA respectfully submits that any savings from the termination of the HVAC Tune-Up Program be returned to ratepayers in the form of lower EE&C charges.

Respectfully submitted,



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Small Business Advocate

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Dated: September 29, 2017

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**UGI Utilities, Inc. - Electric Division Petition for** :  
**Approval of Modifications of its Energy** : **Docket No. M-2015-2477174**  
**Efficiency and Conservation Plan Changes** :

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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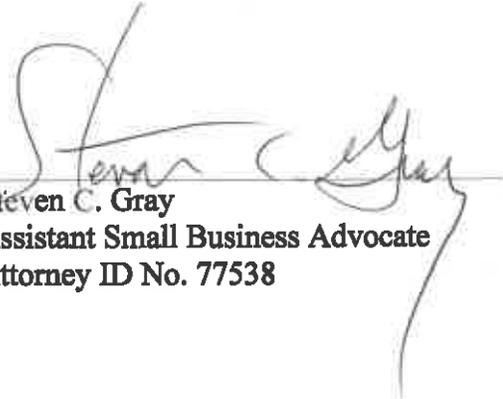
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DATE: September 29, 2017



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