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October 16, 2017

VIA ELECTRONIC FILING

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
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**Re: UGI Utilities, Inc. - Electric Division's Petition for Approval of Modifications of its
Energy Efficiency and Conservation Plan
Docket No. M-2015-2477174**

Secretary Chiavetta:

On August 31, 2017, UGI Utilities, Inc. – Electric Division (“UGI Electric” or the “Company”) filed a Petition for Approval of Modifications of its Energy Efficiency and Conservation Plan (“Petition”). UGI Electric’s Petition sought approval of two modifications to the Company’s Phase II Energy Efficiency and Conservation (“EE&C”) Plan: (1) eliminate the \$50 customer contribution for the Home Energy Assessment Program for a minimum of six months or, if successful in increasing participation, until the Program Year Budget has been met; and (2) eliminate the HVAC Tune-Up Program.

Comments on the Company’s Petition were filed by the Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) regarding UGI Electric’s proposed modifications. Although the OCA and OSBA did not *per se* oppose the Company’s proposed modifications, they did raise some concerns and make certain recommendations regarding UGI Electric’s proposals.

UGI Electric hereby submits this letter in response to the OCA’s and OSBA’s Comments.

First, regarding the proposal to eliminate the HVAC Tune-Up Program, the OSBA did not oppose this change to the EE&C Plan but recommended that the funds budgeted for the program

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Rosemary Chiavetta
October 16, 2017
Page 2

should not be allocated to the Custom Incentive Program. (OSBA Comments, pp. 3-5) UGI Electric agrees to the OSBA's recommendation.

Second, based on the Company's Program Year 5 Annual Report, the OSBA averred customer incentives under the Custom Incentive Program were in excess of 50% of total project cost borne by the customers. (OSBA Comments, p. 4) The Company's Program Year 5 Annual Report was in error with respect to this data. Concurrent with the filing of this letter, UGI Electric is filing a corrected Program Year 5 Annual Report. As demonstrated therein, customer incentives account for approximately 39% of total project costs, not 56% as previously indicated.

Third, while the OCA did not oppose the change to the Home Energy Assessment Program, the OCA recommended that the Company consider further program design and marketing changes, specifically: (1) offering a walk-through audit; and (2) updating the online marketing to state what the audit assesses in a home, the length of the audit, and the ways in which the audit will save money. (OCA Comments, pp. 2-3) The Company currently markets the program through bill inserts, direct mail, emails blasts, and customer outreach (e.g., home shows, community events). In an effort to improve customer participation, UGI Electric agrees to the OCA's recommendation to include further information about the program in its online marketing. As for the walk-through audit, the Company clarifies that it already offers a one-hour walk-through assessment pursuant to the existing program. The costs of the walk-through assessment and the installation of direct install measures are included in the \$500 total cost of the whole home assessment.

Fourth, the OCA recommends that the Company provide further information about the performance of the Home Energy Assessment Program at the conclusion of the six-month period during which the \$50 audit fee is waived, including "information on updated participation, cost, and energy savings data." (OCA Comments, p. 3) UGI Electric agrees to the OCA's recommendation.

In conclusion, UGI Electric asks that the Pennsylvania Public Utility Commission consider this letter in response to the OCA's and OSBA's Comments as it prepares a final order regarding the Company's Petition.

Respectfully submitted,



Devin Ryan

DR/jl

cc: Certificate of Service

CERTIFICATE OF SERVICE

(Docket No. M-2015-2477174)

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).

VIA E-MAIL & FIRST CLASS MAIL

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