

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 10, 2018

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

Re: Petition of UGI Utilities, Inc. – Electric
Division for Approval of Phase III of its
Energy Efficiency and Conservation Plan
Docket No. M-2018-3004144

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Answer in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

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

Christy M. Appleby
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PA Attorney I.D. # 85824
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Enclosures:

cc: Office of Administrative Law Judge
Certificate of Service
*258569

CERTIFICATE OF SERVICE

Re: Petition of UGI Utilities, Inc. – :
Electric Division for Approval of : Docket No. M-2018-3004144
Phase III of its Energy Efficiency :
and Conservation Plan

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

Dated this 10th day of September 2018.

SERVICE BY E-MAIL and INTER-OFFICE MAIL

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Dated: September 10, 2018

9, 10. On April 16, 2016, the Company filed a Petition at Docket No. M-2015-2477174 for approval of its voluntary Phase II EE&C Plan for the period of June 1, 2015 through May 31, 2018. Petition at ¶ 9. The Commission approved the Company's voluntary Phase II EE&C Plan, with modifications, in its Order entered June 16, 2016. Petition at ¶ 11. Petition of UGI Utilities, Inc. – Electric Division for Approval of its Energy Efficiency and Conservation Plan, Docket No. M-2015-2477174 (Order entered June 16, 2016). On March 22, 2017, UGI Electric filed a Petition to Extend its Phase II EE&C Plan by one year, until May 31, 2019, and on May 4, 2017, the Commission granted the Petition to Extend Phase II of the EE&C Plan. Petition at ¶¶ 12, 13. On August 31, 2017, UGI Electric filed a Petition for Approval of Changes to its Phase II EE&C Plan, and on December 21, 2017, the Commission entered an Order approving the proposed changes to the Phase II EE&C Plan. Petition at ¶¶ 14, 15.

II. ANSWER

The OCA does not object to UGI Electric's request to continue its EE&C Plan beyond Phase II. In its Petition, UGI Electric requests approval for a third phase beginning on June 1, 2019 and ending May 31, 2024. Petition at ¶ 19. According to the Company, Phase III includes a variety of energy efficiency, peak load reduction, and energy education initiatives. Petition at ¶ 19. Specifically, the Company's Phase III programs are designed to achieve an overall energy consumption reduction goal of 2% of its jurisdictional revenues for the twelve months ending May 31, 2008. Petition at ¶¶ 25, 31.

The OCA fully supports the Company's efforts to provide cost-effective energy efficiency and conservation programs and measures to its customers. The OCA participated in both the Phase I and Phase II proceedings before the Commission. As with the Company's Phase I and Phase II Plan, UGI Electric proposes to continue to use a cap of 2% of annual jurisdictional revenue as

required under mandatory Act 129 EE&C Plans. Petition at ¶ 25. UGI Electric also proposes to continue to use the evaluation, measurement and verification standards and the Total Resource Cost (TRC) test as required under mandatory Act 129 EE&C Plans. Petition at ¶¶ 17, 22.

Importantly, the proposed Phase III EE&C Plan complies with the cost recovery requirements contained in Phase I and Phase II. Petition at ¶ 25. The Company states that it used the spending targets that resulted from the 2% cap as a baseline for constructing a portfolio of programs that is available to all customer classes. Petition at ¶ 25. UGI Electric proposes “an annual budget of approximately \$1.44 million per year, which equates to a maximum of approximately \$7.22 million over the five years of the Plan.” Petition at ¶ 31. The Company also states that it proposes “an absolute cap on annual spending of \$2.5 million,” while maintaining the five-year spending cap of approximately \$7.22 million. Petition at ¶ 31.

The Company proposes to recover the costs of Phase III through a Phase III reconcilable rate mechanism (Phase III EEC Rider). Petition at ¶ 32. The Phase III EE&C Rider will recover, by customer class, the applicable EE&C Plan costs. Petition at ¶¶ 23, 32. As discussed in UGI Statement No. 2, the Company proposes that the Phase III EEC Rider will operate in the same manner as the Phase I and Phase II EEC Riders. See, UGI Statement No. 2 at 10. The OCA submits that continuation of the same cost recovery methodology in Phase III is reasonable.

UGI Electric has proposed six program offerings in Phase III: (1) Appliance Rebate Program (Residential/Low-Income Customers); (2) School Energy Education Program (Residential/Low-Income Customers); (3) Energy Efficient Lighting Program (Residential/Low-Income Customers); (4) Appliance Recycling Program (Residential/Low-Income Customers); (5) Commercial and Industrial Custom Incentive Program (Commercial and Industrial/Governmental Customers); and (6) Emerging Technology and Outreach (ETO) Program (All Customers).

Petition at ¶ 27. Of the six programs, five are available to all Residential customers, including low-income customers. Petition at ¶ 27.²

For Residential Customers, UGI Electric proposes to continue its appliance recycling program, with updated measures, including adding dehumidifiers and “other forms of incentives of equivalent value, such as low-flow devices, advanced power strips, or other measures at no cost to the participant. Petition Exh. 1 at 5, 26; see also, UGI Utilities, Inc. – Electric Division Energy Efficiency and Conservation Plan Phase II, Docket No. M-2015-2477174, Compliance Plan at 30 (August 9, 2016). The Company also proposes to continue its Appliance Rebates Program and to merge it with the Company’s Fuel Switching Program. Petition Exh. 1 at 5. The Company proposes to continue its Appliance Rebates Program, but with modified adjusted qualified equipment and rebates. Petition Exh. 1 at 5. UGI Electric also proposes to modify its Energy Efficient Lighting program, “with the low-income customer segment in mind,” but proposes to close the program in January of 2020 due to the effective date of new Energy Independence and Security Act (EISA) standards in January of 2020. Petition at ¶ 28; Petition Exh. 1 at 5, 20. The Company plans to expand its School Energy Education Program to include high schools. Petition Exh. 1 at 5. UGI Electric plans to discontinue its Home Energy Audit and Residential Low Income Water Heater Replacement programs. Petition Exh. 1 at 5.³

² The Residential Sector programs also apply to governmental and non-profit entities such as firehouses, ambulance providers, and senior citizens. Petition at ¶ 27, fn. 6.

³ In his Direct Testimony, Company witness Love testifies that the Home Energy Audit Program is being discontinued because the “main component of the program is the direct installation of LEDs in customer’s homes. With this measure going away in 2020, the ability for the program to deliver significant electric energy savings, as well as maintain cost-effectiveness, is very uncertain.” UGI Electric St. No. 1 at 13. Mr. Love also testifies that the Pilot Low Income Usage Reduction Program (LIURP) Water Heater Replacement Program will not be continued because the program has had low participation even though there is no cost to the customer. UGI Electric St. No. 1 at 14.

The Company proposes to change its current Customer Education program into a new Emerging Technology and Outreach program (ETO) for all customer classes. Petition Exh. 1 at 5. The ETO program “is designed to engage with customers across multiple programs and platforms and to promote new and emerging technologies and energy saving techniques” to educate customers and allow the Company “to test future program strategies and offerings that may eventually lead to additional stand-alone programs.” Petition Exh. 1 at 35. The Company states that its target market is “harder-to reach customer groups, such as low-income customers, manufactured homes, small businesses, or government and non-profit entities.” Petition Exh. 1 at 35.

The OCA supports the continuation of cost-effective programs through Phase III. Upon initial review, the Company’s Phase III Plan includes several programs that will benefit residential customers. The OCA looks forward to working with the parties to ensure that the programs offered meet the needs of residential customers while providing energy and conservation benefits on a system-wide basis.

III. CONCLUSION

The OCA supports the Company's efforts to provide cost effective energy efficiency and conservation programs to residential customers through Phase III. The OCA looks forward to working with the parties to help ensure that the programs offered meet the needs of customers while providing energy and conservation benefits on a system-wide basis.

Respectfully Submitted,

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