



Timothy K. McHugh, Esq.
 UGI Corporation
 500 North Gulph Road
 King of Prussia, PA



Post Office Box 858
 Valley Forge, PA 19482-0858

(717) 255-1491 (o)
MchughT@oneugi.com

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VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
 Pennsylvania Public Utility Commission
 Commonwealth Keystone Building
 400 North Street, 2nd Floor North
 P.O. Box 3265
 Harrisburg, PA 17120

Re: **Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52. Pa. Code §§ 58.1 – 58.18; Docket No. L-2016-2557886**

Dear Secretary Chiavetta:

Enclosed for filing are the comments of UGI Utilities, Inc. (“UGI” or the “Company”) in the above-referenced docket.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Timothy K. McHugh
 Counsel – Energy & Regulation
 UGI Corporation

Enclosure

cc: Regina Carter, Bureau of Consumer Services (reginacarte@pa.gov)
 Joseph Magee, Bureau of Consumer Services (jmagee@pa.gov)
 Louise Fink Smith, Esq., Law Bureau (finksmith@pa.gov)
 Erin Tate, Esq. (etate@pa.gov)
 Karen Thorne, Law Bureau (kathorne@pa.gov)
RA-PCLAW-LIURP@pa.gov
ra-pcpcregreview@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Initiative to Review and Revise the :
Existing Low-Income Usage Reduction :
Program (LIURP) Regulations at : Docket No. L-2016-2557886
52 Pa. Code §§ 58.1—58.18 :

**UGI UTILITIES, INC.
COMMENTS TO THE NOTICE OF
PROPOSED RULEMAKING ORDER**

I. INTRODUCTION

On May 18, 2023, the Pennsylvania Public Utility Commission (“Commission”) entered a Notice of Proposed Rulemaking (“NOPR”)¹ in Docket No. L-2016-2557886, proposing revisions to the Low-Income Usage Reduction Program (“LIURP”) regulations at 52 Pa. Code §§ 58.1-58.18. This NOPR is a continuation of a Commission effort, which began in 2016, “to ensure that the [LIURP] regulations are fostering fair, effective, and efficient energy usage reduction programs.”² Appropriate revisions will (1) adapt to a changing energy landscape; (2) incorporate benefits from technological improvements; and (3) coordinate with state energy reduction program goals.³ UGI Utilities, Inc. – Gas and Electric Division (collectively referred to herein as “UGI” or the “Company”) notes that the implementation of these goals must be “subject to the administrative oversight of the Commission, which must ensure that the utilities run the programs in a cost-effective manner and that services are

¹ See *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (“LIURP”) Regulations at 52 Pa. Code §§ 58.1-58.18*, Docket No. L-2016-2557886 (NOPR entered May 18, 2023).

² NOPR at 8.

³ *Id.*

appropriately funded and available in each utility distribution territory.”⁴ Accordingly, UGI provides the following comments in response to the NOPR.

At the outset, UGI expresses its support for the comments filed by the Energy Association of Pennsylvania (“EAP”). UGI’s comments to this NOPR supplement those filed by EAP (“EAP Comments”). Specifically, UGI agrees with EAP that the proposed enhancements should remain focused on furthering the purpose of LIURP, which is “to establish fair, effective and efficient energy usage reduction programs for [public utilities’] low income customers” in a cost-effective manner, as those costs will ultimately pass to non-low-income customers. 52 Pa. Code § 58.1. It also should be understood that increased expenses for LIURP enhancements should not shift budget dollars away from other Universal Service programs, which provide important benefits to low-income customers.

II. COMMENTS

A. Proposed Revisions to Section 58.1. Statement of Purpose.

UGI agrees with EAP’s comments regarding this section, and, as a result, generally supports the Commission’s proposed revisions to Section 58.1. UGI recommends removing the final sentence in Section 58.1, which states “[a] reduction in the residential demand for energy can also result in cost reductions related to the purchase of fuel or of power for all customers.” The purpose of LIURP is to reduce the energy usage of low-income customers, not to reduce the cost of wholesale electric market prices. Furthermore, there are many factors that can influence increases or decreases in fuel or power costs. Additionally, there are many factors impacting the effect that weatherization has on energy bills (e.g., CAP enrollment, payment plans, household

⁴ See *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907 (Opinion and Order entered April 6, 2017) at p. 2.

occupant changes). Therefore, it would be most appropriate if the purpose section remains focused on the reduction of energy usage for low-income customers.

B. Proposed Revisions to Section 58.2. Definitions.

While UGI generally supports the proposed revisions to the definitions, the following recommendations are made to provide clarity or to effectuate the underlying purpose of LIURP.

Administrative costs

UGI requests that “Information Technology,” be included after the comma following “administration” and before “secretarial” to the proposed definition of “administrative costs.” Information technology investments will be required to implement many of the NOPR Order’s proposed regulatory changes and it would be appropriate to afford utilities current and timely cost recovery of those costs.

CAP – Customer Assistance Program

UGI recommends revising the proposed definition for “CAP” to align with the description set forth in the CAP Policy Statement at 52 Pa. Code § 69.261, such that the definition in 52 Pa. Code § 58.2 will read:

An alternative program to traditional collection methods applicable to participating low-income customers who make monthly payments for an amount that is less than the current tariff bill for utility service, including pre-program arrearages, in exchange for continued provision of service.

CARES – Customer Assistance and Referral Evaluation Services

The Company recommends that the definition for “CARES” be consistent with the existing Universal Service and Energy Conservation (“USECP”) reporting regulations at 52 Pa. Code §§ 54.72 and 62.2. Those sections define CARES as:

“A program that provides a cost-effective service that helps selected, payment-troubled customers maximize their ability to pay utility bills. A CARES program provides a

casework approach to help customers secure energy assistance funds and other needed services.”

Accordingly, UGI recommends that the proposed definition for CARES in Section 58.2 be revised to read “CARES – as defined in 52 Pa. Code § 54.72 (for electric distribution companies) and 52 Pa. Code § 62.2 (for natural gas distribution companies).”

CBO – Community-based organization

UGI recommends revising the definition for “CBO” to state “organizations that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption or otherwise assist low-income customers to afford electric service.” This definition aligns with the existing language in 66 Pa. C.S. §§ 2084(9) and 2203(a), which encourages electric and gas utilities to use CBOs in their universal service programs.

De facto heating

UGI proposes a minor revision to the definition of “de facto heating.” UGI recommends replacing the reference to “portable heaters” with “portable space heaters.” Including space heaters in the definition will better align with the definition for “eligible customer,” which refers to space-heating. Additionally, there is no further reference to portable heaters in the proposed regulations.

ESP – Energy service provider

The proposed definition for “energy service provider” states “[a] n organization, contractor, subcontractor, or public utility representative responsible for providing program services on behalf of a public utility.” UGI proposes adding some context explaining how ESPs provide services related to LIURP. The definition could be expanded to state that ESPs perform LIURP and/or other Universal Services on behalf of public utilities (e.g., energy audits, installation of

conservation measures, education). Doing so would align the definition of ESP with the proposed definition of “LIURP job.”

Hardship Fund

The proposed definition of “Hardship Fund” seems to broaden its application beyond its original construction, which was to make funds available to qualifying households to assist in the payment of outstanding energy bills. The proposed definition may envision that these funds be adequate to restore service or stop service terminations. However, available Hardship grants are not always enough to restore service or stop terminations based on the balance owed. Therefore, UGI recommends that the definition be revised to change the reference from “public utility debt” to “energy bills.” Accordingly, UGI recommends the following definition for “hardship fund:”

Hardship Fund – A voluntary universal service program, as approved by the Commission, that provides cash assistance to help eligible customers pay *energy bills, which may be applied to amounts relative to termination and restoration requirements.*

Health and safety measure

Here, the Commission proposes a new definition – “health and safety measure,” which states: “Health and safety measure – A program measure or repair necessary to maintain and protect the physical well-being and comfort of an occupant of a dwelling or an ESP, or both.”

This definition is broad and should include a focus on the intent of the LIURP program, which is to reduce energy usage of low-income households. As such, UGI would recommend the definition be modified to state that a health and safety measure is “a program measure or repair necessary to maintain and protect the physical well-being and comfort of an occupant of a dwelling or an ESP, or both, that is performed as part of other LIURP measures which will reduce energy usage for eligible customers.” Additionally, the proposed NOPR Order includes examples of

health and safety measures in this section that include knob and tube wiring replacement, mold, asbestos, and moisture remediation. These example measures are normally very costly to implement and, in many instances, would be highly detrimental to the cost/benefit of LIURP programs. To maintain cost controls and to ensure that the program remains focused on energy reduction, UGI recommends adopting a 25% spending limit for health and safety measures on LIURP projects in order to ensure the base goal of usage reduction remains the primary focus of LIURP activities.

Impact evaluation

The proposed definition for “impact evaluation” states “[a]n evaluation that focuses on the degree to which a universal service program achieves the continuation of utility service to program participants at a reasonable cost and otherwise meets program goals.” The proposed definition should be revised to replace “universal service program” with “LIURP” in order to maintain consistency with the purpose of the NOPR Order.

LIURP – Low-Income Usage Reduction Program

The Company recommends that the proposed definition of “LIURP – Low-Income Usage Reduction Program” be consistent with the definitions found in 52 Pa. Code §§ 54.72 and 62.2, which already define LIURP, and, as a result, should state “[a] universal service program, as approved by the Commission, that helps eligible customers to conserve energy and reduce residential energy bills.” Alternatively, the proposed definition for LIURP could state “as defined in 52 Pa. Code § 54.72 (for Electric Distribution Companies (“EDC”)) and 62.2 (for Natural Gas Distribution Companies (“NGDC”)).”

LIURP budget

To provide clarity to the proposed definition for “LIURP budget,” the Company recommends that “as specified in 52 Pa. Code § 58.4” be included after “services” and before “in” and be offset with commas.

LIURP job

To provide clarity, UGI recommends that the phrase “efficiency of” be included after “the” and before “dwelling” for the proposed definition of “LIURP job.” UGI also recommends that “of the LIURP job” be added after “completion.”

Payment-troubled customer

The NOPR Order proposes defining a “payment-troubled customer” as one “who has an arrearage or has failed to maintain one of more payment arrangements in a one-year period.”

The Company proposes that the definition for “payment-troubled customer” be consistent with the definition of “payment troubled” found in 52 Pa. Code §§ 54.72 and 62.2, and, as such, be replaced with “a customer who has failed to maintain one or more payment arrangements in a 1-year period.” UGI questions if the inclusion of criteria based on an arrearage is appropriate given that, historically, the number of payments received after term notices or reconnections made after term are very material and significant in number. This indicates that the arrearage is not indicative of an inability to pay or that such customers are not payment troubled.

Program measure

To add clarity, the Company recommends that “designed to reduce energy consumption” be included after “dwelling” and before “under” to the proposed definition of “program measure.”

Program service

To add clarity, to the proposed definition of “program service,” UGI requests that “to administer or implement a program measure” be added after “ESP” and before “under.”

Universal service programs

To be consistent with existing statutory language, UGI proposes that the definition of “Universal Service Programs” reference the existing definitions in 66 Pa. C.S. §§ 2202 (for NGDCs) and 2803 (for EDCs). This will avoid any confusion or conflicts between the existing definitions and the newly proposed one.

Weatherization

To add clarity to the proposed definition of “weatherization,” the Company recommends that “improve” replace “optimize” and “weather related or weather dependent” be included after “reduce” and before “energy.”

B. Proposed Revisions to Section 58.4. LIURP budgets.

UGI generally supports the proposed revisions and EAP’s comments to this section except where stated herein. More specifically, the Company strongly supports the proposal that LIURP budgets only be revised in a USECP proceeding, and, as a result, recommends including the word “only” in subsection (c). UGI also agrees with EAP’s Comments regarding the required factors to be considered when setting the LIURP budget.⁵

Proposed Section 58.4(c) requires LIURP budget adjustments for the number of confirmed low-income customers and estimated low-income customers at certain FPIG levels. Consistent with the budget amounts being expanded in anticipation of greater number of estimated low-income customers being identified for LIURP services, the Commission should be clear in adding

⁵ EAP Comments at 12-13.

a specific requirement that prior to receipt of LIURP services, estimated low-income customers should be required to provide the utility with proof of low-income status before receiving weatherization measures. This approach is similar to the Pennsylvania Department of Community and Economic Development's ("DCED") Weatherization Assistance Program ("WAP") program requirements and would also then serve to increase the number of confirmed low-income customers who may be targeted for CAP enrollment and other universal service program assistance.

Regarding the requirement in proposed Section 58.4(d.1) that unspent LIURP funds automatically rollover each year, the Company believes this requirement should be removed from the LIURP regulations. Effective budget management requires a showing that there is a need to rollover (or carryforward) unspent dollars and an ability to spend them. Moreover, the proposed requirement is too prescriptive and fails to consider spending limitations including, but not limited to, resource constraints and the ability to access dwellings to perform weatherization measures. Additionally, rolling unspent funds to the following year does not necessarily mean that the utility will be able to spend its entire LIURP budget for that year with the added unspent dollars from the prior year – thereby compounding unspent funds.

C. Proposed Revisions to Section 58.8. Tenant household eligibility.

UGI generally supports the proposed revisions to this section and suggests that "baseload measures" as included in subsection (a)(2) be replaced with "baseload measures not requiring landlord permission." This clarification will ensure only appropriate baseload measures are considered.

UGI also requests that proposed Section 58.8(c) be removed from the proposed revisions to the LIURP regulations, which states that a utility may require a landlord to freeze rent unless

the increase is related to matters other than the installation of LIURP measures or that the tenant will not be evicted. Utilities are not well-positioned to monitor and enforce these provisions. Moreover, such a provision may only serve to harm tenants who otherwise stand to benefit from LIURP measures that could be performed but may not be due to landlord reluctance to enter into such difficult to negotiate or administer agreements. While UGI understands the intent of this optional regulation, UGI believes the many variables related to effectuating the intent are not properly addressed in this proceeding.

D. Proposed Revisions to Section 58.15. LIURP reporting and evaluation.

UGI proposes removing the reporting requirements included in this section. New reporting requirements associated with this NOPR Order should be added to the regulations at 52 Pa. Code §§ 54.75 (for EDCs) and 62.5 (for NGDCs).

III. COST COMPLIANCE WITH THE PROPOSED AMENDMENTS AND TIMELINES.

- A. Identify the benefits and adverse effects of proposed amendments, including costs and cost savings. Explain how you arrived at your estimates.

The proposed revisions included in the NOPR Order would include a level of expanded benefits that will be available to LIURP participants. However, in order to comply with the proposed revisions, the Company will incur significant costs. The Company has not performed a detailed cost analysis but has estimated that the total cost for the various provisions would amount to \$1,000,000 to \$3,000,000.

- B. Quantify the specific costs, savings, or both, to a public utility anticipated to be associated with compliance with the proposed amendments. Your comments should provide details in terms of administering a LIURP. If you wish to address this in terms of the cost of providing LIURP services, that information must be set out separately from the cost of administration. Explain how you arrived at your estimates.

The ability to calculate savings depends on a whole host of variables, including, but not limited to, approved USECP budget amounts, ESP contract and materials costs, the willingness of customers to let utilities into their homes, increases to the number of occupants (or even pets) in a dwelling post-weatherization, the number and types of appliances used in the dwelling, and participation in other Universal Service programs. It is also important to understand that available ESP contractors perform weatherization services for the state under the WAP program. Contractors may receive greater funds from a WAP project, as compared to a LIURP project. That may impact the number of dwellings that an ESP performs under the LIURP program.

In addition, compliance with the proposed amendments would result in a significant increase in training measures. This would apply to UGI’s call center team, the Universal Service Program team, CBOs, and LIURP agencies. The initial estimate, based on historic data associated with change management efforts for other system and program changes is \$30,000 to \$50,000. The compartmentalized breakdown of such is as follows:

Training Internal Employees - \$26,000 (see chart below).

<u>Role</u>	<u># of Reps</u>	<u>Hourly*</u>	<u># of Hours Training</u>	<u>Cost for Training</u>
CCR 1	55	\$ 22.84	4	\$ 5,024.04
CCR 2	49	\$ 26.01	4	\$ 5,097.88
CC Supervisor	6	\$ 49.66	4	\$ 1,191.92
Third Party Call Center**	75	\$ 26.01	4	\$ 7,802.88
Customer Care Trainer	6	\$ 29.57	4	\$ 709.62
Outreach Rep III	6	\$ 26.01	20	\$ 3,121.15
Outreach Rep 1	3	\$ 20.14	20	\$ 1,208.65
Sr Outreach Rep	2	\$ 29.57	20	\$ 1,182.69
Outreach Admin	1	\$ 35.96	10	\$ 359.62
				\$ 25,698.46

*Based on midpoint of salary range

**Used CCR2 as average; 75 includes managers, QA coordinators, etc.

Training Contractors - \$25,000 to \$30,000, based on historical training costs for agencies.

Remediation and/or Removal of Mold, Asbestos or Knob and Tubing Wiring:

The Company would have to hire contractors with this expertise. The Data below is based on national averages and applied to UGI's Gas Division's weatherized projects for CY2023. In 2023, UGI Gas weatherized 500 homes. If 5% of those homes (25 homes) had:

- Mold: the cost for LIURP services would be \$125,000. This is based mold removal work costing \$5.00 per square foot on average, so 1,000 square foot home = \$5,000.⁶
- Asbestos: the cost for LIURP services would be \$52,500. This is based remediation/removal work costing \$5 to \$20 per square foot, so the average cost would be \$2,100 per home.⁷
- Knob and Tube Wiring: the average cost would be \$24,300 per home, so the total would be \$607,500.⁸
- Any and all of the above does not produce energy usage reduction. Instead, it reduces the number of weatherized homes by 98 jobs, or 20% of total gas current weatherization jobs (\$785,000 total for remediation / \$8,000 max per LIURP job).

Hiring Separate ESP to Perform Audits: This will increase program costs and require significant coordination efforts between customers and agencies to ensure compliance.

- C. Explain the additional legal, accounting, consulting, reporting, recordkeeping, and other work that would be involved in complying with the proposed regulations.

Full compliance with the proposed amendments and timelines will require additional legal, accounting, and consulting work to make sure the Company is situated to adhere to the proposed regulations. The Company has not performed a detailed analysis that would identify all related changes and costs but reserves the right to supplement these comments with related details.

IV. QUESTIONS A-E REGARDING ACCOUNTS WITH HIGH ARREARAGES

The Company strongly supports EAP's Comments to the additional questions in the NOPR Order regarding accounts with high arrearages.

⁶ <https://www.forbes.com/home-improvement/home/mold-remediation-removal-costs/>.


⁷ <https://www.forbes.com/home-improvement/home/asbestos-removal-cost/>.

⁸ <https://www.bobvila.com/articles/knob-and-tube-wiring-replacement-cost/>.

V. CONCLUSION

The Company appreciates the opportunity to provide its Comments to the NOPR Order. UGI supports LIURP and its focused effort to reduce residential energy usage for low-income customers. The Company is committed to continuing to support such programs that effectively achieve these goals while not placing additional costs or burdens on its non-LIURP customers. As stated throughout its Comments, the Company generally supports EAP's Comments and appreciates its efforts to submit such to the Commission in this proceeding on behalf of its member public utilities.

Respectfully submitted,



Michael S. Swerling, Esq. (PA ID # 94748)
Timothy K. McHugh, Esq. (PA ID # 317906)
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
Phone: (717) 255-1491
Email: SwerlingM@ugicorp.com
MchughT@ugicorp.com

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