Report on 2003

Universal Service Programs & Collections Performance

of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies

Pennsylvania Public Utility Commission
Bureau of Consumer Services

1. Introduction

This *Report on 2003 Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies* is the Pennsylvania Public Utility Commission's fourth annual summary report on the universal service and collection performance of the six largest electric distribution companies (EDCs). In addition, for the second time, all of the major natural gas distribution companies (NGDCs) serving over 100,000 customers, with the exception of the Philadelphia Gas Works (PGW), are included in the report. The report presents the data submitted to the Commission pursuant to 52 Pa. Code Sections 54.75 and 62.5, *Universal Service and Energy Conservation Reporting Requirements* (USRR). This data will assist the Commission in monitoring the progress of the EDCs and NGDCs in achieving universal service in their respective service territories.

On Dec. 3, 1996, the Electricity Generation Customer Choice and Competition Act (Act), 66 Pa. C.S. §§ 2801-2812, was enacted. The Natural Gas Choice and Competition Act, 66 Pa. C.S. Chapter 22, was passed on June 22, 1999. In opening up the electric generation and natural gas supply markets to competition, the General Assembly was concerned about ensuring that electric and natural gas service remained universally available to all customers in the state. Consequently, both Acts contain provisions relating to universal electric and gas service.

Specifically, both Acts require the Commonwealth to maintain, at a minimum, the protections, policies and services that assist customers who are low income to afford electric and gas service, 66 Pa. C.S. §§ 2803(7), §§ 2802(10). The Acts also require the Commission to ensure that universal service and energy conservation policies are appropriately funded and available in each electric and natural gas distribution territory, 66 Pa. C.S. §§ 2803(8), §§ 2804(9). To assist the Commission in fulfilling its universal service obligations, the Commission established standard reporting requirements for universal service and energy conservation for both the EDCs and the NGDCs, 52 Pa. Code §§ 54.71–54.78, §§ 62.1-62.8. The Commission adopted final rulemakings that established the *Universal Service and Energy Conservation Reporting Requirements* (USRR) for EDCs on April 30, 1998, and for the NGDCs on June 22, 2000. Upon publication in the Pennsylvania Bulletin, the EDC regulations became effective Aug. 8, 1998, and the NGDC regulations became effective Dec. 16, 2000.

The instant summary report is based primarily on 52 Pa. Code Sections 54.75 and 62.5 relating to annual residential collection and universal service and energy conservation program reporting requirements. The utilities covered by these reporting requirements are Allegheny Power, Duquesne Light, Metropolitan Edison - a FirstEnergy Company, PECO-Electric, Pennsylvania Electric - a FirstEnergy Company, Penn Power

- a FirstEnergy Company, PPL, Columbia, Dominion Peoples, Equitable, NFG, PG Energy, PECO-Gas and UGI-Gas.

The EDCs began reporting the required data to the Commission on April 1, 2001, for the reporting year 2000. The NGDCs began reporting the data on April 1, 2003, for the reporting year 2002. Upon receipt of the data for the instant report, the Commission's Bureau of Consumer Services (BCS) followed similar procedure as in past years by conducting a data-cleaning and error-checking process that continued through August. This process included both written and verbal dialogue between BCS and the companies. Uniformity issues were uncovered in this process and are documented in various tables, charts and appendices. These issues are also discussed in more detail in later chapters.

Some companies filed petitions for waivers in regard to data that is either unavailable or not in compliance with the regulations. Unavailable data is clearly labeled as such in all tables and charts. The data labeled "unavailable" is the result of the Commission granting the companies a waiver from the requirement to submit that data. Variations in the data either appear as a footnote to tables and charts, or are referenced and documented in the appropriate appendix. The BCS will continue to work with the companies to obtain uniform data that fully complies with the regulations.

The report is organized into chapters and sections in the following order: Collection, Universal Service Program Demographics, Low Income Usage Reduction Programs (LIURP), Customer Assistance Programs (CAP), Customer Assistance and Referral Evaluation Services (CARES), and Hardship Funds. Each chapter includes an introduction, a discussion of the data elements, definitions where necessary, data tables and charts. Multi-year analyses are shown in a number of the tables in the collection and programs' chapters where this type of presentation format supports the intended analysis in a meaningful way.

Prior to 2002, the BCS had also been reporting some of the data found in the instant report in the annual report the BCS prepares entitled *Utility Consumer Activities Report and Evaluation* (UCARE). Beginning with 2002 data, the BCS has eliminated universal service data from UCARE for both electric and natural gas distribution companies. Thus, for the second time, the report includes data for both electric and natural gas companies.

Treatment of PECO Data

PECO serves three types of customers: those who receive only electric service (Electric Only); those who receive both electric and natural gas service (Combination/ Electric and Gas), and those who receive only natural gas service (Gas Only). For the first time, PECO is reporting electric and natural gas data separately. In order to split the second group (Combination/Electric and Gas) for some of the data variables, PECO used an allocation factor previously approved by the Commission during PECO's management audit of July 1999. This allocation factor splits the Combination group into 89 percent electric and 11 percent natural gas. However, for other data variables PECO did not apply the allocation method. Instead, PECO chose to include the Combination group in both the electric and natural gas totals.

Treatment of the FirstEnergy Companies

Beginning with 2003 data, FirstEnergy has advised BCS to report Metropolitan Edison (Met-Ed) and Pennsylvania Electric (Penelec) as separate companies. Prior to 2003, BCS reported these two companies combined under the company name GPU. The third FirstEnergy Company is Penn Power, and Penn Power has always been treated as a separate company.

Treatment of Philadelphia Gas Works (PGW)

The Philadelphia Gas Works will fall under the Universal Service Reporting Requirements for NGDCs beginning with the year 2004. The reporting date for 2004 data is April 1, 2005. The Bureau will include PGW in the 2004 Universal Service Report next year.

2. Collection

The regulations require the EDCs and NGDCs to report various residential collection data including the number of residential customers, the number of accounts in arrears and on a payment arrangement, the number of accounts in arrears and not on a payment arrangement, the dollars owed by these two groups of overdue customers, the number of terminations, the number of reconnections, gross residential write-offs, total annual billings (revenues), and the annual collection operating expenses.

The instant summary report reviews each of these collection measures by reporting the raw data itself and uses the data to arrive at calculated variables that are more useful in analyzing collection performance. All of the data and statistics used in this chapter are drawn from information submitted to the BCS by the companies.

It is also important to note that we have reflected both the number of confirmed low-income customers and the number of estimated low-income customers in a utility's given service territory in this chapter. A low-income customer is defined as a customer whose household income is at or below 150 percent of the federal poverty guidelines. See Appendix 3 for the 2003 federal poverty guidelines. A confirmed low-income customer is a customer whose gross household has been verified as meeting the stated federal poverty guidelines. Most household incomes are verified through the customer's receipt of a LIHEAP grant or determined during the course of making a payment arrangement. On the other hand, the number of estimated low-income customers is the company's approximation of its total universe of low-income customers.

Number of Residential Customers

The number of residential customers reported in the following table represents an average of the 12 months of month-end data reported by the companies. The data includes all residential customers, including universal service program recipients.

Number of Residential Electric Customers

Company	Number of Residential Customers
Allegheny	597,706
Duquesne	526,288
Met-Ed	452,026
PECO-Electric	1,397,781
Penelec	503,269
Penn Power	136,429
PPL	1,148,302
Total	**4,761,801**

Number of Residential Natural Gas Customers

Company	Number of Residential Customers
Columbia	353,348
Dominion	322,795
Equitable	235,736
NFG	195,306
PECO-Gas	418,464
PG Energy	139,384
UGI-Gas	262,816
Total	**1,927,849**

Number of Confirmed Low Income Electric Customers

Company	Number of Confirmed Low Income Customers	Percent of Customers
Allegheny	28,718	4.8%
Duquesne	29,401	5.6%
Met-Ed	25,543	5.7%
PECO-Electric	203,800	14.6%
Penelec	41,181	8.2%
Penn Power	10,811	7.9%
PPL	125,640	10.9%
Total	**465,094**	**9.8%**

Number of Confirmed Low Income Natural Gas Customers

Company	Number of Confirmed Low income Customers	Percent of Customers
Columbia	68,806	19.5%
Dominion	57,697	17.9%
Equitable	Not Available	Not Available
NFG	23,038	11.8%
PECO-Gas	34,252	8.2%
PG Energy	25,286	18.1%
UGI-Gas	Not Available	Not Available

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Number of Estimated Low Income Electric Customers

Company	Number of Estimated Low income Customers	Percent of Customers
Allegheny	129,044	21.6%
Duquesne	99,747	19.0%
Met-Ed	66,094	14.6%
PECO-Electric	229,591	16.4%
Penelec	118,024	23.5%
Penn Power	28,119	20.6%
PPL	200,500	17.5%
Total	**871,119**	**18.3%**

Number of Estimated Low Income Natural Gas Customers

Company	Number of Estimated Low income Customers	Percent of Customers
Columbia	72,584	20.5%
Dominion	68,188	21.1%
Equitable	47,851	20.3%
NFG	42,802	21.9%
PECO-Gas	34,307	8.2%
PG Energy	29,284	21.0%
UGI-Gas	39,930	15.2%
Total	**334,946**	**17.4%**

Termination and Reconnection of Service

Termination of utility service is the most serious consequence of customer nonpayment. The BCS views termination of utility service as a utility's last resort when customers fail to meet their payment obligations. The termination rate allows the reader to compare the termination activity of utilities with differing numbers of residential customers. The termination rate is calculated by dividing the number of service terminations by the number of residential customers. Any significant increase in a termination rate would indicate a trend or pattern that the Commission may need to investigate.

Reconnection of service occurs when a customer either pays his/her debt in full or makes a significant up-front payment and agrees to a payment agreement for the balance owed to the company. The ratio of reconnections to terminations is obtained by dividing the number of reconnections by the number of terminations. The result is generally indicative of how successful customers whose service has been terminated are at getting service reconnected.

Terminations and Reconnections – Residential Electric Customers

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny	597,706	9,941	4,857	1.66%	49%
Duquesne	526,288	9,138	5,328	1.74%	58%
Met-Ed	452,026	3,552	1,359	0.79%	38%
PECO-Electric	1,397,781	42,348	28,195	3.03%	67%
Penelec	503,269	5,247	1,869	1.04%	36%
Penn Power	136,429	1,110	344	0.81%	31%
PPL	1,148,302	8,174	3,423	0.71%	42%
Total	**4,761,801**	**79,510**	**44,694**	**1.67%**	**57%**

Terminations and Reconnections – Residential Natural Gas Customers

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	353,348	6,153	4,520	1.74%	73%
Dominion	322,795	6,183	2,394	1.92%	39%
Equitable	235,736	11,106	6,496	4.71%	58%
NFG	195,306	6,051	2,720	3.10%	45%
PECO-Gas	418,464	11,087	7,519	2.65%	68%
PG Energy	139,384	4,547	2,882	3.26%	63%
UGI-Gas	262,816	10,409	3,589	3.96%	34%
Total	**1,927,849**	**55,536**	**30,120**	**2.88%**	**54%**

Terminations and Reconnections –
Confirmed Low Income Electric Customers

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny	28,718	2,141	2,114	7.46%	99%
Duquesne	29,401	3,543	2,767	12.05%	78%
Met-Ed	25,543	1,515	608	5.93%	40%
PECO-Electric	203,800	17,888	11,959	8.78%	67%
Penelec	41,181	2,806	1,090	6.81%	39%
Penn Power	10,811	612	212	5.66%	35%
PPL	125,640	3,959	2,059	3.15%	52%
Total	**465,094**	**32,464**	**20,809**	**6.98%**	**64%**

Terminations and Reconnections –
Confirmed Low Income Natural Gas Customers

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	68,806	3,438	2,687	5.00%	78%
Dominion	57,697	4,248	1,532	7.36%	36%
Equitable	Not Available	Not Available	Not Available	Not Available	Not Available
NFG	23,038	3,550	1,663	15.41%	47%
PECO-Gas	34,252	4,376	2,952	12.78%	67%
PG Energy	25,286	2,607	1,639	10.31%	63%
UGI-Gas	Not Available	Not Available	Not Available	Not Available	Not Available

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Number of Customers in Debt

There are two categories for reporting customers who are overdue or in debt to the companies. The first category includes customers who are on a payment agreement and the second category includes customers who are not on a payment agreement. The first category includes both the BCS payment arrangements (PARs) and utility payment arrangements. The number of customers in debt is affected by many factors, including, but not limited to, customer income level and ability to pay, company collection practices, and the size of customer bills.

The category that a customer in debt falls into depends upon the factors listed above as well as the notable addition of company collection policies. These policies include various treatments for different customer income levels.

It is important to note that one of the stated purposes of the Chapter 56 regulations at 52 Pa. Code § 56.1 is to "provide functional alternatives to termination." In 52 Pa. Code § 56.97, one of the methods of avoiding termination is to enter into a payment agreement. Also, the fact that a customer has entered into a payment agreement means that the customer is aware of the outstanding debt, has acknowledged this to the utility and has agreed to a plan to address the debt.

There are two factors which affect the uniformity of the data reported regarding the number of overdue customers and the dollars in debt that are associated with these customers. First, companies use different methods for determining when an account is overdue. Companies consider either the due date of the bill or the transmittal date of the bill to be day zero. The transmittal date is 20 days before the due date. The BCS requested the companies to consider the due date as day zero and to report debt that is at least 30 days overdue.

Duquesne Light, GPU, Columbia, PG Energy and UGI-Gas reported according to the method requested by BCS. The variance among the other EDCs and NGDCs shows a difference of no more than 20 days from the BCS method. Allegheny Power, Penn Power, PECO Electric and Gas, Dominion Peoples, Equitable and NFG report debt that is only 10 days old instead of 30 days old. Thus, each of these companies is overstating its debt compared to companies that reported debt as 30 days overdue. On the other hand, PPL reports debt that is 40 days old instead of 30 days old. PPL is understating its debt relative to the other companies. See Appendix 1 for company specific information on this issue.

The second factor that affects the uniformity of the arrearage data is the determination of when a company moves a terminated account or a discontinued account from active status (included in the reporting) to inactive status (excluded from the reporting). Company collection policies and accounting practices affect the timing. The differences in the amount of time it takes each company to move accounts from active status to inactive status is reported in Appendix 2.

Customer Assistance Program (CAP) recipients are excluded from all data tables that reference the number of customers in debt, the dollars in debt and gross residential write-offs.

Number of Residential Electric Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Allegheny	4,332	30,089	34,421
Duquesne	12,025	18,988	31,013
Met-Ed	23,739	26,906	50,645
PECO-Electric	20,719	87,675	108,394
Penelec	28,346	31,899	60,245
Penn Power	5,566	9,257	14,823
PPL	27,268	95,108	122,376
Total	**121,995**	**299,922**	**421,917**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Residential Natural Gas Customers in Debt

	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Columbia	7,956	15,360	23,316
Dominion	9,940	31,113	41,053
Equitable	10,445	30,184	40,629
NFG	5,926	7,110	13,036
PECO-Gas	4,730	18,637	23,367
PG Energy	3,800	11,263	15,063
UGI-Gas	5,560	28,991	34,551
Total	**48,357**	**142,658**	**191,015**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Confirmed Low Income Electric Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Allegheny	1,304	1,843	3,147
Duquesne	1,885	3,073	4,958
Met-Ed	15,529	3,501	19,030
PECO-Electric	13,048	19,456	32,504
Penelec	21,539	5,480	27,019
Penn Power	3,993	2,392	6,385
PPL	17,553	31,171	48,724
Total	**74,851**	**66,916**	**141,767**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Confirmed Low Income Natural Gas Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Columbia	1,551	2,995	4,546
Dominion	7,140	12,945	20,085
Equitable	Not Available	Not Available	Not Available
NFG	3,064	2,239	5,303
PECO-Gas	2,501	2,640	5,141
PG Energy	1,988	5,077	7,065
UGI-Gas	Not Available	Not Available	Not Available

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Percent of Customers in Debt

The percent of customers in debt is a useful statistic that supports the need for EDCs and NGDCs to implement universal service programs. A company with a low percent of its residential customers in debt will experience better cash flow and have a better credit rating than one with a high percentage of its residential customers in debt.

The percentage of customers in debt is calculated by dividing the number of customers in debt by the total number of residential customers. This calculation is done for both groups of customers in debt; that is, for those on a payment agreement and those not on a payment agreement.

Percent of Residential Electric Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Allegheny	1%	5%	6%
Duquesne	2%	4%	6%
Met-Ed	5%	6%	11%
PECO-Electric	2%	6%	8%
Penelec	6%	6%	12%
Penn Power	4%	7%	11%
PPL	2%	8%	10%
Total	**3%**	**6%**	**9%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Residential Natural Gas Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Columbia	2%	4%	6%
Dominion	3%	10%	13%
Equitable	4%	13%	17%
NFG	3%	4%	7%
PECO-Gas	1%	5%	6%
PG Energy	3%	8%	11%
UGI-Gas	2%	11%	13%
Total	**3%**	**7%**	**10%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Confirmed Low Income Electric Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Allegheny	5%	6%	11%
Duquesne	6%	11%	17%
Met-Ed	61%	14%	75%
PECO-Electric	6%	10%	16%
Penelec	52%	13%	65%
Penn Power	37%	22%	59%
PPL	14%	25%	39%
Total	**16%**	**14%**	**30%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Confirmed Low Income Natural Gas Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Columbia	2%	4%	6%
Dominion	12%	23%	35%
Equitable	Not Available	Not Available	Not Available
NFG	13%	10%	23%
PECO-Gas	7%	8%	15%
PG Energy	8%	20%	28%
UGI-Gas	5%	Not Available	Not Available

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Residential Customer Debt in Dollars Owed

The amount of money in debt has an impact on company expenses. The specific expense category is called "Cash Working Capital" and is part of a company's distribution charge.

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny	$3,254,282	$8,977,348	$12,231,630
Duquesne	$8,702,089	$6,843,164	$15,545,253
Met-Ed	$15,134,389	$5,005,041	$20,139,430
PECO-Electric	$8,101,314	$20,016,743	$28,118,057
Penelec	$15,733,362	$4,668,113	$20,401,475
Penn Power	$4,302,454	$2,053,962	$6,356,416
PPL	$14,898,436	$34,022,028	$48,920,464
Total	**$70,126,326**	**$81,586,399**	**$151,712,725**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt – Residential Natural Gas Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Columbia	$7,089,553	$2,730,428	$9,819,981
Dominion	$6,222,257	$11,195,812	$17,418,069
Equitable	$8,860,385	$7,857,960	$16,718,345
NFG	$2,304,326	$2,468,374	$4,772,700
PECO-Gas	$2,373,835	$5,251,981	$7,625,816
PG Energy	$1,713,915	$3,040,385	$4,754,300
UGI-Gas	$2,012,679	$3,580,595	$5,593,274
Total	**$30,576,950**	**$36,125,535**	**$66,702,485**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt – Confirmed Low Income Electric Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny	$1,229,041	$1,190,995	$2,420,036
Duquesne	$1,684,222	$3,243,819	$4,928,041
Met-Ed	$10,305,081	$1,013,727	$11,318,808
PECO-Electric	$5,166,726	$5,445,711	$10,612,437
Penelec	$12,366,972	$1,230,179	$13,597,151
Penn Power	$3,181,135	$633,036	$3,814,171
PPL	$10,231,287	$16,458,453	$26,689,740
Total	**$44,164,464**	**$29,215,920**	**$73,380,384**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt – Confirmed Low Income Natural Gas Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Columbia	$1,382,463	$532,443	$1,914,896
Dominion	$4,629,093	$7,080,990	$11,710,083
Equitable	Not Available	Not Available	Not Available
NFG	$1,275,559	$1,078,256	$2,353,815
PECO-Gas	$1,267,621	$1,060,680	$2,328,301
PG Energy-Energy	$981,509	$1,775,513	$2,757,022
UGI-Gas	Not Available	Not Available	Not Available

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Percent of Total Dollars Owed – on an Agreement vs. Not on an Agreement

The percent of dollars owed in the two reporting categories is calculated by dividing the total dollars owed in a category by the overall total dollars owed.

Percent of Debt on an Agreement – Residential Electric Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny	27%	73%
Duquesne	56%	44%
Met-Ed	75%	25%
PECO-Electric	29%	71%
Penelec	77%	23%
Penn Power	68%	32%
PPL	30%	70%
Total	**46%**	**54%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Debt on an Agreement – Residential Natural Gas Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Columbia	72%	28%
Dominion	36%	64%
Equitable	53%	47%
NFG	48%	52%
PECO-Gas	31%	69%
PG Energy	36%	64%
UGI-Gas	36%	64%
Total	**46%**	**54%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Debt on an Agreement – Confirmed Low Income Electric Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny	51%	49%
Duquesne	34%	66%
Met-Ed	91%	9%
PECO-Electric	49%	51%
Penelec	91%	9%
Penn Power	83%	17%
PPL	38%	62%
Total	**60%**	**40%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Debt on an Agreement – Confirmed Low Income Natural Gas Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Columbia	72%	28%
Dominion	40%	60%
Equitable	Not Available	Not Available
NFG	54%	46%
PECO-Gas	54%	46%
PG Energy	36%	64%
UGI-Gas	Not Available	Not Available

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Average Arrearage

Average arrearage is calculated by dividing the total dollars in debt by the number of customers in debt. Larger average arrearages may take more time for customers to pay off and pose more of an uncollectible risk than smaller average arrearages.

Average Arrearage – Residential Electric Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny	$751	$298	$355
Duquesne	$724	$360	$501
Met-Ed	$638	$186	$398
PECO-Electric	$391	$228	$259
Penelec	$555	$146	$339
Penn Power	$773	$222	$429
PPL	$546	$358	$400
Total	**$575**	**$272**	**$360**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage – Residential Natural Gas Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Columbia	$891	$178	$421
Dominion	$626	$360	$424
Equitable	$848	$260	$411
NFG	$389	$347	$366
PECO-Gas	$502	$282	$326
PG Energy	$451	$270	$316
UGI-Gas	$362	$124	$162
Total	**$632**	**$253**	**$349**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage – Confirmed Low Income Electric Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny	$943	$646	$769
Duquesne	$893	$1,056	$994
Met-Ed	$664	$290	$595
PECO-Electric	$396	$280	$327
Penelec	$574	$224	$503
Penn Power	$797	$265	$597
PPL	$583	$528	$548
Total	**$590**	**$437**	**$518**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage – Confirmed Low Income Natural Gas Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Columbia	$891	$178	$421
Dominion	$648	$547	$583
Equitable	Not Available	Not Available	Not Available
NFG	$416	$482	$444
PECO-Gas	$507	$402	$453
PG Energy	$494	$350	$390
UGI-Gas	Not Available	Not Available	Not Available

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Number of Payment Arrangements

A payment arrangement is defined as a mutually satisfactory written or verbal agreement whereby a ratepayer or applicant who admits liability for billed service is permitted to amortize or pay the unpaid balance of the account in one or more payments over a reasonable period of time. In addition to this definition, the method by which utilities determine the total number of payment arrangements for reporting pursuant to § 54.75(1)(i) or § 62.5(a)(1)(i) takes into consideration the limitations of the utility systems used to document and track payment arrangements. This results in treating a broken payment arrangement that is reinstated due to payment by the customer of the "lump sum" amount as a new payment arrangement. The BCS Payment Arrangement Requests (PARs) are included in this category. Customer Assistance Program (CAP) payment plans, however, are not included in the count of payment arrangements.

The following tables include the All Residential and Confirmed Low Income categories to allow for the presentation of the percent of payment arrangements which are Confirmed Low Income.

Electric Payment Arrangements

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Allegheny	25,531	22,689	89%
Duquesne	141,243	41,650	29%
Met-Ed	33,543	18,899	56%
PECO-Electric	129,400	81,201	63%
Penelec	38,273	27,430	72%
Penn Power	9,619	4,128	43%
PPL	370,182	172,912	47%
Total	**747,791**	**368,909**	**49%**

Natural Gas Payment Arrangements

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Columbia	35,298	23,207	66%
Dominion	119,272	85,679	72%
Equitable	32,708	Not Available	Not Available
NFG	23,668	12,145	57%
PECO-Gas	30,832	16,339	53%
PG Energy	19,577	10,652	54%
UGI-Gas	52,831	Not Available	Not Available

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Gross Residential Write-Offs in Dollars

The tables below present the gross residential write-offs in dollars for the EDCs and NGDCs in 2003. Write-offs are the final treatment of overdue accounts in the collection process. A residential account is written off after all pre-write-off collection actions are taken and the customer fails to make payment on the balance owed. Generally, a company writes off accounts on either a monthly or annual basis.

Gross Write-Offs – Residential Electric Customers

Company	Gross Dollars Written Off*
Allegheny	$8,244,929
Duquesne	$11,152,960
Met-Ed	$8,003,623
PECO-Electric	$33,994,378
Penelec	$8,049,454
Penn Power	$1,757,606
PPL	$22,238,302
Total	**$93,441,252**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Residential Natural Gas Customers

Company	Gross Dollars Written Off*
Columbia	$10,532,382
Dominion	$13,217,708
Equitable	$10,107,445
NFG	$4,409,616
PECO-Gas	$4,530,133
PG Energy	$3,788,934
UGI-Gas	$6,729,271
Total	**$53,315,489**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Confirmed Low Income Electric Customers

Company	Gross Dollars Written Off*
Allegheny	$4,521,471
Duquesne	$3,993,339
Met-Ed	$4,377,943
PECO-Electric	$15,134,700
Penelec	$5,108,692
Penn Power	$752,476
PPL	$10,897,183
Total	**$44,785,804**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Confirmed Low Income Natural Gas Customers

Company	Gross Dollars Written Off*
Columbia	$6,446,549
Dominion	$2,511,365
Equitable	Not Available
NFG	$2,999,969
PECO-Gas	$1,870,581
PG Energy	$2,737,863
UGI-Gas	Not Available

*Does not include CAP Credits or Arrearage Forgiveness.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Percentage of Gross Residential Billings Written Off as Uncollectible

The percentage of residential billings written off as uncollectible is the most commonly used long-term measure of collection system performance. This measure is calculated by dividing the annual total gross dollars written off for residential accounts by the total annual dollars of residential billings. The measure offers an equitable basis for comparison.

Gross Write-Offs Ratio – Residential Electric Customers

Company	Gross Write-Offs Ratio*
Allegheny	1.82%
Duquesne	3.69%
Met-Ed	1.80%
PECO-Electric	2.24%
Penelec	2.16%
Penn Power	1.28%
PPL	2.00%
Total	**2.15%**

* Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio – Residential Natural Gas Customers

Company	Gross Write-Offs Ratio*
Columbia	3.02%
Dominion	3.06%
Equitable	3.82%
NFG	1.93%
PECO-Gas	1.11%
PG Energy	2.13%
UGI-Gas	2.75%
Total	**2.54%**

* Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio – Confirmed Low Income Electric Customers

Company	Gross Write-Offs Ratio*
Allegheny	31.57%
Duquesne	18.86%
Met-Ed	17.37%
PECO-Electric	6.59%
Penelec	14.93%
Penn Power	6.75%
PPL	7.70%
Total	**9.38%**

* Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio – Confirmed Low Income Natural Gas Customers

Company	Gross Write-Offs Ratio*
Columbia	12.17%
Dominion	0.86%
Equitable	Not Available
NFG	5.72%
PECO-Gas	6.59%
PG Energy	8.55%
UGI-Gas	Not Available

* Does not include CAP Credits or Arrearage Forgiveness.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Annual Residential Revenues (Billings)

The annual total residential revenues (billings) are presented below. We use the label "Annual Residential Billings" because it is a more accurate description of what is reported by the companies. The table below includes universal service program recipients.

Residential Revenues (Billings) – Electric Customers

Company	Annual Residential Billings
Allegheny	$454,127,871
Duquesne	$302,583,153
Met-Ed	$444,319,063
PECO-Electric	$1,517,201,198
Penelec	$373,227,198
Penn Power	$137,209,360
PPL	$1,113,754,752
Total	**$4,342,422,595**

Residential Revenues (Billings) – Natural Gas Customers

Company	Annual Residential Billings
Columbia	$349,010,748
Dominion	$431,282,000
Equitable	$264,543,904
NFG	$228,052,896
PECO-Gas	$406,509,003
PG Energy	$178,252,688
UGI-Gas	$244,489,521
Total	**$2,102,140,760**

Residential Revenues (Billings) – Confirmed Low Income Electric Customers

Company	Annual Residential Billings
Allegheny	$14,323,351
Duquesne	$21,173,630
Met-Ed	$25,210,941
PECO-Electric	$229,599,465
Penelec	$34,221,411
Penn Power	$11,155,759
PPL	$141,571,567
Total	**$477,256,124**

Residential Revenues (Billings) – Confirmed Low Income Natural Gas Customers

Company	Annual Residential Billings
Columbia	$52,964,184
Dominion	$293,271,760
Equitable	Not Available
NFG	$52,452,166
PECO-Gas	$28,377,462
PG Energy	$32,036,401
UGI-Gas	Not Available

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Annual Collection Operating Expenses

Annual collection operating expenses include administrative expenses associated with termination activity, negotiating payment arrangements, budget counseling, investigation and resolution of informal and formal complaints associated with payment arrangements, securing and maintaining deposits, tracking delinquent accounts, collection agencies' expenses, litigation expenses other than Commission related, dunning expenses, and winter survey expense. CAP recipient collection expenses are excluded.

The tables below include both the All Residential and Confirmed Low Income categories to allow for the presentation of the percent of annual collection operating expenses which are attributed to Confirmed Low Income.

Annual Electric Collection Operating Expenses

Company	All Residential	Confirmed Low Income	Percent of Collection Operating Expenses which are for Confirmed Low Income Customers
Allegheny	$14,287,272	$9,523,027	67%
Duquesne	$19,317,000	$5,696,271	29%
Met-Ed	$11,147,927	$5,585,015	50%
PECO-Electric	$25,435,639	$6,250,340	25%
Penelec	$12,158,796	$6,982,572	57%
Penn Power	$2,657,298	$1,233,566	46%
PPL	$4,340,787	$1,692,907	39%
Total	**$89,344,719**	**$36,963,698**	**41%**

Annual Natural Gas Collection Operating Expenses

Company	All Residential	Confirmed Low Income	Percent of Collection Operating Expenses which are for Confirmed Low Income Customers
Columbia	$2,964,264	$1,563,005	53%
Dominion	$3,664,471	$1,235,704	34%
Equitable	$4,220,428	Not Available	Not Available
NFG	$1,166,589	$349,972	30%
PECO-Gas	$3,143,731	$805,885	26%
PG Energy	$2,391,243	$1,256,105	53%
UGI-Gas	$5,104,519	Not Available	Not Available

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Selected Tables for Multi-Year Data

In the remaining tables of the Collection chapter, the following footnote applies to each of the electric industry tables. Beginning with 2003 data, FirstEnergy has advised the BCS to report Metropolitan Edison (Met-Ed) and Pennsylvania Electric (Penelec) as separate companies. Prior to 2003, the BCS reported these two companies combined under the company name GPU. The third FirstEnergy Company is Penn Power. Penn Power has always been treated as a separate company.

Terminations – Residential Electric Customers

Company	2002 Terminations	2003 Terminations	Percent Change in # 2002-2003	2002 Termination Rate	2003 Termination Rate
Allegheny	8,777	9,941	13.3%	1.48%	1.66%
Duquesne	9,307	9,138	-1.8%	1.77%	-1.74%
GPU	9,268	Not Applicable	Not Applicable	0.98%	Not Applicable
Met-Ed	Not Applicable	3,552	Not Applicable	Not Applicable	0.79%
PECO-Electric	45,833	42,348	-7.6%	3.35%	3.03%
Penelec	Not Applicable	5,247	Not Applicable	Not Applicable	1.04%
Penn Power	1,483	1,110	-25.2%	1.09%	0.81%
PPL	7,736	8,174	5.7%	0.68%	0.71%
Total	**82,404**	**79,510**	**-3.5%**	**1.75%**	**1.67%**

Terminations – Residential Natural Gas Customers

Company	2002 Terminations	2003 Terminations	Percent Change in # 2002-2003	2002 Termination Rate	2003 Termination Rate
Columbia	5,832	6,153	5.5%	1.67%	1.74%
Dominion	5,169	6,183	19.6%	1.61%	1.92%
Equitable	11,012	11,106	0.9%	4.60%	4.71%
NFG	5,880	6,051	2.9%	3.01%	3.10%
PECO-Gas	12,127	11,087	-8.6%	2.94%	2.65%
PG Energy	4,041	4,547	12.5%	2.91%	3.26%
UGI-Gas	8,998	10,409	15.7%	3.52%	3.96%
Total	**53,059**	**55,536**	**4.7%**	**2.78%**	**2.88%**

Number of Residential Electric Customers in Debt

Company	2002 Total Number of Customers in Debt*	2003 Total Number of Customers in Debt*	Percent Change in # 2002-2003
Allegheny	47,979	34,421	-28.3%
Duquesne	34,945	31,013	-11.3%
GPU	106,548	Not Applicable	Not Applicable
Met-Ed	Not Applicable	50,645	Not Applicable
PECO-Electric	103,500	108,394	4.7%
Penelec	Not Applicable	60,245	Not Applicable
Penn Power	13,988	14,823	6.0%
PPL	113,951	122,376	7.4%
Total	**420,911**	**421,917**	**0.2%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Residential Natural Gas Customers in Debt

Company	2002 Total Number of Customers in Debt*	2003 Total Number of Customers in Debt*	Percent Change in # 2002-2003
Columbia	19,192	23,316	21.5%
Dominion	43,970	41,053	-6.6%
Equitable	34,776	40,629	16.8%
NFG	13,224	13,036	-1.4%
PECO-Gas	19,269	23,367	21.3%
PG Energy	10,954	15,063	37.5%
UGI-Gas	13,009	34,551	165.6%
Total	**154,394**	**191,015**	**23.7%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Electric Customers

Company	2002 Total Dollars in Debt*	2003 Total Dollars in Debt*	Percent Change in # 2002-2003
Allegheny	$16,569,112	$12,231,630	-26.2%
Duquesne	$18,598,406	$15,545,253	-16.4%
GPU	$39,690,286	Not Applicable	Not Applicable
Met-Ed	Not Applicable	$20,139,430	Not Applicable
PECO-Electric	$27,482,726	$28,118,057	2.3%
Penelec	Not Applicable	$20,401,475	Not Applicable
Penn Power	$5,731,587	$6,356,416	10.9%
PPL	$41,935,634	$48,920,464	16.7%
Total	**$150,007,751**	**$151,712,725**	**1.1%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt – Residential Natural Gas Customers

Company	2002 Total Dollars in Debt*	2003 Total Dollars in Debt*	Percent Change in # 2002-2003
Columbia	$6,735,271	$9,819,981	45.8%
Dominion	$20,396,491	$17,418,069	-14.6%
Equitable	$15,629,736	$16,718,345	7.0%
NFG	$4,237,087	$4,772,700	12.6%
PECO-Gas	$7,002,934	$7,625,816	8.9%
PG Energy	$5,120,226	$4,754,300	-7.1%
UGI-Gas	$1,754,028	$5,593,274	218.9%
Total	**$60,875,773**	**$66,702,485**	**9.6%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Gross Write-Offs – Residential Electric Customers

Company	2002 Gross Dollars Written Off*	2003 Gross Dollars Written Off*	Percent Change in # 2002-2003
Allegheny	$7,772,522	$8,244,929	6.1%
Duquesne	$17,390,593	$11,152,960	-35.9%
GPU	$19,772,525	Not Applicable	Not Applicable
Met-Ed	Not Applicable	$8,003,623	Not Applicable
PECO-Electric	$37,085,113	$33,994,378	-8.3%
Penelec	Not Applicable	$8,049,454	Not Applicable
Penn Power	$1,844,652	$1,757,606	-4.7%
PPL	$19,455,631	$22,238,302	14.3%
Total	**$103,321,036**	**$93,441,252**	**-9.6%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Residential Natural Gas Customers

Company	2002 Gross Dollars Written Off*	2003 Gross Dollars Written Off*	Percent Change in # 2002-2003
Columbia	$7,285,213	$10,532,382	44.6%
Dominion	$13,941,290	$13,217,708	-5.2%
Equitable	$16,153,080	$10,107,445	-37.4%
NFG	$6,644,662	$4,409,616	-33.6%
PECO-Gas	$4,583,553	$4,530,133	-1.2%
PG Energy	$3,235,694	$3,788,934	17.1%
UGI-Gas	$5,949,289	$6,729,271	13.1%
Total	**$57,792,781**	**$53,315,489**	**-7.7%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio – Residential Electric Customers

Company	2002 Gross Write-Offs Ratio*	2003 Gross Write-Offs Ratio*	Percent Change 2002-2003
Allegheny	1.65%	1.82%	10.3%
Duquesne	5.19%	3.69%	-28.9%
GPU	2.49%	Not Applicable	Not Applicable
Met-Ed	Not Applicable	1.80%	Not Applicable
PECO-Electric	2.53%	2.24%	-11.5%
Penelec	Not Applicable	2.16%	Not Applicable
Penn Power	1.35%	1.28%	-5.2%
PPL	1.82%	2.00%	9.9%
Total	**2.42%**	**2.15%**	**-11.2%**

* Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio – Residential Natural Gas Customers

Company	2002 Gross Write-Offs Ratio*	2003 Gross Write-Offs Ratio*	Percent Change 2002-2003
Columbia	3.87%	3.02%	-22.0%
Dominion	7.70%	3.06%	-60.3%
Equitable	6.82%	3.82%	-44.0%
NFG	3.61%	1.93%	-46.5%
PECO-Gas	1.37%	1.11%	-19.0%
PG Energy	2.17%	2.13%	-1.8%
UGI-Gas	2.56%	2.75%	7.4%
Total	**3.84%**	**2.54%**	**-33.9%**

* Does not include CAP Credits or Arrearage Forgiveness.

Percent of Revenues (Billings) in Debt

The percent of revenues (billings) in debt is calculated by dividing the total annual revenues (billings) by the total monthly average dollars in debt. This calculated variable provides another way to measure the extent of customer debt. In the following two tables, the higher the percentage, the greater the potential collection risk.

Percent of Revenues (Billings) in Debt – Residential Electric Customers

Company	2002	2003	Percent Change 2002-2003
Allegheny	3.5%	2.7%	-22.9%
Duquesne	5.5%	5.1%	-7.3%
GPU	5.0%	Not Applicable	Not Applicable
Met-Ed	Not Applicable	4.5%	Not Applicable
PECO-Electric	1.9%	1.9%	No Change
Penelec	Not Applicable	5.5%	Not Applicable
Penn Power	4.2%	4.6%	9.5%
PPL	3.9%	4.4%	12.8%
Total	**3.5%**	**3.5%**	**No Change**

Percent of Revenues (Billings) in Debt – Residential Natural Gas Customers

Company	2002	2003	Percent Change 2002-2003
Columbia	13.9%	10.5%	-24.5%
Dominion	11.3%	4.0%	-64.6%
Equitable	6.6%	6.3%	-4.5%
NFG	2.3%	2.1%	-8.7%
PECO-Gas	2.1%	1.9%	-9.5%
PG Energy	3.4%	2.7%	-20.6%
UGI-Gas	0.8%	2.3%	187.5%
Total	**5.3%**	**4.5%**	**-15.1%**

3. Universal Service Programs

Demographics

In conformance with the Universal Service and Energy Conservation Reporting Requirements, the EDCs and the NGDCs are to report to the Commission the demographics of their program recipients, including the number of household members under age 18 and over age 62, household size, income, and source of income. The regulation defines a low-income customer as a residential utility customer whose gross household income is at or below 150 percent of the federal poverty guidelines. Households that receive public assistance have incomes below 32 percent of the federal poverty guidelines, while households with employment at minimum wage have incomes below 70 percent of the federal poverty guidelines. The BCS Level 1 Income Level Guidelines for payment arrangements are applied to households with incomes below 110 percent of the federal poverty guidelines while Level 2 household incomes must be below 150 percent of the federal poverty guidelines. Appendix 3 shows poverty levels in relation to household size and income, as well as BCS Income Level Guidelines.

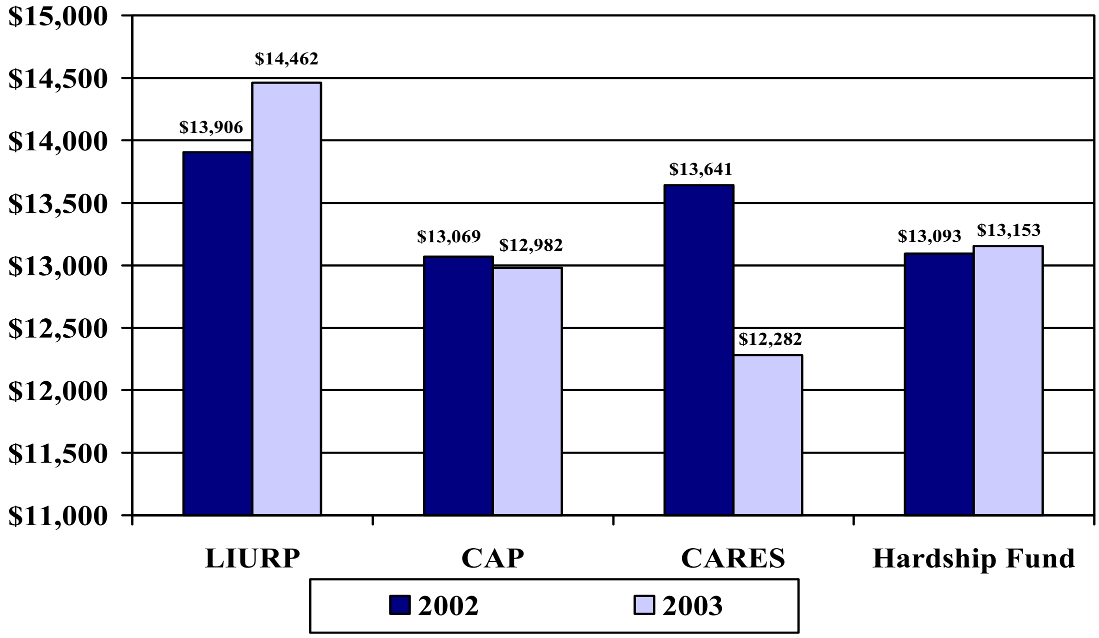
Source of Income, Average Household Size and Income

Generally, both electric and natural gas households that receive CAP, CARES or Hardship Fund benefits have average incomes that are less than $15,000 a year. Natural gas and electric customers who participate in the Low Income Usage Reduction Program (LIURP) have average yearly incomes below $14,500. Average incomes for CAP customers are slightly less than those of LIURP customers. Electric CAP customers have average annual incomes that are less than $13,000 compared with $11,000 for natural gas CAP customers. These households average three persons, with generally two members under 18 years old.

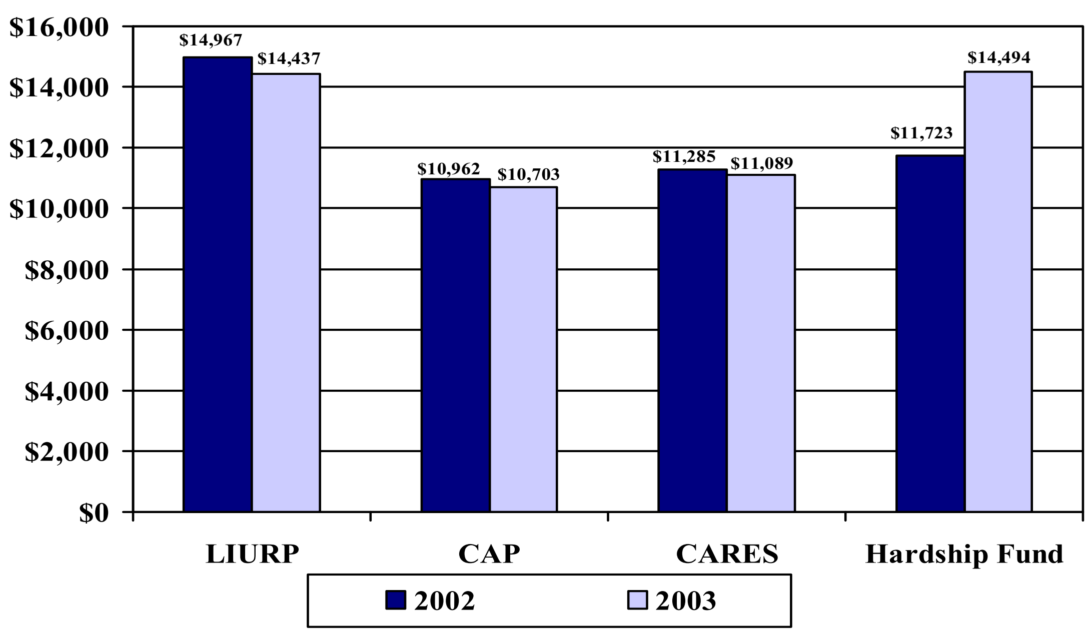
Average household incomes for universal service and energy conservation program participants are well below 150 percent of the 2003 federal poverty guidelines of $22,896 for three persons. The most recently published data from the 2002 Census reports that 2.48 persons live in an average size household in Pennsylvania compared with an average household size of three-person households for universal service participants. The Census also reports that the average household income in Pennsylvania is $53,644.

The majority of electric customers participating in universal service programs have incomes from employment, disability benefits or pension benefits. The majority of natural gas customers participating in universal service programs have incomes from employment, unemployment compensation and public assistance. See Appendix 4 for a summary of the source of income data.

Participants in Universal Service Programs
Average Household Income
Summary for All Electric Customers



Participants in Universal Service Programs
Average Household Income
Summary for All Natural Gas Customers



LIURP

The Pennsylvania Low Income Usage Reduction Program (LIURP) is a statewide, utility-sponsored, residential usage reduction program mandated by Commission regulations at 52 Pa. Code, Chapter 58. The primary goal of LIURP is to assist low-income residential customers to reduce energy bills through usage reduction (energy conservation) and, as a result, to make bills more affordable.

LIURP is targeted toward customers with annual incomes at or below 150 percent of the federal poverty level. However, beginning in 1998, the LIURP regulations permit companies to spend up to 20 percent of their annual LIURP budgets on customers with incomes between 150 percent and 200 percent of the federal poverty level. LIURP places priority on the highest energy users who offer the greatest opportunities for bill reductions. Generally, the EDCs target customers with annual usage of at least 6,000 kWhs and the NGDCs target customers with annual usage of at least 120 Mcfs. When feasible, the program targets customers with payment problems (arrearages). The program is available to both homeowners and renters. LIURP services all housing types, including single family homes, mobile homes, and small and large multi-family residences.

The LIURP funds are included in utility rates as part of the distribution cost that is passed on to all residential customers. The current LIURP funding levels for each utility were set in the recent Universal Service Plans for a period of three years. These plans are to be filed every three years. The utility is required to develop a funding level based upon a needs assessment, which, in turn, will likely be based on Census data and utility data.

The Commission has regulatory oversight of LIURP and the utilities administer the program using both non-profit and for-profit contractors. The LIURP funds are disbursed directly to program contractors, usually on a monthly basis. The various program costs and installed usage reduction measures are agreed to in contracts between the contractors and the utilities.

Program measures are installed on a simple recovery basis of seven years or less for most program measures. There are exceptions that must meet a 12-year simple recovery, including sidewall insulation, attic insulation, furnace replacement, water heater replacement and refrigerator replacement. Recovery is the time it takes to recover the cost of the installed program measure through projected energy savings. Examples of the program measures include: air infiltration measures using the blower door air sealing techniques; all types of insulation such as attic and sidewall; heating system treatments and replacements; water heating tank and pipe wraps; water heater replacements; compact fluorescent lighting; refrigerator replacement; water bed replacement with a form-fitted foam mattress; incidental repairs (not home rehabilitation); and conservation education.

The factors that have an impact on energy savings are the level of pre-weatherization usage, occupant energy behavior, housing type and size, age of the dwelling, condition of the dwelling, end-uses such as heating, cooling and water heating, and contractor capabilities.

The list of customer benefits includes: bill reduction; improved health, safety and comfort levels; LIHEAP leveraging (Pennsylvania receives additional funds due to the LIURP resources that supplement LIHEAP funds); arrearage reduction; reduced collection activity; improved bill payment behavior; reduced use of supplemental fuels and secondary heating devices; more affordable low-income housing; impact on homelessness; and less housing abandonment.

The data presented in the instant report reflect the Universal Service Reporting Requirements (USRR) regulations at § 54.75 and § 62.5. These provisions require the reporting of various LIURP data, including annual program costs for the reporting year, number of family members under 18 years of age, number of family members over 62 years of age, family size, household income, source of income, participation levels for the reporting year, projected annual spending for the current year, projected annual participation levels for the current year, and average job costs. In addition, the report also includes data on completed jobs provided to us by the EDCs in accordance with the LIURP Codebook, which is originally based in the LIURP regulations at 52 Pa. Code § 58.15 and incorporated in the USRR regulations.

LIURP Spending

As a rule, companies try to spend all of the LIURP funds that are budgeted each year but this is not always possible. In most cases, unspent funds are carried over from one program year to the next on an ongoing basis. Thus, the actual spending for the program year 2003, and the projected spending for the program year 2004, reported below may contain unspent funds that the EDC or NGDC is obligated to spend.

LIURP Spending – Electric Utilities

Company	2003 Actual Spending	2004 Projected Spending*
Allegheny	$1,782,036	$3,644,675
Duquesne	$1,852,000	$2,474,500
Met-Ed	$1,596,883	$2,256,366
PECO-Electric	$5,600,000	$5,600,000
Penelec	$1,703,012	$1,962,000
Penn Power	$620,872	$645,250
PPL	$5,970,554	$5,765,336
Total	**$19,125, 357**	**$22,348,127**

*Includes carryover of unspent funds

LIURP Spending – Natural Gas Utilities

Company	2003 Actual Spending	2004 Projected Spending*
Columbia	$1,369,822	$1,369,203
Dominion	$610,058	$610,000
Equitable	$610,054	$661,346
NFG	$1,289,497	$1,165,772
PECO-Gas	$875,000	$875,000
PG Energy	$409,247	$359,904
UGI-Gas	$474,433	$925,925
Total	**$5,638,111**	**$5,967,150**

*Includes carryover of unspent funds

LIURP Production

LIURP production levels are influenced by many factors, including the size of the company's LIURP program budget; the heating saturation among the company's customer population; housing characteristics such as the type, size and condition of the housing stock; contractor capability; contractor capacity; and, to a lesser extent, customer demographics and customer behavior.

LIURP Electric Production

Company	2003 Actual Production			2004 Projected Production		
	Heating Jobs	Water Heating Jobs	Baseload Jobs*	Heating Jobs	Water Heating Jobs	Baseload Jobs*
Allegheny	330	1,093	58	552	1,826	245
Duquesne	16	4	1,749	20	10	3,636
Met-Ed	321	357	437	350	380	470
PECO-Electric	1,278	0	6,556	1,378	0	6,500
Penelec	199	986	466	220	1,030	450
Penn Power	96	325	421	90	350	450
PPL	1,677	220	1,051	1,875	180	992
Total	**3,917**	**2,985**	**10,738**	**4,485**	**3,776**	**12,743**

* Baseload jobs do not contain heating or water heating program measures.

LIURP Natural Gas Production

Company	2003 Actual Production Heating Jobs	2004 Projected Production Heating Jobs
Columbia	244	220
Dominion	206	205
Equitable	181	195
NFG	243	225
PECO-Gas	570	572
PG Energy	122	107
UGI-Gas	211	250
Total	**1,777**	**1,774**

LIURP Average Job Costs

Customer usage profiles are typically highest for heating jobs followed by water heating jobs and baseload jobs. Average job costs are based on the total number of completed jobs in the job type category and the total costs associated with those jobs. Specifically, the average job cost is calculated by dividing the total dollars spent on a type of job by the number of jobs completed.

All of the gas jobs are classified as heating. On the other hand, for electric jobs, the determination of the job type first depends on whether the customer heats with electricity. If most of the dollars spent on the completed job are on heating related program measures, then the job is classified as a heating job. Next, if the customer does not heat with electricity but uses electricity for water heating, and most of the dollars spent on the completed job are on water heating measures, then the job is classified as a water heating job. If the customer does not use electricity for either heating or water heating, the completed job is automatically classified as a baseload job. This is a simplistic model for classifying the type of job and this model is easy to apply to the vast majority of electric jobs in LIURP.

LIURP Electric Job Costs

Company	2003 Heating Jobs	2003 Water Heating Jobs	2003 Baseload Jobs
Allegheny	$2,635	$299	$106
Duquesne	$1,125	$640	$430
Met-Ed	$1,534	$770	$821
PECO-Electric	$1,875	Not Applicable	$355
Penelec	$1,238	$663	$549
Penn Power	$1,666	$600	$484
PPL	$2,196	$1,257	$696

LIURP Natural Gas Job Costs

Company	2003 Heating Jobs
Columbia	$4,439
Dominion	$2,587
Equitable	$2,889
NFG	$3,544
PECO-Gas	$1,518
PG Energy	$2,952
UGI-Gas	$2,408

LIURP Energy Savings and Bill Reduction

LIURP energy savings are calculated by subtracting the customer's usage during the 12 months following the provision of program measures from the usage during the 12 months preceding the treatments. The energy savings reported below represent an average of the company results.

The estimated annual bill reduction is calculated by multiplying the average number of kWhs or Mcfs saved during the post-treatment period by the average price per kWh or Mcf during the post-treatment period. Companies voluntarily report this pricing information to the BCS on an annual basis. The estimated annual bill reductions that are presented below are based on the average of the company results.

LIURP Energy Savings and Bill Reduction

Job Type	2001 Energy Savings	2001 Estimated Annual Bill Reduction*
Electric Heating	12.6%	$232
Electric Water Heating	7.2%	$72
Electric Baseload	7.9%	$78
Gas Heating	20.4%	$314

Customer Assistance Programs (CAP)

Customer Assistance Programs (CAPs) provide an alternative to traditional collection methods for low-income, payment-troubled utility customers. Customers make regular monthly payments, which may be for an amount that is less than the current bill for utility service. Most payments are based on a percentage of a customer's income. Some payments are based on a rate discount, while others are based on a percentage of the bill or historical payments. However, household size and income generally determine the size of any discount. Besides regular monthly payments, customers need to comply with certain responsibilities and restrictions to remain eligible for continued participation. This section presents a progress report on the implementation of the Commission's CAP Policy Statement and 66 Pa. C.S. § 2802(10), § 2804(9), § 2203(7) and § 2203(8) by the seven largest EDCs and by the NGDCs serving over 100,000 customers, with the exception of PGW.

CAP Participation

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code §54.75(2)(i)(C) for the EDCs and 52 Pa. Code §62. 5(2)(i)(C) for the NGDCs, the companies are to report to the Commission the number of customers enrolled in CAP. The Commission defines participation as those participants enrolled in CAP at the end of the program year. As part of each company's restructuring proceeding, a program phase-in size was established. In conformance with the Reporting Requirements for Universal Service and Energy Conservation at 52 Pa. Code § 54.74 for the EDCs and 52 Pa. Code § 2.4 for the NGDCs, each company is to submit to the Commission for approval a three-year universal service plan. The regulations at 52 Pa. Code §§ 54.74(b)(3)&(4) for the EDCs and 52 Pa. Code §§ 62(4)(b)(3)&(4) require the companies to submit a projected needs assessment and projected enrollment level for its universal service programs.

The 2003 results show a CAP Participation Rate, defined as the number of participants enrolled as of Dec. 31, divided by the number of confirmed low income customers. The CAP participation rate would be much lower if the rate reflected estimated rather than confirmed low income customers.

CAP Participation – Electric Utilities

EDC	Participants Enrolled as of 12/31/02	CAP Participation Rate	Participants Enrolled as of 12/31/03	CAP Participation Rate
	2002		2003	
Allegheny	15,142	100%	19,922	72%
Duquesne	15,075	67%	16,809	57%
GPU	13,338	22%	N/A	N/A
Met-Ed	N/A	N/A	6,179	24%
PECO	86,535	46%	99,187	49%
Penelec	N/A	N/A	10,364	25%
Penn Power	3,991	55%	3,921	36%
PPL	10,919	9%	12,420	10%
Total	**145,000**		**168,802**	
Weighted Avg.		**35%**		**36%**

N/A – Not Applicable.

In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data.

CAP Participation – Natural Gas Utilities

EDC	Participants Enrolled as of 12/31/02	CAP Participation Rate	Participants Enrolled as of 12/31/03	CAP Participation Rate
	2002		2003	
Columbia	11,922	16%	17,736	26%
Dominion Peoples	6,864	13%	9,092	16%
Equitable	8,364	N/A	9,362	N/A
NFG	6,033	27%	7,560	33%
PECO	12,624	41%	14,585	43%
PG Energy	1,002	10%	1,403	6%
UGI	982	16%	4,053	N/A
Total	**47,791**		**63,791**	
Weighted Avg.		**24%**		**31%**

N/A – Not Available.

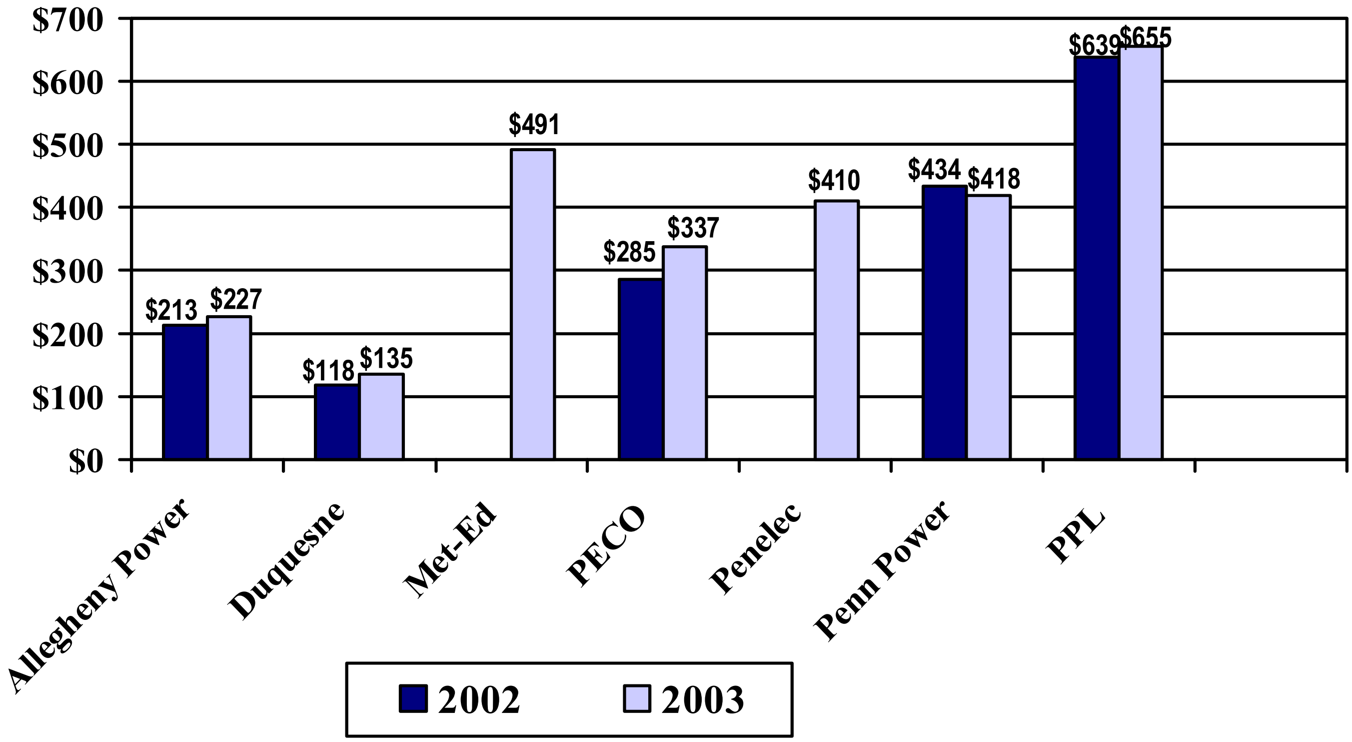
The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(B)(IV) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(B)(IV) for the NGDCs, the companies are to report to the Commission on CAP benefits. The regulation defines CAP benefits as the average CAP bill, average CAP credits and average arrearage forgiveness. Companies report by month the number of participants enrolled in CAP. Because CAP enrollment fluctuates during the year, the Commission bases average CAP credits and arrearage forgiveness benefits on the average monthly number of CAP participants rather than the number of CAP participants enrolled at the end of the year.

The Commission has further defined the three components of CAP benefits. The Commission defines the average CAP bill as the total CAP billed (total of the expected monthly CAP payment) amount divided by total number of CAP bills rendered. The Commission defines average CAP credits as the total amount of the difference between the standard billed amount and the CAP billed amount divided by the average monthly number of CAP participants. The Commission defines average arrearage forgiveness as the total pre-program arrearages forgiven as a result of customers making agreed upon CAP payments divided by the average monthly number of CAP participants. The tables below show average monthly CAP bill and CAP benefits.

Average CAP bills and CAP credits will fluctuate due to several factors: CAP customers may have different payment plans based on their type of usage (heating, water heating or baseload); change in rates; and the distribution of income levels among program participants. Consumption and weather will also affect NFG, PECO and Penn Power's CAP bills and credits because their payment plans are based on rate discounts tied to usage.

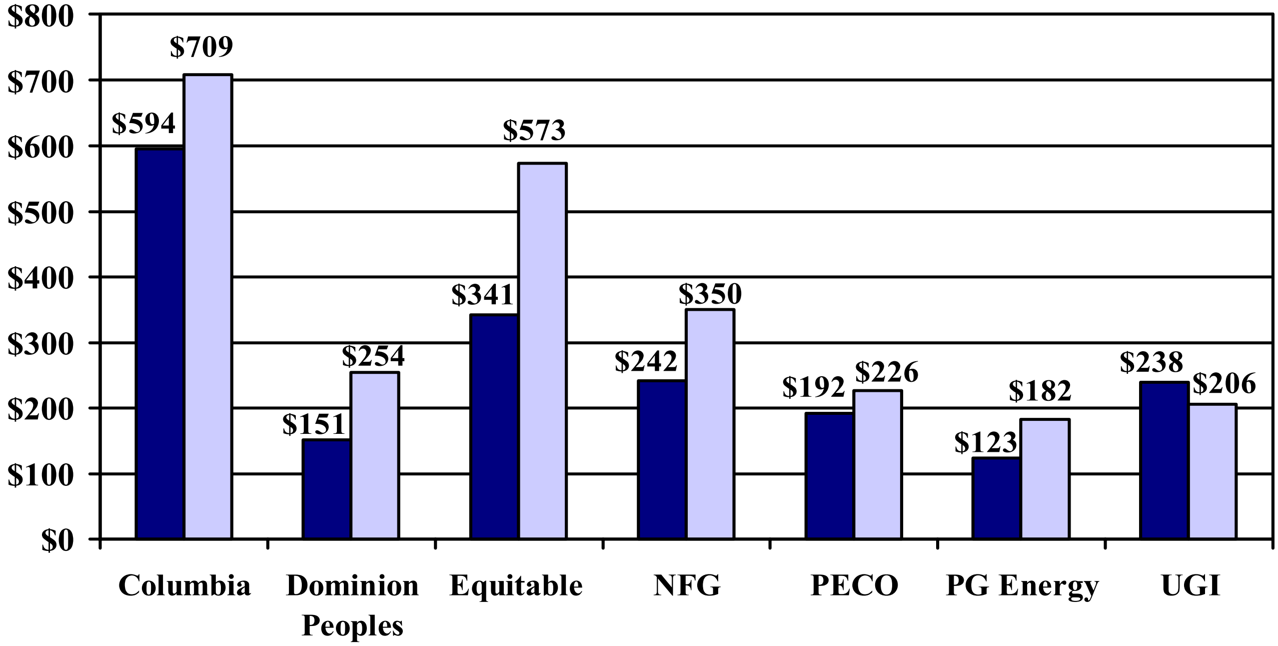
Average Annual Electric CAP Credits



In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data. In 2002, the average CAP credits for the combined companies was $424.

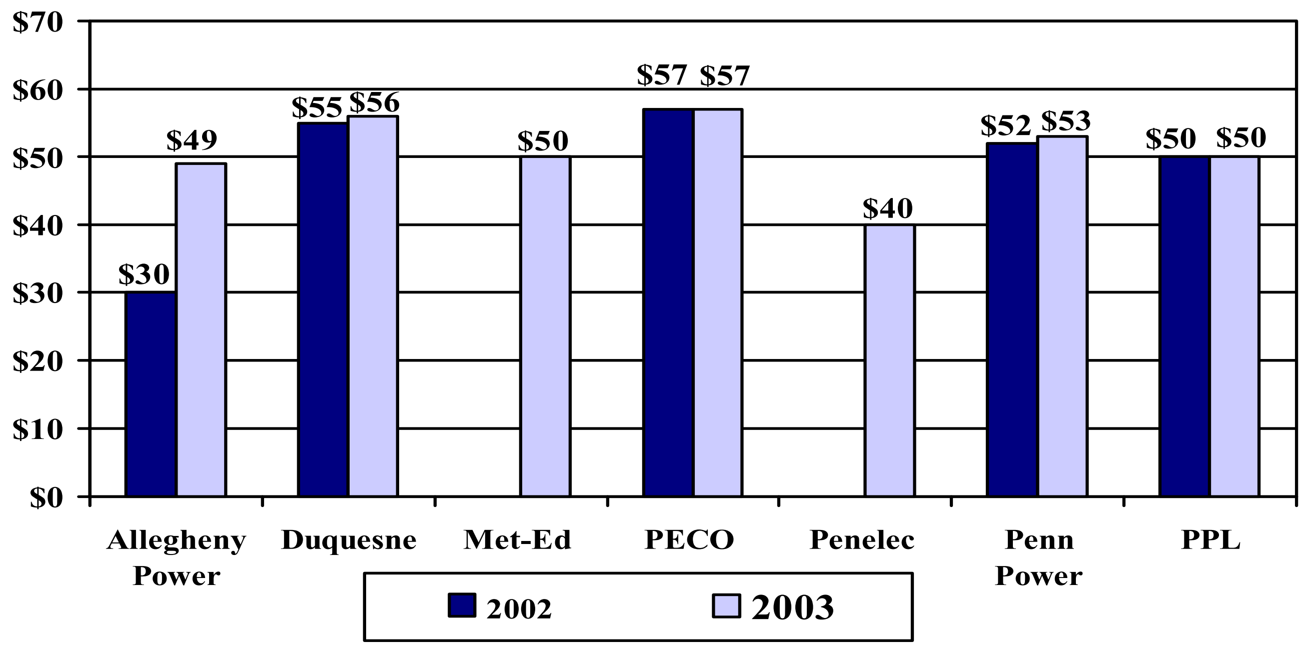
PPL explains that one reason for its higher than industry average for CAP credits is that 40 percent of CAP participants heat with electricity. Because a high proportion of CAP customers heat with electricity, CAP credits will be higher for PPL.

Average Annual Natural Gas CAP Credits



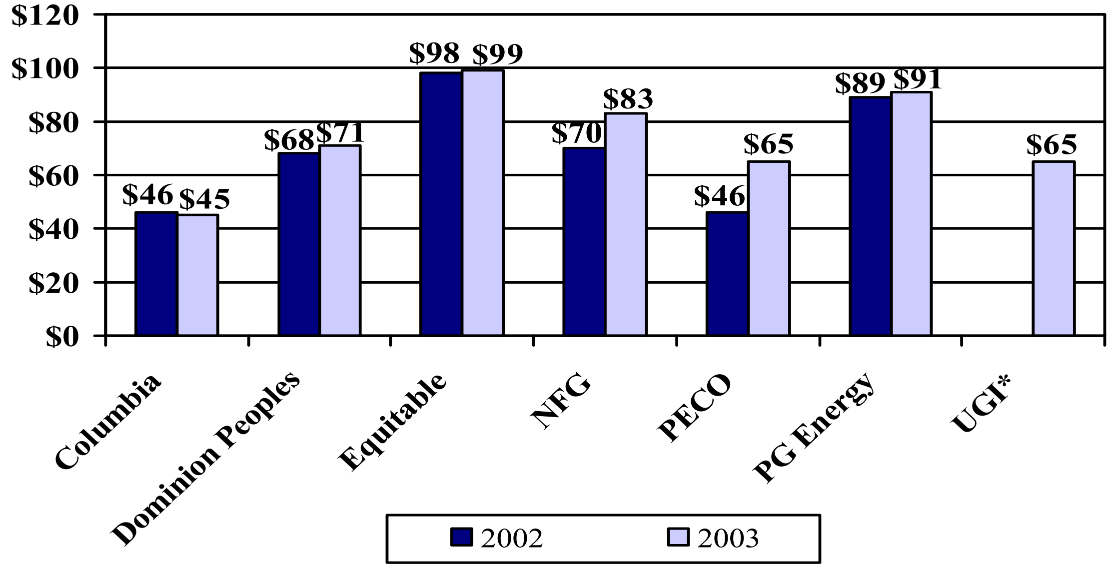
Columbia's CAP credits are higher than the industry average. This can be attributed, in part, to its monthly average CAP bill, which is significantly lower than the industry average. Columbia's average CAP bill, at $46, is intended to conform with the intent expressed at 66 Pa. C.S. § 2203(8) that universal service programs assist low-income retail gas customers to afford natural gas service.

Average Monthly CAP Electric Bill



In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data. In 2002, the average CAP bill for the combined companies was $49.

Average Monthly Natural Gas CAP Bill

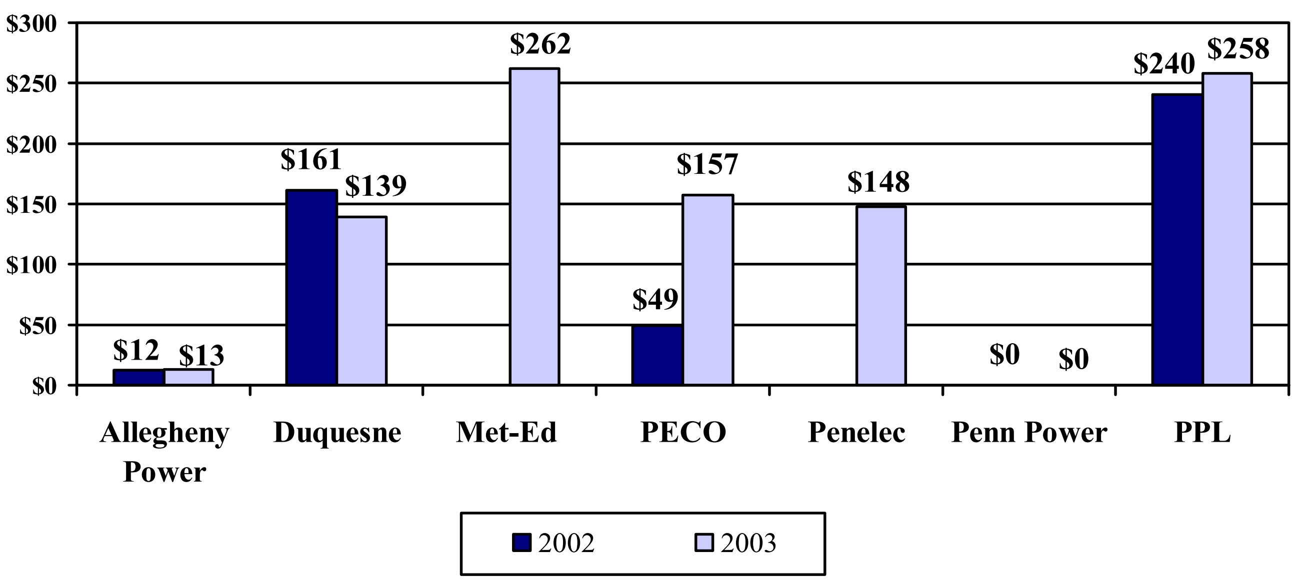


*Not available in 2002

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

Arrearage forgiveness credits will fluctuate due to the following factors: the length of time over which forgiveness occurs; the length of time a customer is enrolled in CAP; how often forgiveness occurs (monthly or yearly); and the amount of arrearage brought to the CAP program. As programs become established, it should be rare that a customer comes to a program with a large arrearage because a utility should enroll a customer into CAP at the initial signs that a low-income customer is payment troubled.

Average Annual Electric Utilities Arrearage Forgiveness

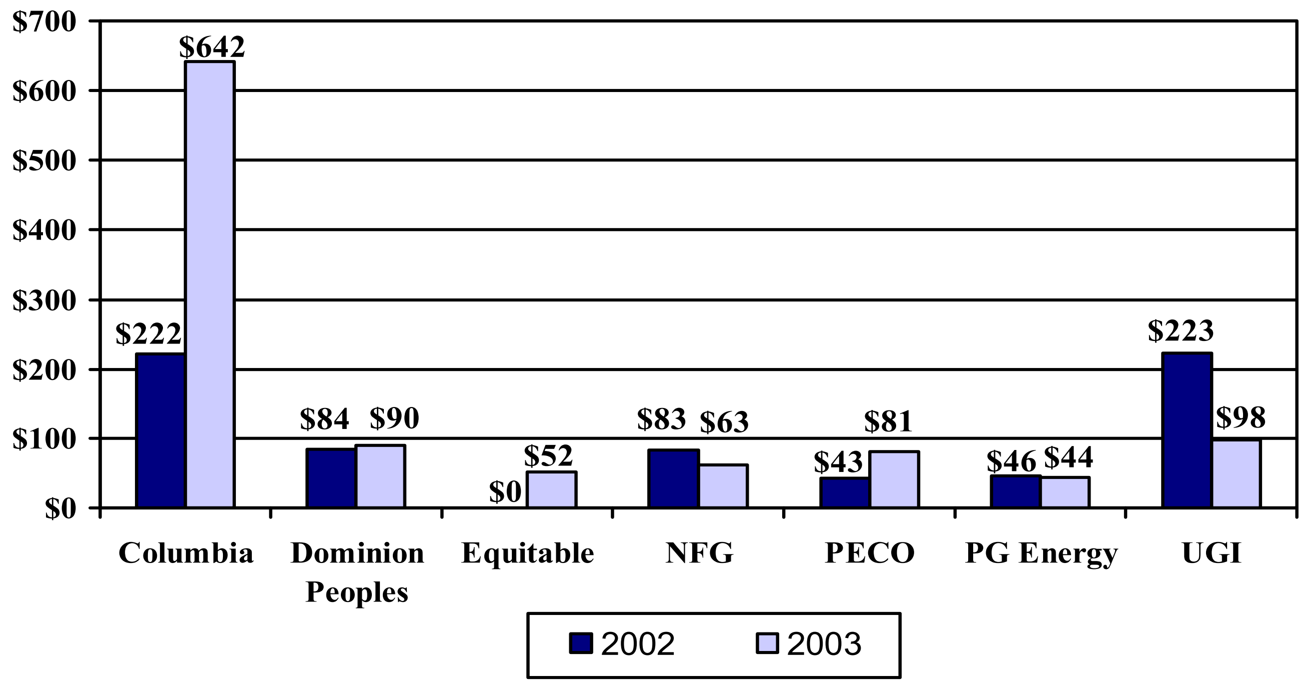


In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data. In 2002, the average arrearage forgiveness for the combined companies was $202.

Allegheny Power attributes the low amount of dollars it spent for arrearage forgiveness to the aggressive and successful outreach it conducts to refer CAP customers to their hardship fund program and other agencies that provide cash assistance to pay utility bills. The outreach efforts result in energy assistance grants that reduce the total preprogram arrearages. In addition, a CAP customer must make at least 10 full, on-time payments to be eligible for arrearage forgiveness.

At this time, Penn Power's CAP design does not include an arrearage forgiveness component. The company cites funding considerations, computer programming costs, and rate caps as reasons to continue to delay the implementation of this component. By order entered May 14, 2002, the Commission apprised Penn Power that it expects the utility to implement an arrearage forgiveness component within its SAP system consistent with the CAP Policy Statement, 52 Pa. Code § 69.265(6)(ix).

Average Annual Natural Gas Utilities Arrearage Forgiveness

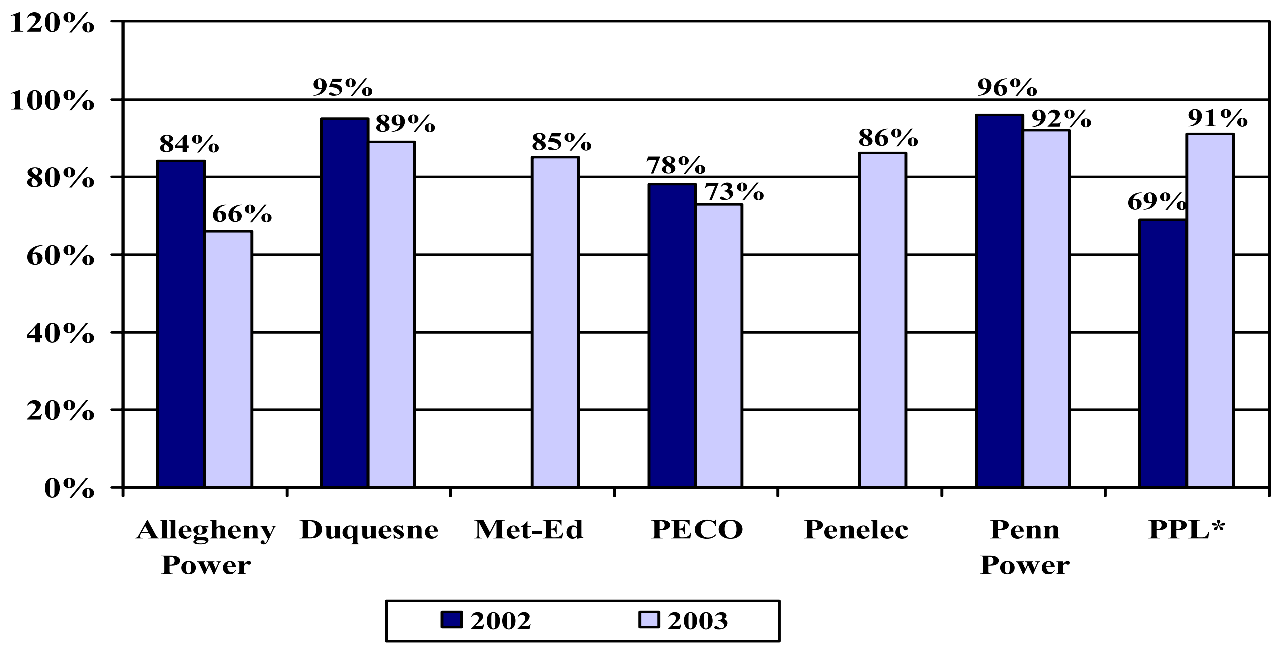


In 2003, Columbia's arrearage write-off is significantly larger than previous years due to a historical asset write-off. Columbia changed the arrearage write-off process and accounts were reconciled to the new process causing a one-time charge to the balance sheet. This one-time charge totaled $7,312,028. Without this reconciliation, Columbia's normal CAP write offs would have been $2,715,682 in 2003, or an average of $162 per participant.

Percentage of Bill Paid

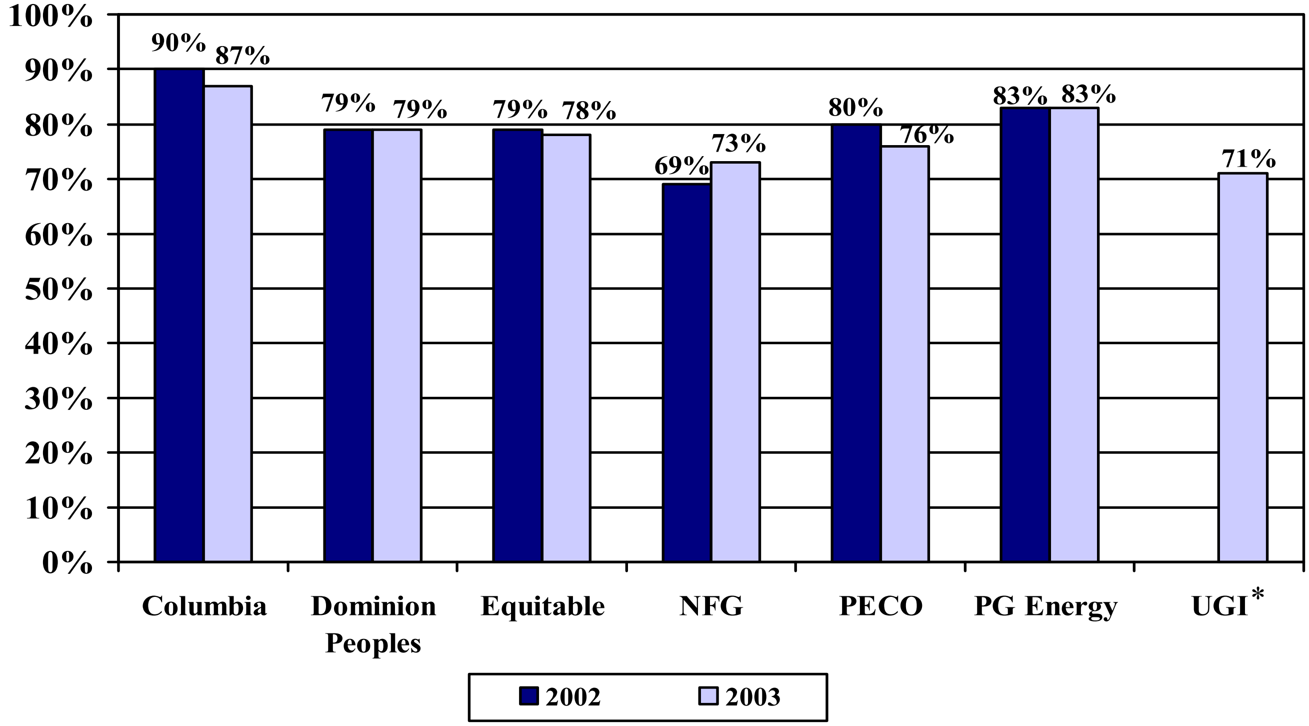
In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(B)(VII) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(B)(VII) for the NGDCs, the companies are to report to the Commission on the percentage of CAP billed. "CAP billed" is the annual total of the expected monthly CAP payment. This amount includes the amount that companies bill CAP customers rather than the tariffed rate amount. The companies report on the annual total amount of payments by CAP customers. The Commission defines percentage of CAP bill paid as the total amount of payments by CAP customers divided by the total dollar amount of CAP billed. The table below shows percentage of CAP bill paid by CAP customers.

Percentage of Electric CAP Bill Paid



In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data. In 2002, the average percentage of CAP bill paid for the combined companies was 68 percent.

Percentage of Natural Gas CAP Bill Paid



* Data not available in 2002.

The data labeled "Not Available" is the result of the Commission granting the companies a waiver from the requirement to submit this data.

CAP Costs

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.74(2)(i)(A) for the EDCs and 52 Pa. Code § 62.4(2)(i)(A) for the NGDCs, the companies are to report to the Commission on CAP program costs. The companies and the Bureau developed mutually satisfactory guidelines for reporting CAP costs. CAP costs include costs for administration, CAP credits and arrearage forgiveness. Administrative costs include the following: contract and utility staffing; account monitoring; intake; outreach; consumer education and conservation; training; maintaining telephone lines; recertification; computer programming; evaluation; and other fixed overhead costs. Account monitoring includes collection expenses as well as other operation and maintenance expenses. See Appendix 5 for the percentage of CAP spending by program component: administration, CAP credits and arrearage forgiveness. The data below shows a need for improvement in the percentage of CAP spending on administration. CAP spending for administrative purposes should not exceed 20 percent. Costs are gross costs and do not reflect any potential savings to traditional collection expenses, cash working capital expenses, and bad debt expenses that may result from enrolling low-income customers in CAP.

CAP Electric Gross Costs

EDC	Total Gross CAP Costs	Average CAP Enroll-ment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enroll-ment	Average Gross Program Costs per CAP Customer
	2002			2003		
Allegheny	$3,069,116	11,006	$279	$4,790,028	18,922	$268
Duquesne	$5,275,000	13,087	$403	$6,135,000	16,057	$382
GPU	$9,457,535	12,914	$732	N/A		
Met-Ed	N/A			$4,897,055	5,478	$894
PECO*	$53,051,221	81,753	$649	$70,602,594	93,419	$756
Penelec	N/A			$6,102,536	9,404	$649
Penn Power	$1,882,134	3,785	$497	$1,982,273	4,094	$484
PPL	$10,829,095	9,760	$1,110	$12,851,819	12,082	$1,064
Total	**$83,564,101**	**132,305**		**$107,361,305**	**156,276**	
Weighted Average			**$632**			**$675**

N/A - Not applicable.
*PECO's costs include an $18 million uncollectible provision.
In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data.

CAP Natural Gas Gross Costs

NGDC	Total Gross CAP Costs	Average CAP Enroll-ment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enroll-ment	Average Gross Program Costs per CAP Customer
	2002			2003		
Columbia*	$8,894,938	10,101	$881	$21,869,084	15,613	$1,401
Dominion Peoples	$1,399,490	4,989	$281	$3,363,454	8,647	$389
Equitable	$3,365,432	8,195	$411	$6,280,965	9,372	$670
PECO	$6,027,222	12,123	$497	$3,236,087	6,947	$466
NFG	$2,137,966	5,452	$392	$7,197,123	13,599	$529
PG Energy	$271,454	1,060	$256	$430,366	1,482	$290
UGI	$555,482	874	$636	$926,753	1,957	$474
Total	**$22,651,984**	**42,794**		**$43,303,832**	**57,617**	
Weighted Average			**$529**			**$752**

*In 2003, Columbia's arrearage write-off is significantly larger than previous years due to a historical asset write-off on balance sheet for arrearage forgiveness. If the historical asset is removed, Columbia's total CAP costs would be $14,557.056, with an average cost per CAP customer of $932.

CARES

The purpose of a CARES program is to provide a cost-effective service that helps payment troubled customers maximize their ability to pay utility bills. A CARES program helps address health and safety concerns relating to utility service by providing important benefits. CARES staff provides three primary services: case management; maintaining a network of service providers; and making referrals to services that provide assistance.

As utilities have expanded their CAP programs, the focus of CARES has changed. For most utilities, CARES has become a component of CAP. CARES representatives provide case management services to a limited number of customers with special needs. Most customers receive the case management services of CARES for no more than six months. If a customer's hardship is not resolved within that time, a utility will transfer a customer from the CARES program to their CAP. The number of customers who receive case management services has decreased because these customers now receive the benefits of more affordable payments as part of CAP enrollment.

A utility CARES representative also performs the task of strengthening and maintaining a network of community organizations, and government agencies that can provide services to the program clients. By securing these services, including energy assistance funds, customers can maintain safe and adequate utility service.

Finally, CARES staff conduct outreach and make referrals to programs that provide energy assistance grants. CARES staff also make referrals to LIHEAP (the federal program that provides energy assistance grants), hardship funds and other agencies that provide cash assistance.

CARES Benefits

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(C)(III) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(C)(III) for the NGDCs, the companies are to report to the Commission on CARES benefits. The Commission defines CARES benefits as the total number and dollar amount of LIHEAP benefits applied to all low-income customers' accounts. LIHEAP benefits include both LIHEAP cash and LIHEAP crisis grants. Typically, households that receive crisis grants also receive cash grants. Therefore, to avoid double counting the number of benefits, the table below shows number of households that received LIHEAP cash grants. The dollar amount of LIHEAP benefits includes *both* cash and crisis LIHEAP benefits. The total amount of LIHEAP dollars that each utility receives is dependant primarily on the amount of the federal LIHEAP appropriation and the number of poor customers in each company's service territory. The regulation defines direct dollars as dollars that are applied to a CARES customer's electric utility account, including all sources of energy assistance applied to utility bills such as LIHEAP, hardship fund grants and local agencies' grants. Because the number of participants who receive the case management services of CARES are small, the direct dollars not related to LIHEAP grants will be a smaller number than the total LIHEAP dollars for all low-income customers.

2003 Electric CARES Benefits

EDC	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
Allegheny Power	$59,901	$2,190,547	6,191	$6,337	$2,136,983
Duquesne	$100,000	$2,116,540	4,741	$183,240	$2,199,780
Met-Ed*		$661,619	2,467		$661,619
PECO	$338,050	$7,090,718	21,264	$0	$6,752,668
Penelec*		$2,069,946	5,806		$1,731,896
Penn Power*		$756,325	1,650		$756,325
PPL		$3,626,137	12,301	$48,551	$3,674,688
Total	**$497,951**	**$18,511,832**	**54,420**	**$238,128**	**$17,913,959**

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

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

2003 Natural Gas CARES Benefits

NGDC	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	$190,307	$4,755,299	17,626	$1,530	$4,566,522
Dominion Peoples	$193,000	$4,844,794	18,483	$91,690	$4,743,484
Equitable	$280,605	$4,763,766	12,861	$7,295	$4,490,456
NFG	$17,534	$5,336,809	15,810	$(5,086)	$5,314,189
PECO	$37,186	$876,381	3,177	$0	$839,195
PG Energy	$83,723	$4,066,947	10,135	$895	$3,984,119
UGI	$60,070	$2,016,766	9,039	$3,700	$1,960,396
Total	**$862,425**	**$26,660,762**	**87,131**	**$100,024**	**$25,898,361**

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

Utility Hardship Fund Programs

Utility company hardship funds provide cash assistance to utility customers who "fall through the cracks" of other financial assistance programs, or to those who still have a critical need for assistance after other resources have been exhausted. The funds make payments directly to companies on behalf of eligible customers. Contributions from shareholders, utility employees and customers are the primary sources of funding for these programs.

Ratepayer and Shareholder Contributions

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(D)(I)&(III) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(D)(I)&(III) for the NGDCs, the companies are to report to the Commission on the amount of ratepayer and utility contributions to their hardship funds. Utility shareholders contribute the bulk of utility contributions. The Commission defines ratepayer contributions as contributions from utility employees, ratepayers and special contributions. Special contributions include monies from formal complaint settlements, overcharge settlements, off-system sales and special solicitations of business corporations. The Commission defines utility contributions as shareholder or utility grants for program administration, outright grants to the funds, and grants that match contributions of ratepayers. Columbia's ratepayer contributions include a $362,032 contribution from Citizens Energy Corp. In prior reports, the Commission included this contribution as a shareholder contribution. Utility and ratepayer contributions are shown in the tables below.

2002-03 Electric Hardship Fund Contributions

EDC	Ratepayer Contributions	Average Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Allegheny	$204,569	$0.34	$180,000
Duquesne	$290,233	$0.55	$390,000
Met-Ed	$95,215	$0.21	$150,000
PECO*	$715,616	$0.20	$150,000
Penelec	$55,441	$0.11	$671,173
Penn Power	$53,237	$0.39	$132,300
PPL	$430,530	$0.37	$440,000
Total	**$1,844,841**		**$2,113,473**
Weighted Average		**$0.39**	

*PECO's ratepayer contributions include a special $400,000 contributions to its hardship fund administering agencies as a result of PECO's restructuring settlement agreement at Docket N. A-110550F0147. For the average ratepayer contribution per customer comparison, PECO's $400,000 special contribution is not included. Only residential ratepayer contributions are included in the comparison.

2002-03 Natural Gas Hardship Fund Contributions

NGDC	Ratepayer Contributions	Average Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Columbia*	$458,975	$0.24	$140,540
Dominion Peoples	$152,505	$0.47	$300,000
Equitable	$105,423	$0.44	$42,000
NFG	$49,463	$0.24	$33,333
PECO	$32,293	$0.08	$74,171
PG Energy	$20,408	$0.12	$71,148
UGI	$33,115	$0.13	$40,000
Total	**$852,182**		**$701,192**
Weighted Average		**$0.44**	

*Columbia's ratepayer contributions include a $362,032 contribution from Citizens Energy Corp (Citizens). In prior reports, the Commission included this contribution as a shareholder contribution. For the average ratepayer contribution per customer comparison, Columbia's contribution from Citizens is not included. Only residential ratepayer contributions are included in the comparison.

Hardship Fund Benefits

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(D)(V) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(D)(V) for the NGDCs, the companies are to report to the Commission on hardship fund benefits. The Commission defines hardship fund benefits as the cumulative total number and dollar amount of grants disbursed for the program year as of the end of the program year.

Electric Utility Hardship Fund Grant Benefits

EDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
Allegheny	1,477	1,474	$203	$ 204	$300,000	$300,000
Duquesne	2,646	2,379	$246	$273	$650,000	$650,000
GPU	1,708	N/A	$276	N/A	$470,940	N/A
Met-Ed	N/A	808	N/A	$244	N/A	$197,390
PECO	3,094	2,068	$565	$424	$1,747,767	$876,248
Penelec	N/A	757	N/A	$221	N/A	$167,080
Penn Power	655	715	$360	$336	$235,844	$239,991
PPL	2,515	2,833	$174	$206	$438,148	$582,432
EDC Total	**12,095**	**11,034**			**$3,842,699**	$**3,013,141**
Weighted Average			**$318**	**$273**		

N/A - Not applicable. In 2002, Met-Ed and Penelec (FirstEnergy companies) provided combined data. The combined data is shown as GPU data.

Natural Gas Utility Hardship Fund Grant Benefits

NGDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
Columbia	2,289	2,187	$246	$256	$563,190	$560,140
Dominion Peoples	2,071	1,568	$320	$315	$663,120	$493,680
Equitable	1,312	1,242	$305	$338	$400,000	$420,000
NFG	295	380	$217	$213	$64,066	$80,969
PECO-Gas	463	311	$467	$348	$216,016	$108,300
PG Energy	549	664	$121	$126	$66,571	$83,870
UGI-Gas	493	444	$140	$141	$68,816	$62,419
NGDC Total	**7,472**	**6,796**			**$2,041,779**	**$1,809,378**
Weighted Average			**$273**	**$266**		

4. Small Utilities' Universal Service Program

The universal service reporting requirements for small utilities are considerably less than for the major utilities. The *Reporting Requirements for Universal Service and Energy Conservation Programs* at 52 Pa. Code, Chapter 62, Section 62.7 define small utilities as those NGDCs serving fewer than 100,000 residential customers. The corresponding reporting requirement at 52 Pa. Code, Chapter 54, Section 54.77 defines small utilities as those EDCs serving fewer than 60,000 residential customers. Two major differences are that these small utilities do not fall under the plan submission and approval process at Section 54.74 for EDCs and Section 62.4 for NGDCs and the submission of collection and program data at Section 54.75 for EDCs and Section 62.5 for NGDCs.

As a result of the *Electricity Generation Customer Choice and Competition Act* and the *Natural Gas Choice and Competition Act* (the Acts), the following seven small utilities now have various universal service programs:

- Citizens Electric Company, (Citizens);
- Pike County Power & Light (Pike);
- UGI Utilities Inc. – (UGI);
- Wellsboro Electric Company (Wellsboro);
- Valley Energy (formerly NUI Valley Cities Gas);
- PPL Gas Utilities Corporation (PPL Gas);
- TW Phillips Gas and Oil Company (TW Phillips).

The universal service programs implemented by these companies vary considerably in size and scope of services. For example, Citizens and Pike participate with the Dollar Energy Fund in a hardship fund program. Pike administers a variation of a CAP program and participates in a hardship fund program. Valley Energy administers a CAP rate discount program. UGI, PPL Gas and TW Phillips all administer CAP programs and participate in hardship funds. Both UGI – Electric and TW Phillips also administer LIURP programs.

The small utilities also differ significantly in the total number of residential customers each serves. UGI, PPL Gas and TW Phillips, for example, each serve between 40,000 – 55,000 customers. Citizens, Pike, Wellsboro and Valley Energy each serve less than 5,000 customers.

In addition to the utility-sponsored programs, LIHEAP benefits will be available to all low-income households whose incomes are below 135 percent of the federal poverty guidelines.

In 2003, small utilities that administer CAPs enrolled 2,835 customers in their programs. In 2003, the small utilities that participate with hardship fund programs provided a total of $124,500 in hardship fund benefits to 562 customers. Finally, UGI and TW Phillips completed 293 LIURP jobs.

5. Appendices

Appendix 1- When is an Account Considered to be Overdue?

Company	When is Day Zero (0)	How Many Days Overdue	Days of Variance from BCS Interpretation
Allegheny	Bill Due Date	10 Days	20 Days Sooner
Duquesne	Bill Due Date	30 Days	0 Days
Met-Ed and Penelec	Bill Due Date	30 Days	0 Days
PECO-Electric	Bill Transmittal Date	30 Days	20 Days Sooner
Penn Power	Bill Transmittal Date	30 Days	20 Days Sooner
PPL	Bill Transmittal Date	60 Days	10 Days Later
Columbia	Bill Due Date	30 Days	0 Days
Dominion	Bill Transmittal Date	30 Days	20 Days Sooner
Equitable	Bill Transmittal Date	30 Days	20 Days Sooner
NFG	Bill Rendition Date*	60 Days	9 Days Later
PECO-Gas	Bill Transmittal Date	30 Days	20 Days Sooner
PG Energy	Bill Due Date	30 Days	0 Days
UGI-Gas	Bill Due Date	30 Days	0 Days

*Bill Rendition Date is one day prior to the Bill Transmittal Date

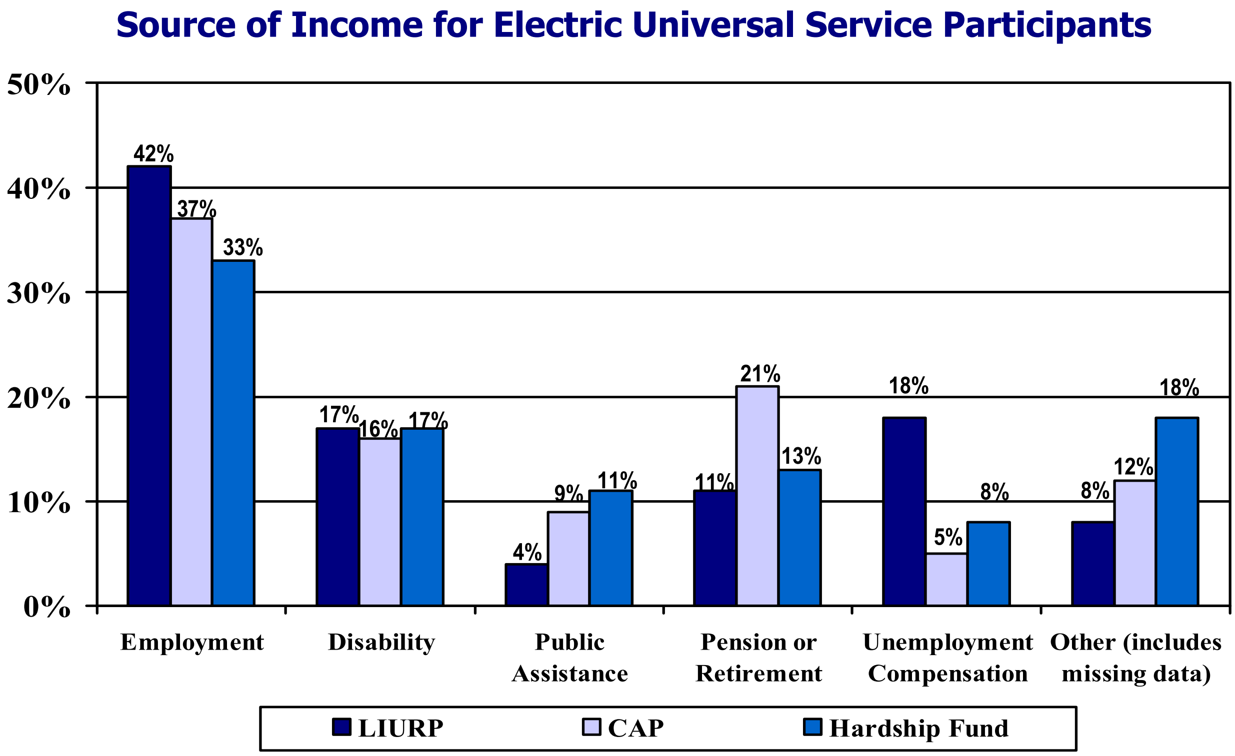
Appendix 2 -When Does an Account Move from Active to Inactive Status?

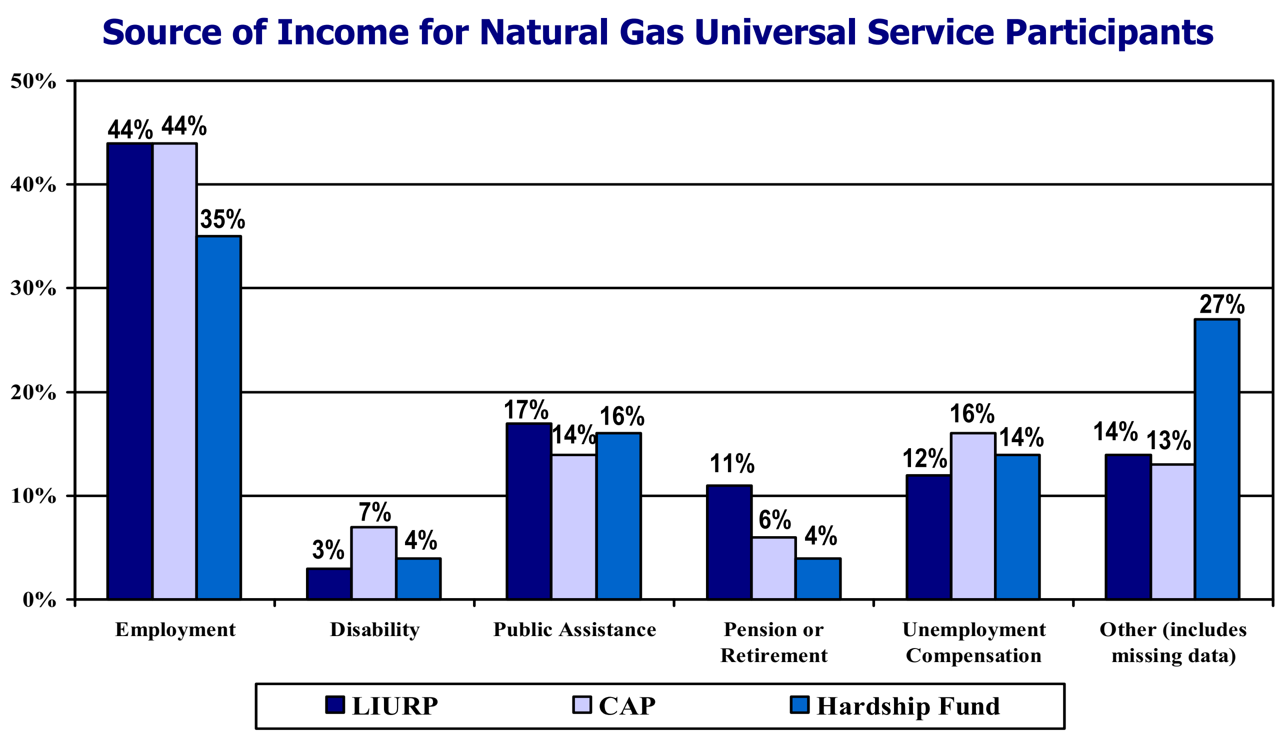
Company	After an Account is Terminated	After an Account is Discontinued
Allegheny	15 Days after Termination Date	0 to 1 Days after Final Bill Transmittal Date
Duquesne	7 Days after Termination Date	3 to 5 Days after Discontinuance
Met-Ed and Penelec	65 Days after Termination Date	Final Bill Due Date
PECO	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
Penn Power	75 Days after Final Bill Transmittal Date	75 Days after Final Bill Transmittal Date
PPL	5 to 8 Days after Termination Date	Bill Transmittal Date
Columbia	5 to 7 Days after Termination Date	Same Day as Discontinuance
Dominion	10 Days after Termination Date	10 Days after Discontinuance
Equitable	3 Days after Termination Date	3 Days after Discontinuance Date
NFG	Same Day as Termination Date	Same Day as Discontinuance Date
PECO-Gas	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
PG Energy	0 to 30 Days after Termination Date	0 to 1 Day after the Final Bill Transmittal Date
UGI-Gas	Same Day as Termination Date	Same Day as Discontinuance Date

Appendix 3 –2003 Federal Poverty Guidelines

2003 Annual Federal Poverty Guidelines					
	Income Reflects Upper Limit of the Poverty Guideline for Each Column				
Size of Household	**0-50% of Poverty**	**51-100% of Poverty**	**110% of Poverty (BCS Level 1)**	**101-150% of Poverty (BCS Level 2)**	**151-200% of Poverty**
1	$4,655	$9,310	$10,241	$13,965	$18,620
2	$6,245	$12,490	$13,739	$18,735	$24,980
3	$7,835	$15,670	$17,237	$23,505	$31,340
4	$9,425	$18,850	$20,735	$28,275	$37,700
5	$11,015	$22,030	$24,233	$33,045	$44,060
6	$12,605	$25,210	$27,731	$37,815	$50,420
7	$14,195	$28,390	$31,229	$42,585	$56,780
8	$15,785	$31,570	$34,727	$47,355	$63,140
For each additional person, add	$1,590	$3,180	$3,498	$4,770	$6,360

Appendix 4 – Source of Income for Universal Service Participants





Appendix 5 – Percent of Spending by CAP Component

Percent of EDC Spending by CAP Component

	% of Total CAP Spending			% of Total CAP Spending		
EDC	**Admin Costs**	**CAP Credits**	**Arrearage Forgiveness**	**Admin Costs**	**CAP Credits**	**Arrearage Forgiveness**
	2002			**2003**		
Allegheny	19.5%	76.2%	4.3%	11.0%	85.0%	4.0%
Duquesne	30.7%	29.3%	40.0%	28.3%	35.4%	36.3%
GPU	14.4%	58.0%	7.6%	N/A		
Met-Ed*	N/A			15.7%	54.9%	29.3%
PECO	48.5%	43.9%	7.6%	34.6%	44.6%	20.7%
Penelec*	N/A			14.0%	63.2%	22.8%
Penn Power	12.7%	87.3%	0.0%	13.7%	86.3%	0.0%
PPL	20.8%	57.6%	21.6%	14.2%	61.5%	24.2%
Weighted Avg.	**38.0%**	**38.0%**	**38.0%**	**28.3%**	**50.3%**	**21.4%**

N/A - Not applicable.
*In 2002, Met-Ed and Penelec, (FirstEnergy companies), provided combined data. The combined data is shown as GPU data.

PECO includes an $18,000,000 uncollectible provision in its administrative costs. Removing the provision reduces administrative costs to $6,445,700, resulting in average administrative costs per CAP customer of $65. Finally, removing the provision results in administrative cost dropping from 35 percent to 12 percent of the total CAP costs. Removing the provision results in the following weighted averages by program component: Administration costs = 14 percent; CAP credits = 60 percent; Arrearage forgiveness = 26 percent.

Percent of NGDC Spending by CAP Component

NDGC	% of Total CAP Spending			% of Total CAP Spending		
	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2002*			2003		
Columbia	7.3%	67.5%	25.2%	3.5%	50.6%	45.9%
Dominion Peoples	16.2%	53.8%	30.0%	11.6%	65.4%	23.1%
Equitable	16.9%	83.1%	0.0%	6.7%	85.5%	7.8%
NFG	17.1%	61.7%	21.2%	11.4%	75.1%	13.4%
PECO-Gas	52.7%	38.5%	8.7%	42.0%	42.8%	15.2%
PG Energy	33.9%	48.2%	17.9%	22.1%	62.7%	15.2%
UGI	27.5%	37.4%	35.1%	35.8%	43.6%	20.6%
Weighted Average	**23.1%**	**59.8%**	**17.2%**	**12.5%**	**57.3%**	**30.2%**

*Revised 2002 data.

In 2003, Columbia's auditors made a decision to write off all the preprogram arrearages. In 2003, Columbia's arrearage write-off is significantly larger than previous years due to a historical asset write-off on balance sheet. If the historical asset of $7,312,028 is removed, Columbia's total arrearage forgiveness costs would be $2,715,681 changing the percentage of spending by CAP component to the following: administrative costs = 5 percent; CAP credits = 76 percent; and arrearage forgiveness = 19 percent.

Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265
www.puc.state.pa.us