  

Report on 2005 Universal Service Programs & Collections Performance

of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies

Pennsylvania Public Utility Commission
Bureau of Consumer Services

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1. Introduction

This is the Pennsylvania Public Utility Commission's (Commission) annual Report on 2005 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies. This summary report includes performance assessments for the seven major electric distribution companies (EDCs) and the eight major natural gas distribution companies (NGDCs). For the second time this report contains performance measures for the Philadelphia Gas Works (PGW).[1] 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 December 3, 1996, the Electricity Generation Customer Choice and Competition Act ("Electric Choice Act"), 66 Pa. C.S. §§ 2801-2812, was enacted. The Natural Gas Choice and Competition Act ("Natural Gas Choice Act"), 66 Pa. C.S. Chapter 22, was enacted on June 22, 1999. In opening up the electric generation and natural gas supply markets to competition, the General Assembly was also concerned about ensuring that electric and natural gas service remains universally available to all customers in the state. Consequently, both Acts contain provisions relating to universal electric and gas service.

Specifically, both the Electric and Natural Gas Choice Acts require the Commission 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. §§ 2203(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. §§ 2203(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 USRR for EDCs on April 30, 1998, and for NGDCs on June 22, 2000. Upon publication in the Pennsylvania Bulletin, the EDC regulations became effective August 8, 1998, and the NGDC regulations became effective December 16, 2000.

This 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, PECO-Gas, PG Energy, PGW 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 this report, the Commission's Bureau

[1] The PGW restructuring proceedings concluded in 2003, and PGW began collecting the required universal service data in 2004. PGW began reporting universal service data in 2004.

of Consumer Services (BCS) conducted a data-cleaning and error-checking process that continued through June. 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.

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 Performance, Universal Service Program Demographics, Low Income Usage Reduction Programs (LIURP), Customer Assistance Programs (CAP), Customer Assistance and Referral Evaluation Services (CARES), Hardship Funds and Cold Weather Survey Results. Each chapter includes an introduction, a discussion of the data elements, definitions where necessary, data tables, and charts. Multiple-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 this 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 third time, this report includes data for both electric and natural gas companies.

Beginning with the 2004 report, the BCS included a chapter that provides the results of the annual Cold Weather Survey (Survey). The results of the Survey are an important component of the Commission's responsibility to monitor the progress of achieving universal service in the individual EDC and NGDC service territories.

Treatment of PECO Data

PECO serves three types of customers: those who receive only electric service (Electric Only); those who receive both electric and gas service (Combination/Electric and Gas), and those who receive only gas service (Gas Only). PECO also reports the electric and 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 85 percent electric and 15 percent 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 gas totals.

Treatment of the FirstEnergy Companies

Beginning with 2003 data, FirstEnergy Corporation requested the BCS to identify and report separately on the three FirstEnergy companies that provide utility service in Pennsylvania. Therefore, this report shows universal service data for the three FirstEnergy companies: Metropolitan Edison (Met-Ed), Pennsylvania Electric (Penelec), and Penn Power.

Treatment of Confirmed Low Income Data among the Collections Performance Data

We have included data about Confirmed Low Income customers in the body of the report in Chapter 1 for only a select number of collections performance measures. The majority of the Confirmed Low Income collection data tables appear as a grouping of tables in Appendix 1. Also included in this grouping of tables in Appendix 1 is a presentation of company revenues or billings.

Responsible Utility Customer Protection Act

On November 30, 2004, the Governor signed into law the Responsible Utility Customer Protection Act ("Act"). This law became effective on December 14, 2004, and amended Title 66 by adding Chapter 14 (66 Pa.C.S. §§1401-1418). This law is intended to protect responsible bill paying customers from rate increases attributable to the uncollectible accounts of customers that can afford to pay their bills, but choose not to pay. The legislation is applicable to electric distribution companies, water distribution companies and larger natural gas distribution companies (those having an annual operating income in excess of $6,000,000).[2] Steam and waste water utilities are not covered by Chapter 14.

Chapter 14 supersedes a number of Chapter 56 Regulations, all ordinances of the City of Philadelphia and any other regulations that impose inconsistent requirements on the utilities. Chapter 14 changed regulations that apply to cash deposits; reconnection of service; termination of service; payment arrangements; and the filing of termination complaints by consumers for electric, gas and water. Chapter 14 expires on December 31, 2014, unless reenacted. Two years after the effective date and every two years thereafter, the Commission must report to the General Assembly regarding the implementation and effectiveness of the Act. The Commission is directed to amend Chapter 56 and may promulgate regulations to administer and enforce Chapter 14.

Chapter 14 seeks to eliminate the opportunities for customers capable of paying to avoid paying their utility bills, and to provide utilities with the means to reduce their uncollectible accounts by modifying the procedures for delinquent account collections. The goal of these changes is to increase timely collections while ensuring that service is available to all customers based on equitable terms and conditions (66 Pa. C.S. §1402).

[2] Small natural gas companies may voluntarily "opt in" to Chapter 14. 66 Pa. C.S. §1403.

2. Collection Performance

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 annual collection operating expenses.

This summary report reviews each of these collection measures by reporting the raw data itself and by using 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 4 for the 2005 federal poverty guidelines. A confirmed low income customer is a customer whose gross household income 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 tables 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	604,305
Duquesne	524,695
Met-Ed	467,456
PECO-Electric	1,387,285
Penelec	505,372
Penn Power	138,505
PPL	1,174,765
Total	**4,802,383**

Number of Residential Natural Gas Customers

Company	Number of Residential Customers
Columbia	360,370
Dominion	324,012
Equitable	232,481
NFG	193,626
PECO-Gas	428,032
PG Energy	140,254
PGW	475,723
UGI-Gas	276,599
Total	**2,431,097**

Number of Confirmed Low Income Electric Customers

Company	Number of Confirmed Low Income Customers	Percent of Customers
Allegheny	45,288	7.5%
Duquesne	35,371	6.7%
Met-Ed	35,048	7.5%
PECO-Electric	205,614	14.8%
Penelec	53,809	10.6%
Penn Power	15,705	11.3%
PPL	116,770	9.9%
Total	**507,605**	**10.6%***

*The total is based on industry totals and does not reflect an average of the company scores.

Number of Confirmed Low Income Natural Gas Customers

Company	Number of Confirmed Low Income Customers	Percent of Customers
Columbia	60,377	16.8%
Dominion	68,261	21.1%
Equitable	33,763	14.5%
NFG	25,190	13.0%
PECO-Gas	38,163	8.9%
PG Energy	24,728	17.6%
PGW	155,308	32.6%
UGI-Gas	22,053	8.0%
Total	**427,843**	**17.6%***

*The total is based on industry totals and does not reflect an average of the company scores.

Number of Estimated Low Income Electric Customers

Company	Number of Estimated Low Income Customers	Percent of Customers
Allegheny	137,716	22.8%
Duquesne	99,747	19.0%
Met-Ed	68,108	14.6%
PECO-Electric	246,308	17.8%
Penelec	118,380	23.4%
Penn Power	28,378	20.5%
PPL	200,250	17.0%
Total	**898,887**	**18.7%***

*The total is based on industry totals and does not reflect an average of the company scores.

Number of Estimated Low Income Natural Gas Customers

Company	Number of Estimated Low income Customers	Percent of Customers
Columbia	70,038	19.4%
Dominion	77,519	23.9%
Equitable	47,815	20.6%
NFG	42,597	22.0%
PECO-Gas	43,466	10.2%
PG Energy	29,682	21.2%
PGW	156,723	32.9%
UGI-Gas	39,930	14.4%
Total	**507,770**	**20.9%***

*The total is based on industry totals and does not reflect an average of the company scores.

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	604,305	19,980	11,969	3.31%	60%
Duquesne	524,695	22,132	15,124	4.22%	68%
Met-Ed	467,456	7,599	4,306	1.63%	57%
PECO-Electric	1,387,285	60,596	40,930	4.37%	68%
Penelec	505,372	11,430	7,060	2.26%	62%
Penn Power	138,505	2,795	1,824	2.02%	65%
PPL	1,174,765	17,795	11,398	1.51%	64%
Total	**4,802,383**	**142,327**	**92,611**	**2.96%**	**65%**

Terminations and Reconnections – Residential Natural Gas Customers

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	360,370	18,819	10,669	5.22%	57%
Dominion	324,012	6,768	2,699	2.09%	40%
Equitable	232,481	13,075	7,765	5.62%	59%
NFG	193,626	14,125	9,144	7.29%	65%
PECO-Gas	428,032	19,736	13,434	4.61%	68%
PG Energy	140,254	5,334	3,409	3.80%	64%
PGW	475,723	40,663	26,573	8.55%	65%
UGI-Gas	276,599	12,830	7,413	4.64%	58%
Total	**2,431,097**	**131,350**	**81,106**	**5.40%**	**62%**

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	45,288	1,648	1,640	3.64%	99%
Duquesne	35,371	10,007	8,325	28.29%	83%
Met-Ed	35,048	3,672	2,103	10.48%	57%
PECO-Electric	205,614	13,352	9,131	6.49%	68%
Penelec	53,809	6,570	4,079	12.21%	62%
Penn Power	15,705	1,683	1,062	10.72%	63%
PPL	116,770	9,484	6,853	8.12%	72%
Total	**507,605**	**46,416**	**33,193**	**9.14%**	**72%**

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	60,377	9,132	4,655	15.12%	51%
Dominion	68,261	5,365	2,294	7.86%	43%
Equitable	33,763	7,246	4,073	21.46%	56%
NFG	25,190	7,341	5,324	29.14%	73%
PECO-Gas	38,163	74	36	0.19%	49%
PG Energy	24,728	3,052	1,828	12.34%	60%
PGW	155,308	10,375	13,798	6.68%	133%
UGI-Gas	22,053	7,136	3,728	32.36%	52%
Total	**427,843**	**49,721**	**35,736**	**11.62%**	**72%**

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 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, Met-Ed, Penelec, 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 2 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 3.

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	5,360	63,368	68,728
Duquesne	9,041	19,159	28,200
Met-Ed	24,753	23,245	47,998
PECO-Electric	23,826	159,897	183,723
Penelec	29,878	28,926	58,804
Penn Power	7,275	6,908	14,183
PPL	25,995	87,223	113,218
Total	**126,128**	**388,726**	**514,854**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Columbia	5,847	20,544	26,391
Dominion	12,243	30,340	42,583
Equitable	6,039	14,236	20,275
NFG	4,475	5,912	10,387
PECO-Gas	3,560	23,893	27,453
PG Energy	2,688	10,297	12,985
PGW	31,668	112,324	143,992
UGI-Gas	2,851	16,453	19,304
Total	**69,371**	**233,999**	**303,370**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

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 percent of its residential customers in debt.

The percent 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%	10%	11%
Duquesne	2%	4%	5%
Met-Ed	5%	5%	10%
PECO-Electric	2%	12%	13%
Penelec	6%	6%	12%
Penn Power	5%	5%	10%
PPL	2%	7%	10%
Total	**3%****	**8%****	**11%****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service. Mathematical differences in the total percent of customers in debt due to rounding.

**The total is based on industry totals and does not reflect an average of the company scores.

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%	6%	7%
Dominion	4%	9%	13%
Equitable	3%	6%	9%
NFG	2%	3%	5%
PECO-Gas	1%	6%	6%
PG Energy	2%	7%	9%
PGW	7%	24%	30%
UGI-Gas	1%	6%	7%
Total	**3%****	**10%****	**12%****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service. Mathematical differences in the total percent of customers in debt due to rounding.
**The total is based on industry totals and does not reflect an average of the company scores.

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.

Dollars in Debt - Residential Electric Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny	$1,925,790	$4,521,309	$6,447,099
Duquesne	$5,750,700	$4,229,149	$9,979,849
Met-Ed	$14,111,740	$4,059,484	$18,171,224
PECO-Electric	$12,502,633	$46,094,942	$58,597,575
Penelec	$14,330,547	$4,165,899	$18,496,446
Penn Power	$4,498,252	$1,269,838	$5,768,090
PPL	$13,090,193	$26,559,144	$39,649,337
Total	**$66,209,855**	**$90,899,765**	**$157,109,620**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	$4,641,941	$4,640,056	$9,281,997
Dominion	$7,860,554	$11,959,714	$19,820,268
Equitable	$6,307,074	$5,976,346	$12,283,420
NFG	$2,131,745	$2,588,140	$4,719,885
PECO-Gas	$1,868,206	$6,887,750	$8,755,956
PG Energy	$1,105,071	$2,554,867	$3,659,938
PGW	$31,362,509	$47,322,276	$78,684,785
UGI-Gas	$1,142,680	$4,476,035	$5,618,715
Total	**$56,419,780**	**$86,405,184**	**$142,824,964**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	$491,311	$561,470	$1,052,781
Duquesne	$1,166,251	$2,118,049	$3,284,300
Met-Ed	$10,735,413	$1,176,800	$11,912,213
PECO-Electric	$9,289,586	$18,503,393	$27,792,979
Penelec	$12,231,307	$1,543,565	$13,774,872
Penn Power	$3,571,680	$500,335	$4,072,015
PPL	$8,933,395	$13,681,080	$22,614,475
Total	**$46,418,943**	**$38,084,692**	**$84,503,635**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	$2,452,232	$1,951,309	$4,403,541
Dominion	$6,634,402	$8,485,781	$15,120,183
Equitable	$3,440,978	$2,441,525	$5,882,503
NFG	$1,176,720	$1,143,446	$2,320,166
PECO-Gas	$1,388,099	$3,190,240	$4,578,339
PG Energy	$529,640	$1,197,331	$1,726,971
PGW	$15,480,618	$25,778,627	$41,259,245
UGI-Gas	$703,390	$1,898,955	$2,602,345
Total	**$31,806,079**	**$46,087,214**	**$77,893,293**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Total Dollars Owed – on an Agreement Versus 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	30%	70%
Duquesne	58%	42%
Met-Ed	78%	22%
PECO-Electric	21%	79%
Penelec	77%	23%
Penn Power	78%	22%
PPL	33%	67%
Total	**42%****	**58%****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

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	50%	50%
Dominion	40%	60%
Equitable	51%	49%
NFG	45%	55%
PECO-Gas	21%	79%
PG Energy	30%	70%
PGW	40%	60%
UGI-Gas	20%	80%
Total	**40%***	**60%***

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

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	$359	$71	$94
Duquesne	$636	$221	$354
Met-Ed	$570	$175	$379
PECO-Electric	$525	$288	$319
Penelec	$480	$144	$315
Penn Power	$618	$184	$407
PPL	$504	$305	$350
Total	**$525***	**$234***	**$305***

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

Average Arrearage – Residential Natural Gas Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Columbia	$794	$226	$352
Dominion	$642	$394	$465
Equitable	$1,044	$420	$606
NFG	$476	$438	$454
PECO-Gas	$525	$288	$319
PG Energy	$411	$248	$282
PGW	$990	$421	$546
UGI-Gas	$401	$272	$291
Total	**$813****	**$369****	**$471****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

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 PARs are included in this category. However, CAP payment plans are not included in the count of payment arrangements.

The following tables include both 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	13,426	6,343	47%
Duquesne	85,436	49,940	58%
Met-Ed	46,788	38,246	82%
PECO-Electric	66,309	50,899	77%
Penelec	52,090	46,238	89%
Penn Power	17,365	15,052	87%
PPL	309,846	141,723	46%
Total	**591,260**	**348,441**	**59%**

Natural Gas Payment Arrangements

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Columbia	19,095	10,160	53%
Dominion	39,161	34,430	88%
Equitable	13,366	6,070	45%
NFG	18,644	9,213	49%
PECO-Gas	18,239	13,001	71%
PG Energy	16,933	8,535	50%
PGW	82,914	52,004	63%
UGI-Gas	47,629	24,481	51%
Total	**255,981**	**157,894**	**62%**

Gross Residential Write-Offs in Dollars

The tables below represent the gross residential write-offs in dollars for the EDCs and NGDCs in 2005. 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	$7,643,658
Duquesne	$9,371,658
Met-Ed	$10,439,196
PECO-Electric	$37,965,042
Penelec	$10,034,340
Penn Power	$3,340,752
PPL	$19,078,568
Total	**$97,873,214**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Residential Natural Gas Customers

Company	Gross Dollars Written Off*
Columbia	$12,081,502
Dominion	$9,123,162
Equitable	$15,624,609
NFG	$7,560,399
PECO-Gas	$6,699,713
PG Energy	$6,059,579
PGW	$93,852,735
UGI-Gas	$7,694,431
Total	**$158,696,130**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Confirmed Low Income Electric Customers

Company	Gross Dollars Written Off*
Allegheny	$4,447,080
Duquesne	$5,478,052
Met-Ed	$6,746,325
PECO-Electric	$5,556,329
Penelec	$7,429,563
Penn Power	$2,421,411
PPL	$8,329,473
Total	**$40,408,233**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Confirmed Low Income Natural Gas Customers

Company	Gross Dollars Written Off*
Columbia	$7,682,384
Dominion	$7,591,385
Equitable	$7,268,069
NFG	$4,583,426
PECO-Gas	$980,529
PG Energy	$2,990,687
PGW	$34,236,419
UGI-Gas	$4,278,391
Total	**$69,611,290**

*Does not include CAP Credits or Arrearage Forgiveness.

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 annual total 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	1.58%
Duquesne	2.58%
Met-Ed	2.14%
PECO-Electric	2.22%
Penelec	2.58%
Penn Power	2.27%
PPL	1.50%
Total	**2.02%****

* Does not include CAP Credits or Arrearage Forgiveness.
**The total is based on industry totals and does not reflect an average of the company scores.

Gross Write-Offs Ratio – Residential Natural Gas Customers

Company	Gross Write-Offs Ratio*
Columbia	2.86%
Dominion	2.56%
Equitable	5.03%
NFG	2.69%
PECO-Gas	1.33%
PG Energy	2.85%
PGW	14.60%
UGI-Gas	2.45%
Total	**5.21%****

* Does not include CAP Credits or Arrearage Forgiveness.
**The total is based on industry totals and does not reflect an average of the company scores.

Gross Write-Offs Ratio – Confirmed Low Income Electric Customers

Company	Gross Write-Offs Ratio*
Allegheny	29.23%
Duquesne	21.15%
Met-Ed	17.32%
PECO-Electric	1.54%
Penelec	15.56%
Penn Power	17.04%
PPL	5.19%
Total	**6.10%****

* Does not include CAP Credits or Arrearage Forgiveness.
**The total is based on industry totals and does not reflect an average of the company scores.

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

Company	Gross Write-Offs Ratio*
Columbia	10.94%
Dominion	7.69%
Equitable	18.04%
NFG	21.18%
PECO-Gas	2.16%
PG Energy	11.47%
PGW	55.42%
UGI-Gas	13.77%
Total	**17.61%****

* Does not include CAP Credits or Arrearage Forgiveness.
**The total is based on industry totals and does not reflect an average of the company scores.

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	$14,237,964	$9,489,603	67%
Duquesne	$23,434,478	$13,698,248	58%
Met-Ed	$13,226,480	$8,031,236	61%
PECO-Electric	$5,694,467	$833,407	15%
Penelec	$13,302,200	$9,187,671	69%
Penn Power	$4,297,228	$2,932,169	68%
PPL	$7,932,252	$4,521,384	57%
Total	**$82,125,069**	**$48,693,718**	**59%**

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	$4,182,531	$2,268,185	54%
Dominion	$2,844,234	$815,608	29%
Equitable	$4,438,459	$1,067,074	24%
NFG	$1,018,618	$361,125	36%
PECO-Gas	$1,004,906	$147,072	15%
PG Energy	$2,449,067	$1,276,437	52%
PGW	$10,263,836	1,539,575	15%
UGI-Gas	$3,211,452	$1,650,666	51%
Total	**$29,413,103**	**$9,125,742**	**30%**

Selected Tables for Multi-Year Data

Terminations – Residential Electric Customers

Company	2004 Terminations	2005 Terminations	Percent Change in # 2004-05	2004 Termination Rate	2005 Termination Rate
Allegheny	12,007	19,980	66%	2.00%	3.31%
Duquesne	10,694	22,132	107%	2.03%	4.22%
Met-Ed	4,506	7,599	69%	0.98%	1.63%
PECO-Electric	54,825	60,596	11%	3.97%	4.37%
Penelec	5,881	11,430	94%	1.17%	2.26%
Penn Power	1,446	2,795	93%	1.05%	2.02%
PPL	9,061	17,795	96%	0.78%	1.51%
Total	**98,420**	**142,327**	**45%**	**2.06%***	**2.96%***

*The total is based on industry totals and does not reflect an average of the company scores.

Terminations – Residential Natural Gas Customers

Company	2004 Terminations	2005 Terminations	Percent Change in # 2004-05	2004 Termination Rate	2005 Termination Rate
Columbia	7,545	18,819	149%	2.11%	5.22%
Dominion	6,054	6,768	12%	1.87%	2.09%
Equitable	7,023	13,075	86%	2.93%	5.62%
NFG	7,422	14,125	90%	3.81%	7.29%
PECO-Gas	13,135	19,736	50%	3.12%	4.61%
PG Energy	5,169	5,334	3%	3.69%	3.80%
PGW	29,695	40,663	37%	6.93%	8.55%
UGI-Gas	8,911	12,830	44%	3.30%	4.64%
Total	**84,954**	**131,350**	**49%**	**3.64%***	**5.40%***

*The total is based on industry totals and does not reflect an average of the company scores.

Number of Residential Electric Customers in Debt

Company	2004 Total Number of Customers in Debt*	2005 Total Number of Customers in Debt*	Percent Change in # 2004-05
Allegheny	106,937	68,728	-36%
Duquesne	28,863	28,200	-2%
Met-Ed	49,668	47,998	-3%
PECO-Electric	209,704	183,723	-12%
Penelec	61,484	58,804	-4%
Penn Power	14,305	14,183	-1%
PPL	116,922	113,218	-3%
Total	**587,883**	**514,854**	**-12%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	2004 Total Number of Customers in Debt*	2005 Total Number of Customers in Debt*	Percent Change in # 2004-05
Columbia	27,732	26,391	-5%
Dominion	40,831	42,583	4%
Equitable	48,030	20,275	-58%
NFG	12,234	10,387	-15%
PECO-Gas	31,336	27,453	-12%
PG Energy	14,182	12,985	-8%
PGW	180,908	143,992	-20%
UGI-Gas	17,099	19,304	13%
Total	**372,352**	**303,370**	**-19%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	2004 Total Dollars in Debt*	2005 Total Dollars in Debt*	Percent Change in # 2004-05
Allegheny	$19,265,382	$6,447,099	-66%
Duquesne	$13,279,387	$9,979,849	-25%
Met-Ed	$19,482,279	$18,171,224	-7%
PECO-Electric	$57,591,387	$58,597,575	2%
Penelec	$19,989,289	$18,496,446	-7%
Penn Power	$6,029,650	$5,768,090	-4%
PPL	$48,522,390	$39,649,337	-18%
Total	**$184,159,764**	**$157,109,620**	**-15%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	2004 Total Dollars in Debt*	2005 Total Dollars in Debt*	Percent Change in # 2004-05
Columbia	$9,949,164	$9,281,997	-7%
Dominion	$18,886,923	$19,820,268	5%
Equitable	$18,041,128	$12,283,420	-32%
NFG	$5,250,464	$4,719,885	-10%
PECO-Gas	$8,946,605	$8,755,956	-2%
PG Energy	$4,536,188	$3,659,938	-19%
PGW	$104,917,103	$78,684,785	-25%
UGI-Gas	$3,206,456	$5,618,715	75%
Total	**$173,734,031**	**$142,824,964**	**-18%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	2004 Gross Dollars Written Off*	2005 Gross Dollars Written Off*	Percent Change in # 2004-05
Allegheny	$8,571,821	$7,643,658	-11%
Duquesne	$9,909,654	$9,371,658	-5%
Met-Ed	$9,690,456	$10,439,196	8%
PECO-Electric	$35,434,984	$37,965,042	7%
Penelec	$8,748,857	$10,034,340	15%
Penn Power	$2,361,062	$3,340,752	41%
PPL	$27,198,387	$19,078,568	-30%
Total	**$101,915,221**	**$97,873,214**	**-4%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs – Residential Natural Gas Customers

Company	2004 Gross Dollars Written Off*	2005 Gross Dollars Written Off*	Percent Change in # 2004-05
Columbia	$11,524,044	$12,081,502	5%
Dominion	$8,691,632	$9,123,162	5%
Equitable	$7,922,823	$15,624,609	97%
NFG	$6,001,579	$7,560,399	26%
PECO-Gas	$6,127,609	$6,699,713	9%
PG Energy	$5,157,851	$6,059,579	17%
PGW	$65,949,043	$93,852,735	42%
UGI-Gas	$6,790,705	$7,694,431	13%
Total	**$118,165,286**	**$158,696,130**	**34%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio – Residential Electric Customers

Company	2004 Gross Write-Offs Ratio*	2005 Gross Write-Offs Ratio*	Percent Change 2004-05
Allegheny	1.86%	1.58%	-15%
Duquesne	3.15%	2.58%	-18%
Met-Ed	2.11%	2.14%	1%
PECO-Electric	2.39%	2.22%	-7%
Penelec	2.33%	2.58%	11%
Penn Power	1.69%	2.27%	34%
PPL	2.43%	1.50%	-38%
Total	**2.34%****	**2.02%****	**-14%**

* Does not include CAP Credits or Arrearage Forgiveness.
**The total is based on industry totals and does not reflect an average of the company scores.

Gross Write-Offs Ratio – Residential Natural Gas Customers

Company	2004 Gross Write-Offs Ratio*	2005 Gross Write-Offs Ratio*	Percent Change 2004-05
Columbia	3.45%	2.86%	-17%
Dominion	2.75%	2.56%	-7%
Equitable	2.79%	5.03%	80%
NFG	2.45%	2.69%	10%
PECO-Gas	1.30%	1.33%	2%
PG Energy	2.79%	2.85%	2%
PGW	11.52%	14.60%	27%
UGI-Gas	2.60%	2.45%	-6%
Total	**4.43%****	**5.21%****	**18%**

* Does not include CAP Credits or Arrearage Forgiveness.
**The total is based on industry totals and does not reflect an average of the company scores.

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 two tables that follow immediately below, the higher the percentage, the greater the potential collection risk.

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

Company	2004	2005	Percent Change 2004-05
Allegheny	4.2%	1.3%	-69%
Duquesne	4.2%	2.8%	-33%
Met-Ed	4.2%	3.7%	-12%
PECO-Electric	3.9%	3.4%	-13%
Penelec	5.3%	4.8%	-9%
Penn Power	4.3%	3.9%	-9%
PPL	4.3%	3.1%	-28%
Total	**4.2%***	**3.2%***	**-24%**

*The total is based on industry totals and does not reflect an average of the company scores.

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

Company	2004	2005	Percent Change 2004-05
Columbia	3.0%	2.2%	-27%
Dominion	6.0%	5.6%	-7%
Equitable	6.4%	4.0%	-38%
NFG	2.2%	1.7%	-23%
PECO-Gas	1.9%	1.7%	-11%
PG Energy	2.5%	1.7%	-32%
PGW	18.3%	12.2%	-33%
UGI-Gas	1.2%	1.8%	50%
Total	**6.5%***	**4.7%***	**-28%**

*The total is based on industry totals and does not reflect an average of the company scores.

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 30 percent of the federal poverty guidelines, while households with employment at minimum wage have incomes below 67 percent of the federal poverty guidelines. Appendix 4 shows poverty levels in relation to household size and income.

Source of Income, Average Household Size and Income

For customers of all universal service programs, average household incomes are below $15,000. Both electric and natural gas households that receive CAP benefits have average household incomes that are less than $12,000 a year. Natural gas and electric customers who receive Low Income Usage Reduction Program (LIURP) service have average yearly household incomes below $15,000. These households average three persons, with at least one member under 18 years old.

Average household incomes for universal service and energy conservation program participants are well below 150 percent of the 2005 federal poverty guidelines of $24,900 for three persons. The most recently published data from the 2003 Census reports that the average household income in Pennsylvania is $53,991.

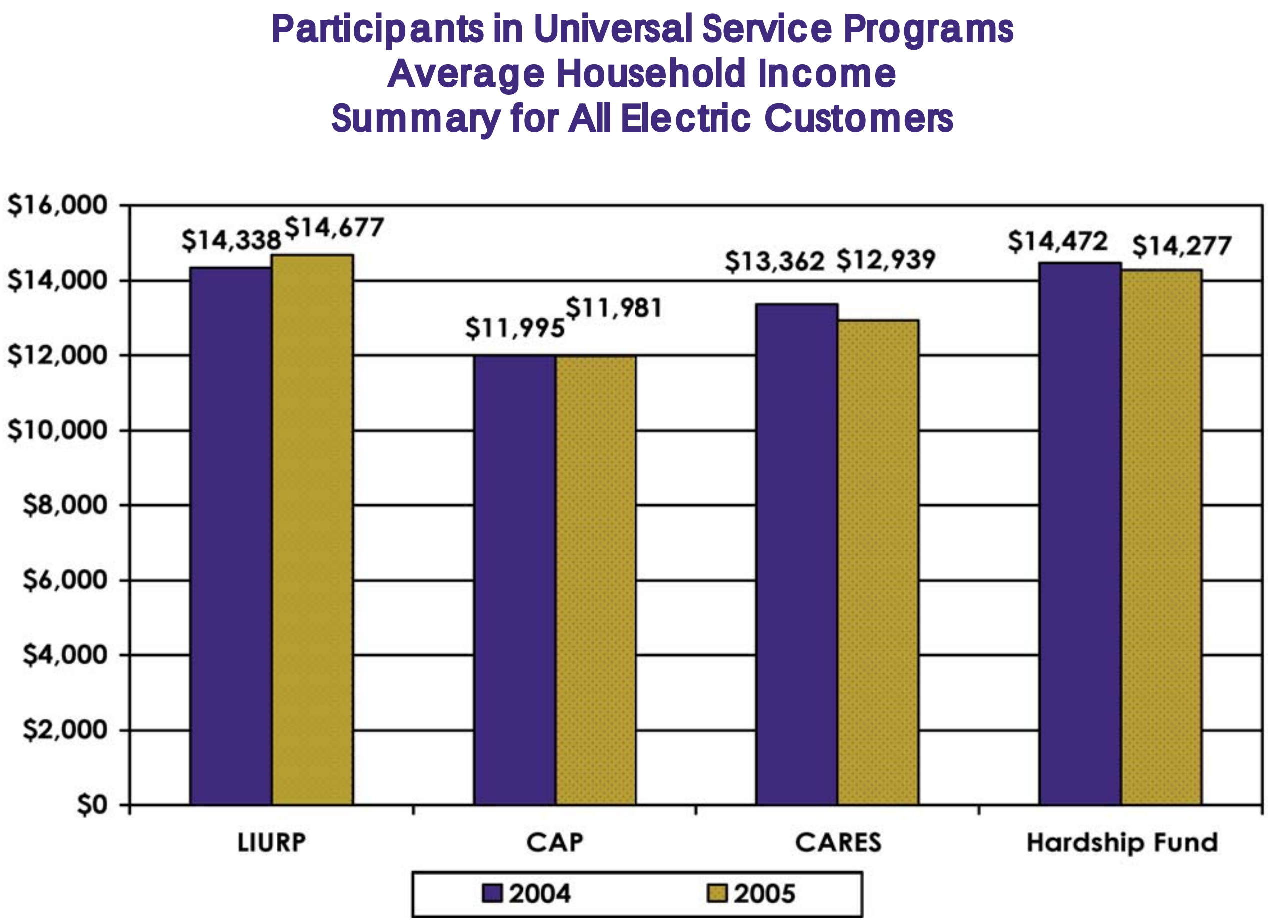
The majority of electric customers participating in universal service programs have incomes from employment, disability benefits or pension benefits. The majority of natural gas customers participating in universal service programs have incomes from employment, disability, and public assistance. See Appendix 5 for a summary of the source of income data.

"Working poor" households do not always have incomes that exceed 150 percent of the federal poverty guidelines. A definition of a "working poor" household begins with a wage-earner who works full-time at a minimum wage job. Minimum wage is $5.15 per hour.[3] Annual income for a wage earner who works at minimum wage job is $10,712. A typical CAP customer has an income in the $11,000 to $12,000 range, which places these households' incomes between 70 percent – 77 percent of the federal poverty guidelines. These households have incomes that are just slightly above minimum wage. Almost 50 percent of the 345,330 households enrolled in CAP have incomes between 51 percent – 100 percent of the federal poverty guidelines. The remainder of those enrolled are

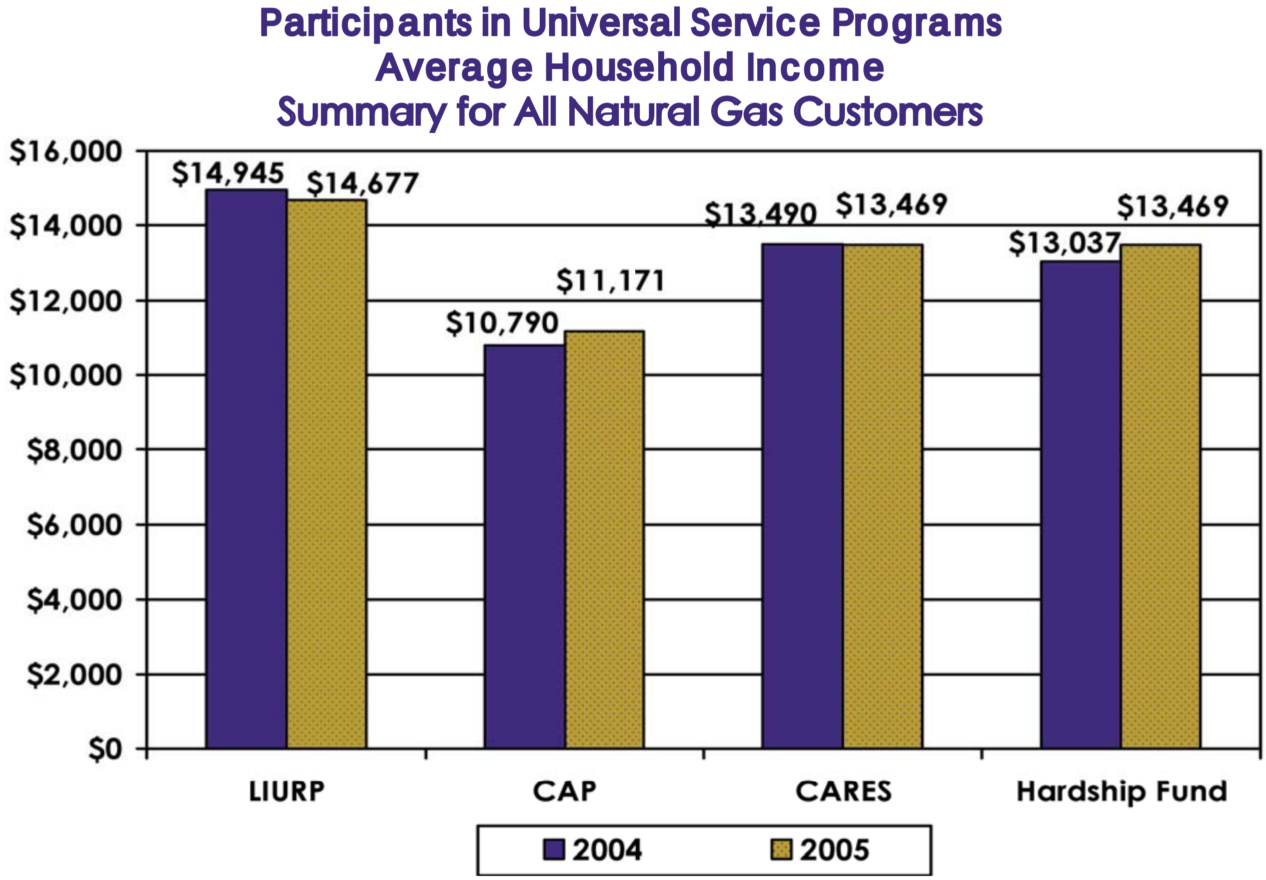
[3] http://www.dol.gov/esa/minwage/chart.htm , The Pennsylvania state minimum wage law adopts the Federal minimum wage rate by reference. http://www.dol.gov/esa/minwage/america.htm#Pennsylvania.

split evenly between incomes below 50 percent and above 100 percent of the federal poverty guidelines.

Finally, it is important to understand the relationship between household incomes and the percent of that income that a household spends on energy. Energy burden is defined as the percentage of household income that a household spends on total home energy needs.[4] In most instances, CAP programs require households to pay at least 16 percent of their household incomes for energy compared with an average Pennsylvania household that pays about 5 percent of their income for home energy needs. Profiles of typical electric and natural gas CAP customers are shown in Appendix 8.



[4] U.S. Department of Health & Human Services, LIHEAP Home Energy Notebook for FY 2002: Appendix A Home energy estimates, p. 45, 2004.



LIURP

The Pennsylvania Low Income Usage Reduction Program (LIURP) is a statewide, utility-sponsored, residential usage reduction program mandated by Pennsylvania Public Utility 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 for a period of three years in the most recently filed Universal Service Plans. 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 and utility data.

The PUC 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 payback recovery basis of seven years or less for most program measures. There are exceptions that must meet a 12-year simple payback recovery. These include 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, utility and community 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.

LIURP Spending – Electric Utilities

Company	2005 Actual Spending	2006 Projected Spending*
Allegheny	$1,835,729	$2,273,777
Duquesne	$1,092,425	$1,717,162
Met-Ed	$1,891,795	$1,826,000
PECO-Electric	$5,599,155	$5,600,000
Penelec	$1,910,354	$1,962,000
Penn Power	$595,474	$645,250
PPL	$6,328,715	$7,336,715
Total	**$19,253,647**	**$21,360,904**

*Includes carryover of unspent funds.

LIURP Spending – Natural Gas Utilities

Company	2005 Actual Spending	2006 Projected Spending*
Columbia	$1,338,772	$1,369,203
Dominion	$610,000	$610,000
Equitable	$637,110	$692,937
NFG	$1,191,073	$1,183,566
PECO-Gas	$875,160	$875,000
PG Energy	$334,466	$380,247
PGW	$2,123,108	$2,060,000
UGI-Gas	$671,237	$833,087
Total	**$7,780,926**	**$8,004,040**

*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	2005 Actual Production			2006 Projected Production		
	Heating Jobs	Water Heating Jobs	Baseload Jobs*	Heating Jobs	Water Heating Jobs	Baseload Jobs*
Allegheny	330	1,151	301	345	1,431	382
Duquesne	20	3	2,980	20	5	2,750
Met-Ed	387	403	439	375	395	430
PECO-Electric	1,372	0	5,592	1,375	0	6,250
Penelec	245	998	517	265	1,010	475
Penn Power	50	193	280	60	205	275
PPL	1,506	139	981	1,875	180	1,359
Total	**3,910**	**2,887**	**11,090**	**4,315**	**3,226**	**11,921**

* Baseload jobs contain very few or no heating or water heating program measures.

LIURP Natural Gas Production

Company	2005 Actual Production Heating Jobs	2006 Projected Production Heating Jobs
Columbia	226	220
Dominion	176	170
Equitable	145	200
NFG	199	150
PECO-Gas	573	575
PG Energy	125	142
PGW	2,738	1,300
UGI-Gas	211	300
Total	**4,393**	**3,057**

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 LIURP gas jobs are classified as heating. On the other hand, for electric jobs, the determination of the job type first depends on whether or not 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	2005 Heating Jobs	2005 Water Heating Jobs	2005 Baseload Jobs
Allegheny	$870	$901	$901
Duquesne	$1,734	$1,127	$177
Met-Ed	$1,743	$1,013	$958
PECO-Electric	$2,205	Not Applicable	$328
Penelec	$1,406	$783	$669
Penn Power	$1,273	$706	$658
PPL	$2,361	$1,226	$632

LIURP Natural Gas Job Costs

Company	2005 Heating Jobs
Columbia	$4,526
Dominion	$2,962
Equitable	$3,541
NFG	$3,606
PECO-Gas	$1,518
PG Energy	$2,306
PGW	$775
UGI-Gas	$2,355

LIURP Energy Savings and Bill Reduction

LIURP energy savings are determined by calculating the difference in 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 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 Reductions

Job Type	2003 Energy Savings	2003 Estimated Annual Bill Reduction*
Electric Heating	9.3%	$170
Electric Water Heating	5.2%	$57
Electric Baseload	8.3%	$87
Gas Heating	18.4%	$371

Customer Assistance Programs

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. Appendix 7 provides a summary of the universal service design changes by company that the Commission approved in 2005.

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 §62.4 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 2005 results below show a CAP Participation Rate, defined as the number of participants enrolled as of December 31, 2005, divided by the number of confirmed low income customers. The Commission expects a utility to maintain open enrollment to meet the need in each utility's service territory. 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 12/31/04	CAP Participation Rate	Participants Enrolled as of 12/31/05	CAP Participation Rate
	2004		2005	
Allegheny	20,741	69%	20,686	46%
Duquesne	18,490	57%	23,093	65%
Met-Ed	6,288	20%	8,145	23%
PECO	98,387	55%	116,829	57%
Penelec	11,689	23%	13,069	24%
Penn Power	3,198	22%	3,393	22%
PPL	15,801	14%	14,033	12%
Total	**174,594**		**199,248**	
Weighted Avg.		**39%**		**39%**

CAP Participation – Natural Gas Utilities

EDC	Participants Enrolled as of 12/31/04	CAP Participation Rate	Participants Enrolled as of 12/31/05	CAP Participation Rate
	2004		2005	
Columbia	19,259	27%	21,864	36%
Dominion Peoples	9,011	15%	10,199	15%
Equitable	11,496	36%	12,975	38%
NFG	8,345	34%	10,054	40%
PECO	15,757	50%	31,928	84%
PG Energy	2,212	9%	2,853	12%
PGW	60,621	39%	67,120	43%
UGI	4,008	20%	4,558	21%
Total	**130,709**		**161,551**	
Weighted Avg.		**31%**		**38%**

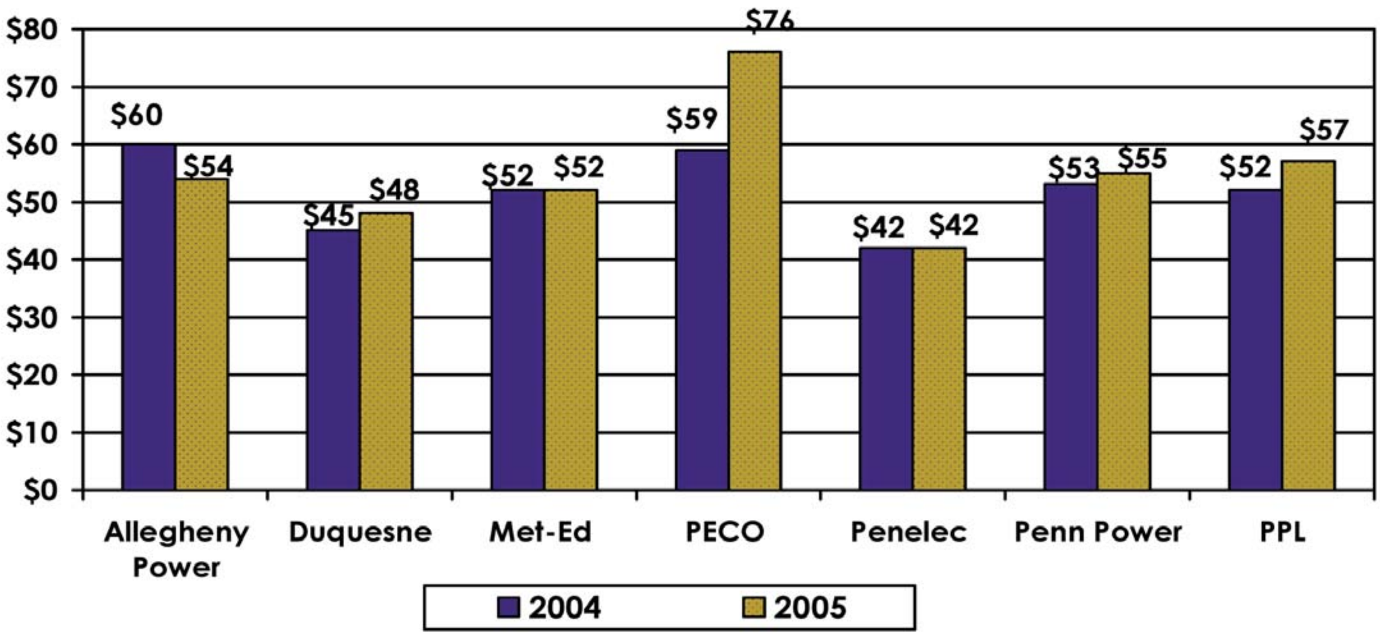
CAP Benefits – Bills, Credits & Arrearage Forgiveness

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.

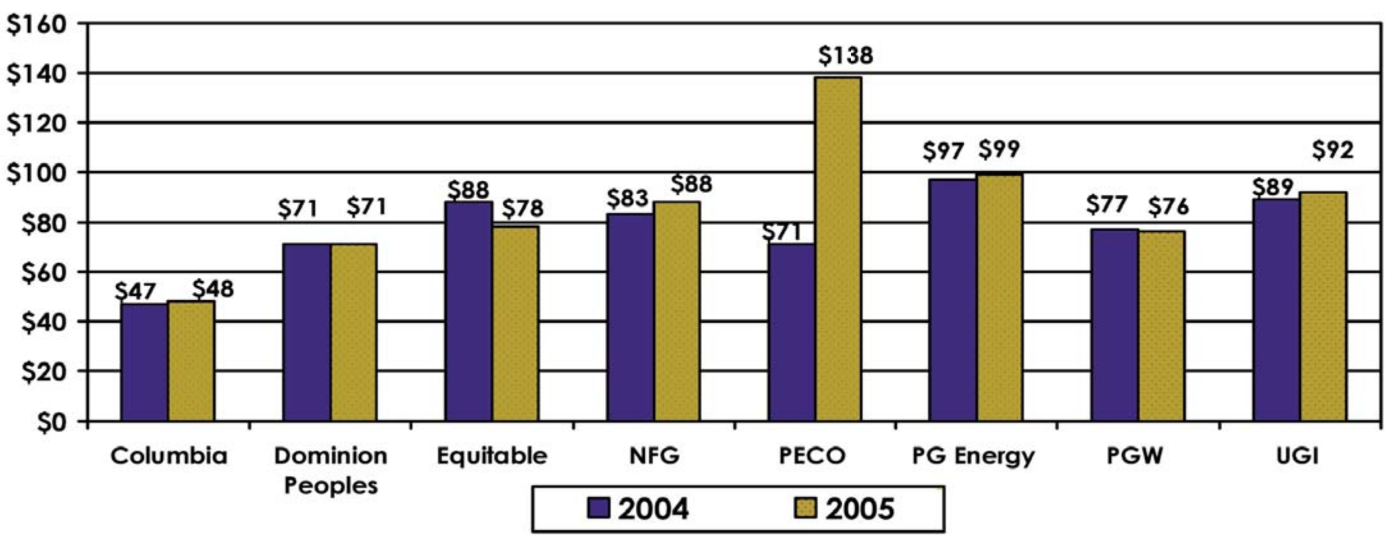
The Commission has further defined the three components of CAP benefits. The Commission defines average CAP bill as the total CAP amount billed (total of the expected monthly CAP payment) divided by the total number of CAP bills rendered. The Commission defines average CAP credits as the total amount 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 preprogram 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.

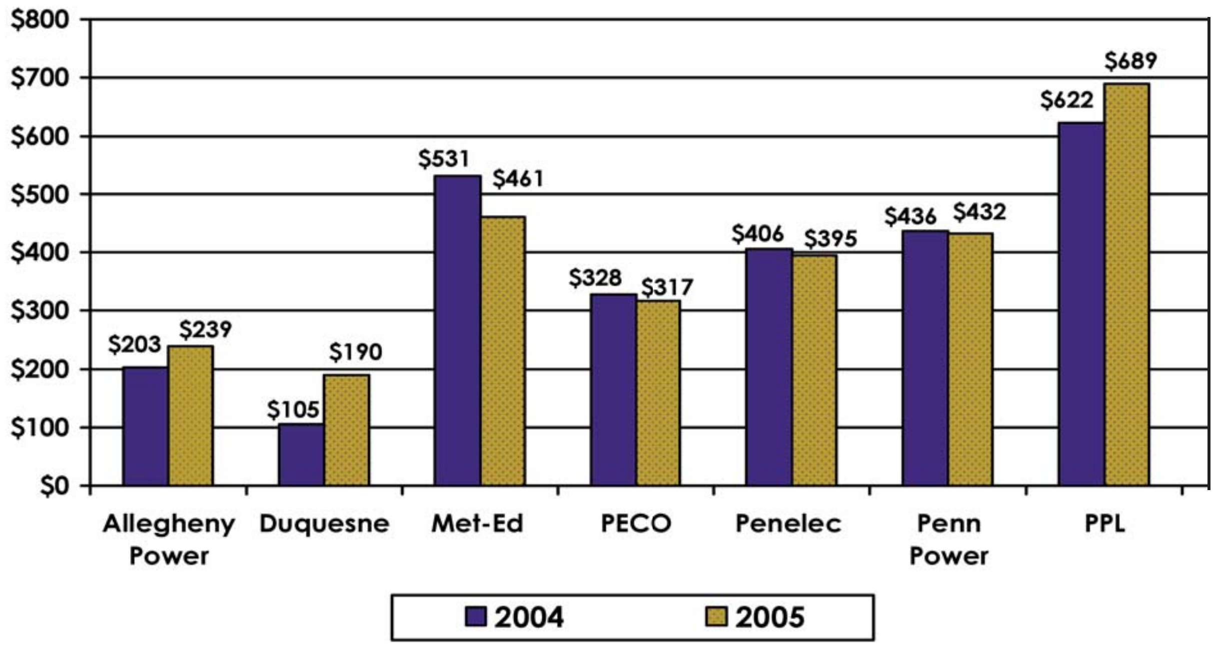
Average Monthly CAP Electric Bill



Average Monthly Natural Gas CAP Bill

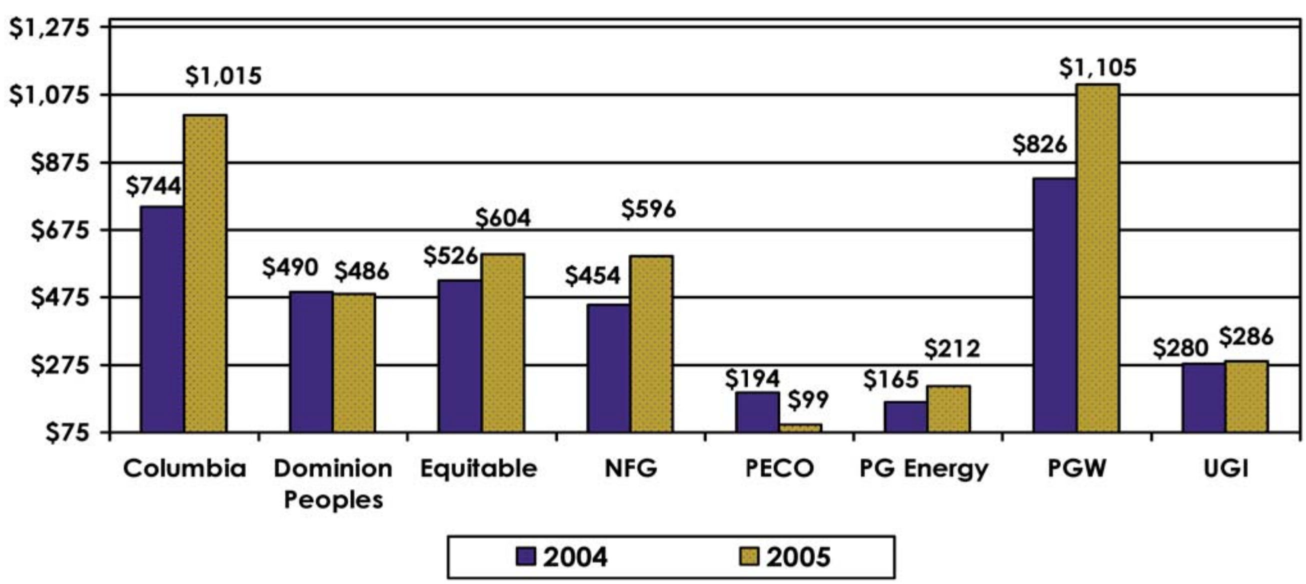


Average Annual Electric CAP Credits



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.

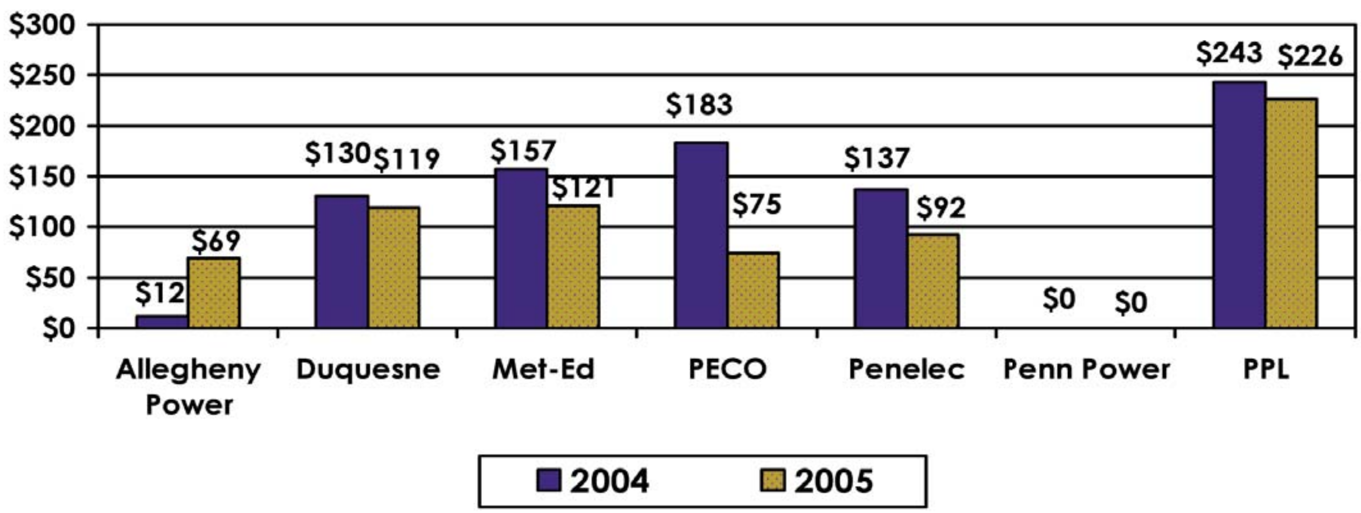
Average Annual Natural Gas CAP Credits



With the exception of PGW, 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 $47, is the most affordable among the industry, consistent with 66 Pa. C.S. § 2203(8) that universal service programs assist low income retail gas customers afford natural gas service. PGW's higher credits can be attributed to higher natural gas rates. Several utilities experienced an increase in average CAP credits due to increases in natural gas prices.

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

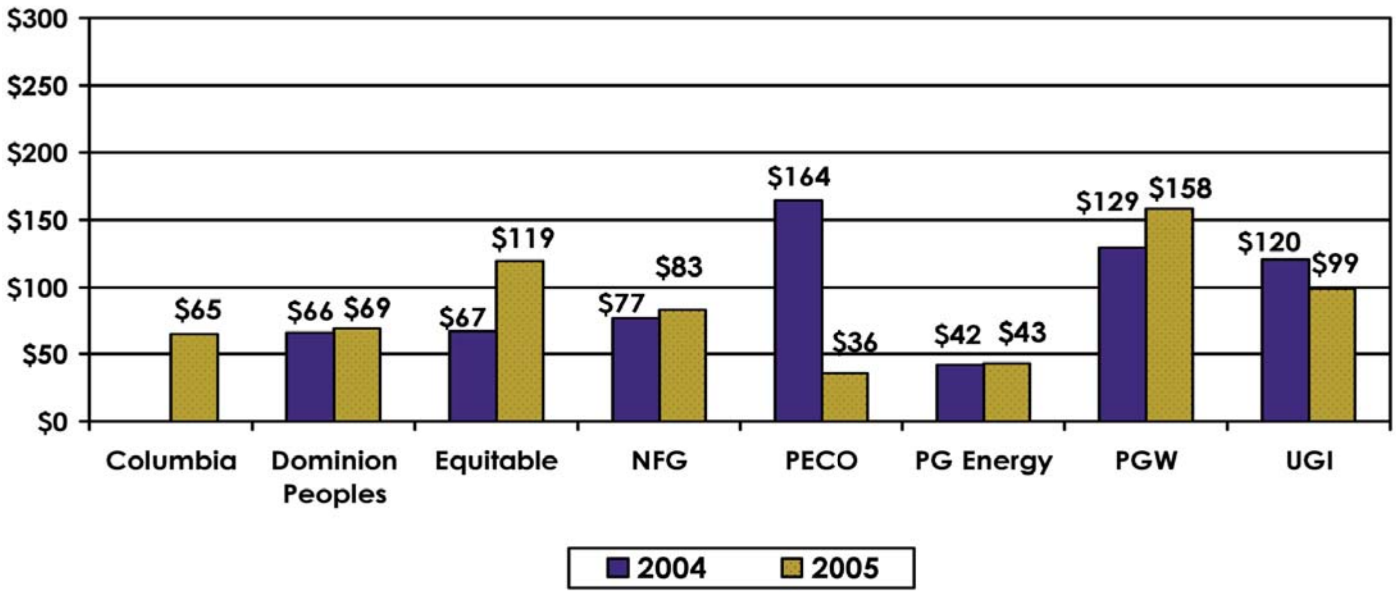


In 2005, Allegheny Power Allegheny Power began forgiving arrearages monthly upon receipt of a customer's full CAP payment. As a result of the change, Allegheny Power CAP customers experienced an increase in average arrearage forgiveness benefits.

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 Penn Power to implement an arrearage forgiveness component within its information system consistent with the CAP Policy Statement, 52 Pa. Code § 69.265(6)(ix).

In 2004, PECO made changes to how it processes arrearage forgiveness benefits. Previously, PECO required a CAP customer to make six timely, consecutive payments to receive arrearage forgiveness benefits. PECO reports that the company identified many customers who paid late, but paid consistently and were not receiving the benefit of forgiveness. In 2004, PECO applied arrearage forgiveness benefits when a CAP customer's account was current at the end of a six-month period. PECO applied arrearage forgiveness credits for these customers in March through May 2004. After PECO completed these adjustments the monthly arrearage forgiveness began on an ongoing basis. As a consequence, 2005 PECO's average arrearage forgiveness benefit is lower since it did not include the 2004 adjustment.

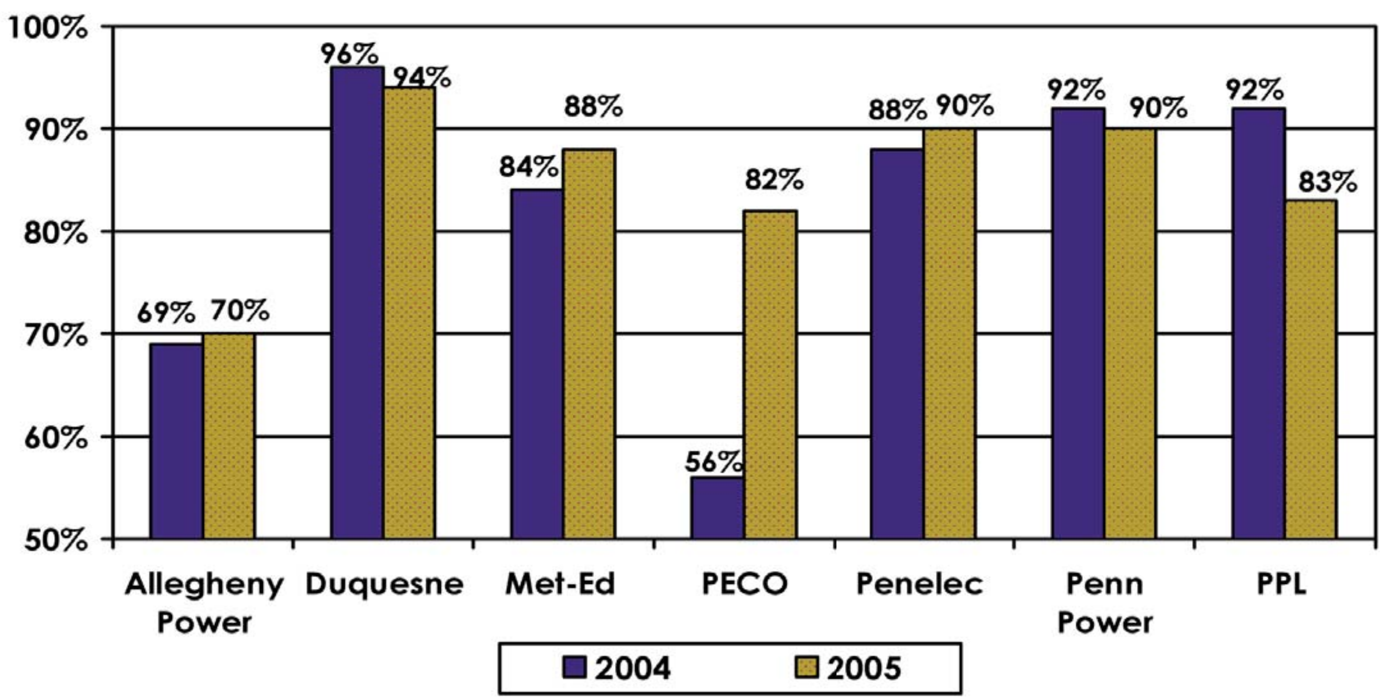
Average Annual Natural Gas Utilities Arrearage Forgiveness



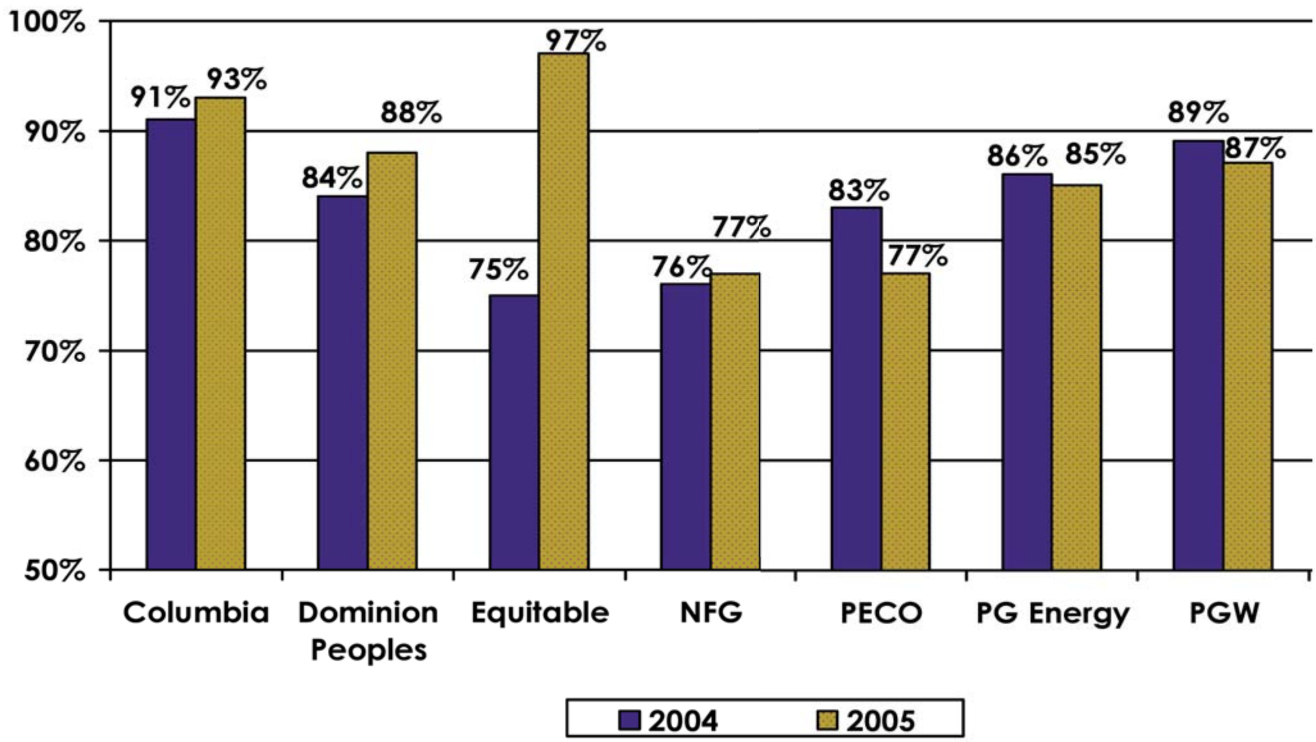
Percentage of Bill Paid

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 bill paid. "CAP bill paid" 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. Based on history and successful CAP designs relating to default and payment plans, the Commission recommends that a percentage of bill paid of no less that 80 percent can be reasonably achieved – with a goal of 90 percent or better. The table below shows percentage of CAP bill paid by CAP customers.

Percentage of Electric CAP Bill Paid



Percentage of Natural Gas CAP Bill Paid



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 costs: 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 6 for the percentage of CAP spending by program component: administration, CAP credits, and arrearage forgiveness. The data below show a need for improvement in the percentage of CAP spending on administration. In past reports, the Commission has reported that CAP administrative costs should not exceed 20 percent of total CAP costs. Twenty percent was a reasonable goal when utilities were expanding and implementing new CAP programs. Because CAP programs are established and experience shows that administrative costs of no more than 15 percent can be realistically achieved, CAP spending for administrative purposes should not exceed 15 percent – with an ideal goal of no more than 10 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. Appendix 9 shows total universal service costs, universal service funding mechanisms and average annual universal service costs per residential customers.

CAP Electric Gross Costs

EDC	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer
	2004			2005		
Allegheny	$4,987,081	21,171	$236	$6,948,175	20,703	$336
Duquesne	$5,275,000	17,343	$304	$7,517,421	20,780	$362
Met-Ed	$4,966,221	6,174	$804	$5,167,977	7,750	$667
PECO[5]	$70,005,174	98,720	$709	$59,478,578	111,107	$535
Penelec	$6,914,194	11,213	$617	$7,017,094	12,532	$560
Penn Power	$1,825,678	3,598	$507	$1,743,141	3,241	$538
PPL	$14,691,811	15,035	$977	$16,223,414	15,638	$1,037
Total	**$108,665,159**			**$104,095,800**		
Weighted Average		**173,254**	**$627**		**191,751**	**$543**

5 PECO's costs include a $11 million uncollectible provision. PECO calculates its Uncollectible Provision Expense in accordance with Generally Accepted Accounting Principles. PECO estimates that the total outstanding balances (preprogram arrearages) for customers who enroll in CAP Rate are potentially uncollectible.

CAP Natural Gas Gross Costs

NGDC	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer
	2004			2005		
Columbia[6]	$14,708,222	18,041	$815	$22,941,685	20,360	$1,127
Dominion Peoples	$5,358,196	9,142	$586	$5,754,505	9,636	$597
Equitable[7]	$5,694,802	10,831	$526	$9,301,115	11,900	$782
NFG	$4,613,226	8,063	$572	$6,507,394	9,054	$719
PECO[8]	$9,083,265	15,792	$575	$6,894,075	30,494	$226
PG Energy	$590,454	2,270	$260	$933,642	2,840	$329
PGW	$57,800,000	57,977	$997	$84,498,182	64,979	$1,300
UGI[9]	$1,898,609	4,133	$459	$1,858,522	4,315	$431
Total	**$99,746,774**	**126,248**		**$138,689,120**	**153,579**	
Weighted Average			**$790**			**$903**

CARES

The primary 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. The Commission has not objected to some of the functions of CARES changing overtime because the expansion of CAP has reduced the number of customers who may need case management services.

6 In 2005, Columbia provided revised arrearage forgiveness costs for 2004.

7 In 2005, Equitable provided revised CAP credits for 2004.

8 PECO's costs include a $2 million uncollectible provision. PECO calculates its Uncollectible Provision Expense in accordance with Generally Accepted Accounting Principles. PECO estimates that the total outstanding balances (preprogram arrearages) for customers who enroll in CAP Rate are potentially uncollectible.

9 In 2005, UGI provided revised administrative costs for 2004.

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. LIHEAP outreach and networking are vital pieces of CARES that should not be neglected. A CARES program continues to address the important health and safety concerns relating to utility service. It is imperative that each utility be able to identify its customers so that it does not jeopardize the health and safety of a household who has special conditions.

Finally, CARES staff conduct outreach and make referrals to programs that provide energy assistance grants. CARES staff also makes 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. The column titled Direct Dollars in Addition to LIHEAP Grants for CARES Participants subtracts LIHEAP benefits from total CARES benefits to show the total dollar benefits that are not LIHEAP-related. Net CARES benefits include LIHEAP cash and crisis grants plus direct dollars in addition to LIHEAP grants. The administrative costs of CARES are deducted from the total CARES benefits to equal net CARES benefits. 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.

2005 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	$78,667	$2,093,130	6,203	$4,756	$2,019,219
Duquesne	$100,000	$2,000,410	5,034	$193,620	$2,094,030
Met-Ed*	$0	$937,136	3,468	$0	$937,136
PECO	$415,248	$7,986,725	22,970	$0	$7,571,477
Penelec*	$0	$2,153,933	6,404	$0	$2,153,933
Penn Power*	$0	$698,887	2,178	$0	$698,887
PPL*	$0	$4,866,839	15,807	$58,425	$4,925,264
Total	**$593,915**	**$20,737,060**	**62,064**	**$256,801**	**$20,399,946**

*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.

2005 Natural Gas CARES Benefits

NGDC	CARES Costs	Total LIHEAP Grants for Low Income Customers[10]	Low Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants- for CARES Participants	Net CARES Benefits
Columbia	$187,542	$5,676,972	19,397	$3,634	$5,493,064
Dominion Peoples	$193,000	$5,315,935	18,410	$36,493	$5,159,428
Equitable	$356,494	$5,234,095	15,869	$678	$4,878,279
NFG	$22,766	$5,737,453	17,883	$3,227	$5,717,914
PECO	$73,279	$1,409,417	4,053	$0	$1,336,138
PG Energy	$79,293	$3,912,431	11,662	$620	$3,833,758
PGW	$0	$19,757,635	63,366	$0	$19,757,635
UGI	$35,649	$3,221,373	11,198	$2,381	$3,188,105
Total	**$948,023**	**$50,265,311**	**161,838**	**$47,033**	**$49,364,321**

[10]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 residential customers who need help in paying their utility bill 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.

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. However, the average voluntary ratepayer contribution per customer shown in the tables that follow does not include special contributions – only voluntary ratepayer contributions. 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. Utility and ratepayer contributions are shown in the tables below.

2004-05 Electric Hardship Fund Contributions

EDC	Voluntary Ratepayer Contributions	Average Voluntary Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Allegheny	$193,693	$0.32	$180,000
Duquesne	$266,049	$0.51	$390,000
Met-Ed[11]	$89,161	$0.19	$150,221
PECO	$231,129	$0.22	$641,382
Penelec[11]	$303,076	$0.11	$151,198
Penn Power	$48,625	$0.35	$131,174
PPL	$478,241	$0.41	$520,000
Total	**$1,609,974**		**$2,163,975**
Weighted Average		**$0.34**	

[11]In addition to the contributions listed above, Met-Ed and Penelec both assess administrative costs to their residential ratepayers. Met-Ed assesses $41,624 and Penelec assesses $43,337. Penelec's ratepayer contributions includes $250,000 in a settlement contribution relating to its termination practices. See Commission Order entered December 21, 2005, at Docket No. M-00051906.

2004-05 Natural Gas Hardship Fund Contributions

NGDC	Voluntary Ratepayer Contributions	Average Voluntary Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Columbia[12]	$467,982	$0.26	$144,840
Dominion Peoples	$189,957	$0.59	$350,000
Equitable	$119,779	$0.51	$238,000
NFG	$43,428	$0.22	$33,333
PECO	$37,496	$0.09	$112,100
PG Energy	$17,930	$0.13	$50,940
PGW[13]	$1,697	$0.00	$361,261
UGI	$14,545	$0.05	$47,272
Total	**$892,814**		**$1,337,746**
Weighted Average		**$0.37**	

12 Columbia's ratepayer contributions include a $375,000 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.

13 PGW, a municipally owned utility, does not have shareholders. The amount reported in the shareholder column represents a utility contribution appropriated from rates.

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	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
Allegheny	1,362	1,189	$220	$252	$300,000	$300,000
Duquesne	2,433	2,072	$267	$314	$650,000	$650,000
Met-Ed	837	833	$235	$300	$196,850	$249,910
PECO	3,218	2,294	$346	$429	$1,114,056	$984,030
Penelec	925	812	$238	$308	$220,000	$250,000
Penn Power	607	1,033	$267	$232	$161,870	$239,645
PPL	2,488	3,124	$227	$210	$563,574	$655,493
EDC Total	**11,870**	**11,357**			**$3,206,350**	**$3,329,078**
Weighted Average			**$273**	**$293**		

Natural Gas Utility Hardship Fund Grant Benefits

NGDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
Columbia	2,063	1,598	$280	$298	$577,390	$476,960
Dominion Peoples	1,513	1,629	$317	$329	$480,000	$535,270
Equitable	1,005	935	$378	$358	$380,000	$335,000
NFG	341	294	$237	$261	$80,755	$76,761
PECO-Gas	420	405	$468	$429	$196,598	$173,652
PG Energy	332	415	$131	$131	$43,552	$54,312
PGW	1,623	944	$479	$474	$778,176	$447,563
UGI-Gas	478	413	$189	$137	$90,435	$56,727
NGDC Total	**7,775**	**6,633**			**$2,626,906**	**$2,156,245**
Weighted Average			**$266**	**$325**		

4. Small Utilities' Universal Service Programs

The universal service reporting requirements for small utilities have fewer data requirements 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); and
- TW Phillips Gas and Oil Company (T.W. 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 T.W. Phillips all administer CAP programs and participate in hardship funds. Both UGI – Electric and T.W. Phillips also administer LIURP programs.

The small utilities also differ significantly in the total number of residential customers each serves. UGI, PPL Gas and T.W. 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, who meet the income guidelines for LIHEAP eligibility.

As of December 31, 2005, the small utilities who administer CAPs enrolled 3,639 customers in their programs. In 2005, the small utilities that participate with hardship fund programs provided a total of $145,364 in hardship fund benefits to 616 customers. Finally, UGI and T.W. Phillips completed 91 LIURP jobs.

5. Cold Weather Survey Results

As required by regulation (52 Pa. Code § 56.100), the electric distribution companies (EDCs) and the natural gas distribution companies (NGDCs) submitted the results of their surveys of residential properties where heat-related service was terminated and was not reconnected during 2005. The data highlights the number of households who entered the cold weather season without heat-related service. The primary goal of the survey is to contact customers still residing at properties where service has been terminated and provide them with the opportunity to make payment arrangements to have service reconnected.

Survey Results

As of December 15, 2005, the major companies reported 17,400 households entered the heating season without heat-related utility service. Homes using potentially unsafe heating sources also are counted because the home is not relying on a central heating system. Potentially unsafe sources of heat include: kerosene heaters; kitchen stoves or ovens; electric space heaters; fireplace; and connecting extension cords to neighbors' homes.

An additional 4,006 residences are using potentially unsafe heating sources, bringing the total homes not using a central heating system to 21,462, according to the 2005 survey. The total number was 17,659 in 2004. The Commission does not include accounts that utilities report are now vacant properties.

Following is a summary of the 2005 Cold Weather Survey results:

• 3,307 residential households remain without electric service; 10,917 residences where service was terminated now appear to be vacant; and 211 households are heating with potentially unsafe heating sources. The total electric residences without safe heating are 3,518;

• 14,155 residential households that heat with natural gas are without service; 6,643 residences where service was terminated now appear to be vacant; and 3,795 households are heating with potentially unsafe heating sources. The total natural gas residences without safe heating are 17,950;

• About half (53 percent) of the natural gas properties without service are customers of PGW;

• PGW reported that 7,577 households who heat with natural gas are without service - the highest number of all utilities; and

• More than half of households (9,495 or 54 percent of the total off accounts) who have no service live in the Philadelphia area.

Occupied homes without essential utility service(s) are hazards to the occupants and to the community at large. The occupants face health dangers such as hypothermia during the winter months. Further, those without service and their neighbors face safety problems such as the possibility of a fire resulting from the use of unsafe alternatives to replace the terminated utility service.[14] There are also serious concerns for those households who are using alternative or potentially unsafe heating sources. Potentially unsafe sources of heat include kerosene heaters, kitchen stoves or ovens, electric space heaters, fireplaces and connecting extension cords to neighbors' homes. These are all potentially dangerous conditions.

4-year Average, 2004 & 2005 Cold Weather Survey Results - Electric

Survey Outcome:	Allegheny Power	Duquesne	Met-Ed	PECO	Penelec	Penn Power	PPL	UGI	TOTAL	%Change 1999-2003 Avg to 2004	%Change 1999-2003 Avg to 2005	% Change 2004 to 2005
Total Vacant Residences												
Average of 2000-2003*	1,346	958	564	2,786		304	1,328	85	7,371			
2004	1,664	1,483	251	2,910	372	304	1,361	78	8,423	14%		
2005	2,004	1,635	607	2,884	1,157	594	1,881	155	10,917		48%	30%
Total Households Using Potentially Unsafe Heating Sources**												
Average of 2000-2003*	28	15	11	68		2	10	6	140			
2004	34	0	2	12	10	3	4	3	68	-51%		
2005	37	82	21	51	10	7	1	2	211		51%	210%
Total Households Without Service After Completion of the Survey (Excludes Both Vacant Residences and Households Using Potentially Unsafe Heating Sources)												
Average of 2000-2003*	53	556	67	1,635		2	216	2	2,531			
2004	116	964	23	3,053	33	2	303	2	4,496	78%		
2005	147	1,096	24	1,917	43	8	66	6	3,307		31%	-26%

*Met-Ed and Penelec reported data as one company
**Potentially Unsafe Heating Sources include kerosene heaters, electric space heaters, oil-filled space heaters, fireplaces, kitchen stoves or ovens, and use of extension cords to neighbor's service.

[14] The National Fire Protection Association finds that during the months of December, January and March smoking and space heating equipment are the two leading causes of fires. http://www.nfpa.org

6. Appendices

Appendix 1 – Grouping of Collection Data Tables

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	2,365	4,035	6,400
Duquesne	1,439	2,480	3,919
Met-Ed	18,021	4,118	22,139
PECO-Electric	17,636	42,905	60,541
Penelec	24,624	7,021	31,645
Penn Power	5,624	1,955	7,579
PPL	16,343	30,717	47,060
Total	**86,052**	**93,231**	**179,283**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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	2,932	6,328	9,260
Dominion	9,239	14,046	23,285
Equitable	3,037	3,719	6,756
NFG	2,204	1,896	4,100
PECO-Gas	2,635	6,411	9,046
PG Energy	1,182	3,758	4,940
PGW	15,887	24,806	40,693
UGI-Gas	1,579	4,857	6,436
Total	**38,695**	**65,821**	**104,516**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 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%	9%	14%
Duquesne	4%	7%	11%
Met-Ed	51%	12%	63%
PECO-Electric	9%	21%	29%
Penelec	46%	13%	59%
Penn Power	36%	12%	48%
PPL	14%	26%	40%
Total	**17%****	**18%****	**35%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

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	5%	10%	15%
Dominion	14%	21%	34%
Equitable	9%	11%	20%
NFG	9%	8%	16%
PECO-Gas	7%	17%	24%
PG Energy	5%	15%	20%
PGW	10%	16%	26%
UGI-Gas	7%	22%	29%
Total	**9%****	**15%****	**24%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

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	47%	53%
Duquesne	36%	64%
Met-Ed	90%	10%
PECO-Electric	33%	67%
Penelec	89%	11%
Penn Power	88%	12%
PPL	40%	60%
Total	**55%****	**45%****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

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	56%	44%
Dominion	44%	56%
Equitable	59%	41%
NFG	51%	49%
PECO-Gas	30%	70%
PG Energy	31%	69%
PGW	38%	62%
UGI-Gas	27%	73%
Total	**41%****	**59%****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

Average Arrearage – Confirmed Low Income Electric Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny	$208	$139	$165
Duquesne	$810	$854	$838
Met-Ed	$596	$286	$538
PECO-Electric	$527	$431	$459
Penelec	$497	$220	$435
Penn Power	$635	$256	$537
PPL	$547	$445	$481
Total	**$539****	**$409****	**$471****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

Average Arrearage – Confirmed Low Income Natural Gas Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Columbia	$836	$308	$476
Dominion	$718	$604	$649
Equitable	$1,133	$657	$871
NFG	$534	$603	$566
PECO-Gas	$527	$498	$506
PG Energy	$448	$319	$350
PGW	$974	$1,039	$1,014
UGI-Gas	$445	$391	$404
Total	**$823****	**$700****	**$745****

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**The total is based on industry totals and does not reflect an average of the company scores.

Residential Revenues (Billings) – Electric Customers

Company	Annual Residential Billings
Allegheny	$482,974,436
Duquesne	$363,023,022
Met-Ed	$487,495,533
PECO-Electric	$1,713,785,120
Penelec	$389,251,205
Penn Power	$147,271,058
PPL	$1,272,490,051
Total	**$4,856,290,425**

Residential Revenues (Billings) – Natural Gas Customers

Company	Annual Residential Billings
Columbia	$422,316,022
Dominion	$356,078,003
Equitable	$310,386,635
NFG	$281,018,336
PECO-Gas	$505,220,686
PG Energy	$212,942,138
PGW	$643,044,117
UGI-Gas	$314,092,374
Total	**$3,045,098,311**

Residential Revenues (Billings) –
Confirmed Low Income Electric Customers

Company	Annual Residential Billings
Allegheny	$15,213,695
Duquesne	$25,898,325
Met-Ed	$38,956,505
PECO-Electric	$359,894,875
Penelec	$47,760,415
Penn Power	$14,210,506
PPL	$160,476,569
Total	**$662,410,890**

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

Company	Annual Residential Billings
Columbia	$70,236,567
Dominion	$98,743,722
Equitable	$40,285,433
NFG	$21,644,808
PECO-Gas	$45,469,862
PG Energy	$26,084,437
PGW	$61,771,552
UGI-Gas	$31,080,219
Total	**$395,316,600**

Appendix 2 -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 Due Date	30 Days	0 Days
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 Due Date	30 Days	0 Days
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
PGW	Bill Transmittal Date	30 Days	20 Days Sooner
UGI-Gas	Bill Due Date	30 Days	0 Days

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

Appendix 3 -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	10 Days after Termination Date	Same Day as Discontinuance
PECO	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
Penn Power	10 Days after Final Bill Transmittal Date	Same Day as Discontinuance
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
PGW	3 to 5 Days after Termination Date	3 to 5 Days after Discontinuance Date
UGI-Gas	Same Day as Termination Date	Same Day as Discontinuance Date

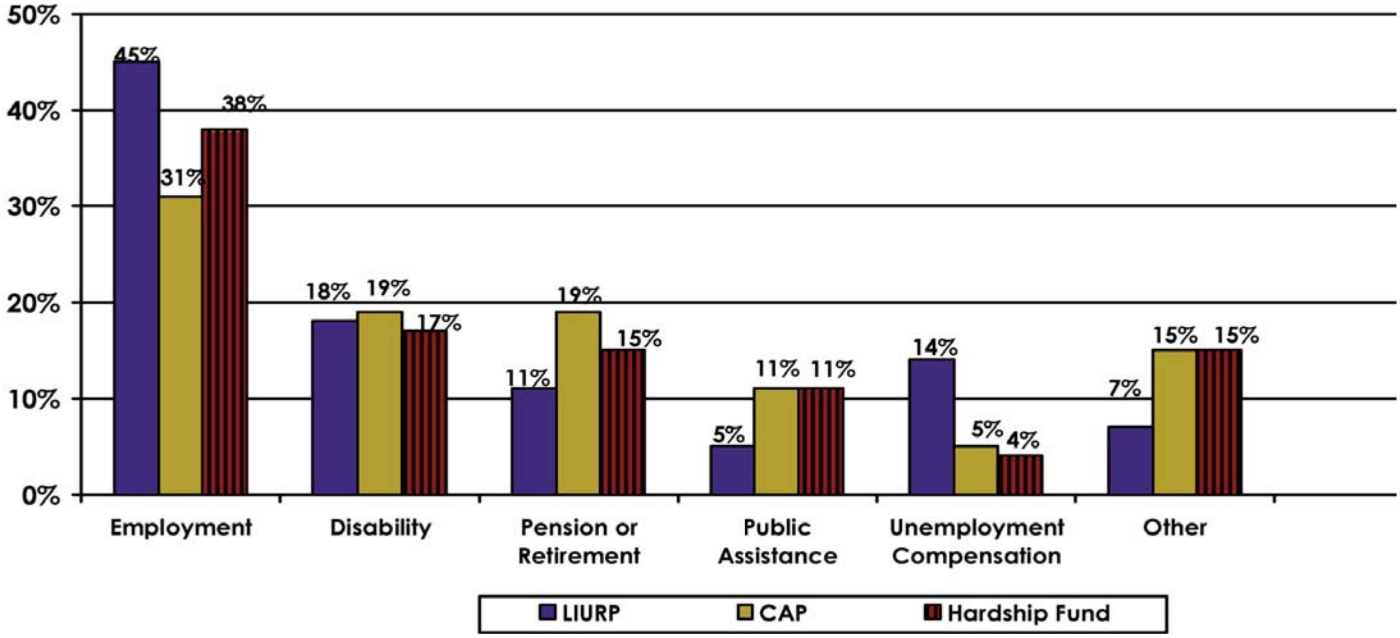
Appendix 4 – 2005 Federal Poverty Guidelines

2005 Annual Federal Poverty Guidelines				
	Income Reflects Upper Limit of the Poverty Guidelinefor Each Column			
Size of Household	**0-50% of Poverty**	**51-100% of Poverty**	**101-150% of Poverty**	**151-200% of Poverty**
1	$4,785	$9,570	$14,355	$19,140
2	$6,415	$12,830	$19,245	$25,660
3	$8,045	$16,090	$24,135	$32,180
4	$9,675	$19,350	$29,025	$38,700
5	$11,305	$22,610	$33,915	$45,220
6	$12,935	$25,870	$38,805	$51,740
7	$14,565	$29,130	$43,695	$58,260
8	$16,195	$32,390	$48,585	$64,780
For each additional person, add	$1,630	$3,260	$4,890	$6,520

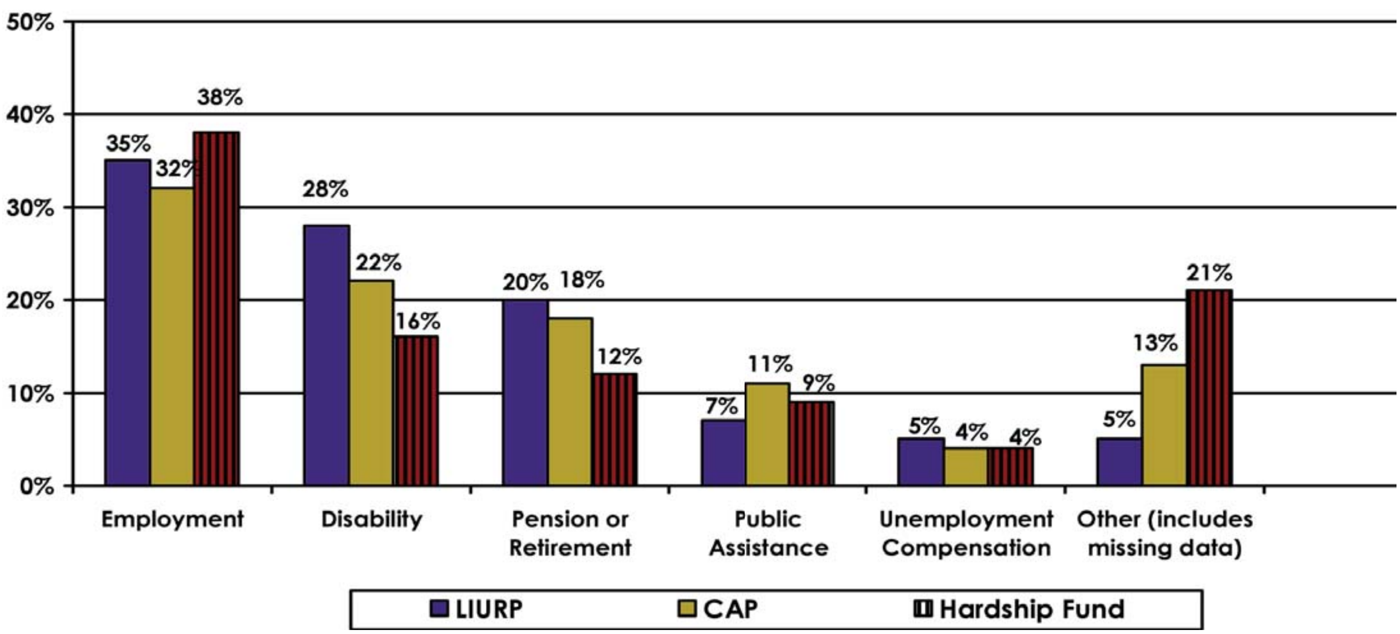
Effective: 2/18/05
Source: Federal Register, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375.

Appendix 5 – Source of Income for Universal Service Participants

Source of Income for Electric Universal Service Participants



Source of Income for Natural Gas Universal Service Participants



Appendix 6 – Percent of Spending by CAP Component

Percent of EDC Spending by CAP Component

EDC	% of Total CAP Spending			% of Total CAP Spending		
	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2004			2005		
Allegheny	9%	86%	5%	8%	71%	20%
Duquesne	23%	35%	43%	15%	52%	33%
Met-Ed	14%	66%	20%	13%	69%	18%
PECO	28%	46%	26%	27%	59%	14%
Penelec	12%	66%	22%	13%	71%	16%
Penn Power	14%	86%	0%	20%	80%	0%
PPL	11%	64%	25%	12%	66%	22%
Weighted Avg.	**23%**	**53%**	**25%**	**21%**	**62%**	**17%**

*PECO includes an $11,301,164 uncollectible provision in its administrative costs. Removing the provision reduces administrative costs to $4,574,219, resulting in average administrative costs per CAP customer of $41. Finally, removing the provision results in administrative cost dropping from 27 percent to 9 percent of the total CAP costs. Removing the provision results in the following weighted averages by program component: Administration costs – 11 percent, CAP credits – 70 percent, Arrearage forgiveness – 19 percent.

Percent of NGDC Spending by CAP Component

	% of Total CAP Spending			% of Total CAP Spending		
NDGC	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2004			2005		
Columbia	5%	91%	4%	4%	90%	6%
Dominion Peoples	5%	84%	11%	7%	81%	12%
Equitable	11%	76%	13%	7%	77%	15%
NFG	7%	79%	14%	5%	83%	11%
PECO-Gas	38%	34%	28%	41%	44%	16%
PG Energy	20%	63%	16%	22%	64%	13%
PGW	4%	83%	13%	3%	85%	12%
UGI	13%	61%	26%	10%	67%	23%
Weighted Average	**8%**	**79%**	**13%**	**5%**	**83%**	**12%**

*PECO includes a $1,994,323 uncollectible provision in its administrative costs. Removing the provision reduces administrative costs to $807,295, resulting in average administrative costs per CAP customer of $26. Finally, removing the provision results in administrative cost dropping from 41 percent to16 percent of the total CAP costs. Removing the provision results in the following weighted averages by program component: Administration costs – 4 percent, CAP credits – 84 percent, Arrearage forgiveness – 12 percent.

Equitable provided revisions to its 2004 CAP costs.

Appendix 7 - Summary of Universal Service Changes in 2005

PPL, M-00051864, Secretarial Letter of February 9, 2005

On April 1, 2005, PPL implemented a two-year pilot called Managing CAP Credits. A summary of the pilot highlights are shown below:

- Establish 3 categories of high usage.
    - Category 1 - Budget bills that exceed $250 per month.
    - Category 2 - Maximum CAP credits exceeded.
    - Category 3 - Mortgage or rent exceeds income.
- Implement maximum CAP credits of $1,800 for heating accounts and $700 for nonheating accounts.
- Prioritize LIURP services for high usage OnTrack customers as soon as they enroll in OnTrack.
- Require pilot OnTrack customers to participate in extensive energy education. Educator will complete an audit and energy session within 30 days of enrollment. The educator will develop an acceptable range for kWh usage, as well as a timeline to meet the range. Failure to participate will result in removal from the program.
- Implement a stay-out provision if customer does not meet or reduce acceptable usage ranges. Stay-out will be for 12 months or until customer permanently reduces usage.
- Limit enrollment for Category 3 OnTrack customers to six months.

National Fuel, R-00049656, Order entered March 30, 2005.

- Eliminate enrollment ceiling.
- Revise payment design to reflect the number of persons in a household.
- When necessary, adjust individual LIRA payments to conform with the Commission's the Commission's CAP Policy Statement at 52 Pa. Code § 69.265(2)(i)(A-C).

UGI, P-00052190, Order entered December 1, 2005.

- Increase enrollment from 4,000 LISHP participants to 8,000.
- Increase maximum LISHP credits from $840 to $1,146 for residential heating customers and $560 to $614 for non-residential customers.

CAP Funding Levels and Recovery Mechanisms, M-00051923, Order entered December 15, 2005.

- Commission requested public comment on the funding, cost recovery and design issues relating to customer assistance programs.
- The Order and comments are posted on the Commission's website.
- Commisson action is expected in 2006.

Appendix 8 - Profile of Income, Basic Shelter and Food Costs for a Typical CAP Household in 2005

Profile of Income, Basic Shelter and Food Costs for a Typical Electric Heat CAP Household
(Income at 77 percent of federal poverty guidelines)

Monthly gross income[15]-	$998
Household size[16] – 3	
Basic housing, food and energy utility costs	
Electric heat CAP monthly budget based on 16 percent of income	-$160
Average monthly housing costs based on CEX Survey 2003-04[17]	-$412
Average monthly foods costs based on CEX Survey 2003-0418	-$268
Income after housing, food and energy utility costs	**$ 158**

Profile of Income, Basic Shelter and Food Costs for a Typical Gas CAP Household
(Income at 69 percent of federal poverty guidelines)

Monthly gross income[19] -	$931
Household size[20] - 3	
Basic housing, food and energy utility costs	
Natural gas CAP monthly budget based on 10 percent of income	-$93
Electric nonheating CAP monthly budget on 6 percent of income	-$ 56
Average monthly housing costs based on CEX Survey 2003-04[21]	-$412
Average monthly foods costs based on CEX Survey 2003-04[22]	-$268
Income after housing, food and energy utility costs	**$102**

[15]2005 data for monthly gross income and household size from utility data reported pursuant to 52 Pa. Code § 54.75(2)(i)(B).
[16]Ibid.
[17]Consumer Expenditure Survey (CEX) collects information on the buying habits of consumers. The US Census Bureau conducts the survey for the US Dept. of Labor. Survey participants record the dollar amount spent on goods and services during the reporting period. The profile uses the Northeastern Region by Income before Taxes (Income = $10,000 - $14,999. Northeastern region includes CT, ME, MA, NH, NJ, NY, PA, RI, and VT.) See Bureau of Labor Statistics US Department of Labor, Bureau of Labor Statistics, Table 31. Northeastern region by income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey – 2003-2004. This document can be viewed at the following link. ftp://ftp.bls.gov/pub/special.requests/ce/crosstabs/y0304/regbyinc/xregnne.txt
[18]Ibid
[19]2005 Data for monthly gross income and household size from utility data reported pursuant to 52 Pa. Code § 62.5(2)(i)(B).
[20]Ibid
[21]CEX ftp://ftp.bls.gov/pub/special.requests/ce/crosstabs/y0304/regbyinc/xregnne.txt
[22]Ibid

Profile of Typical Expenditures for Other Than Shelter and Food Costs for a CAP Household with Income Between $10,000 to $14,999

Average Monthly "Nonbasic" Monthly Expenditures based on CEX Survey 2003-04*

Apparel	$84
Entertainment	$69
Health care expenditures	$147
Housekeeping supplies	$21
Personal care	$22
Transportation expenditures	$203
Total	**$544**

* U.S.Department of Labor, Bureau of Labor Statistics, Table 31. Northeastern region by income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey – 2003-04, ftp://ftp.bls.gov

Appendix 9 – Universal Service Programs Spending Levels & Cost Recovery Mechanisms

Universal Service Programs 2005 Spending Levels and Cost Recovery Mechanisms						
Utility	Cost Recovery Mechanism[1]	CAP Spending (Annual)	Total Universal Service Spending[2] (Annual)	% of Universal Service Spending Assessed on Residential Customers	Average # Residential Customers	Avg. Universal Service Spending Per Residential Customer (Annual)
Allegheny Power	Base Rates	$6,948,175	$8,862,571	100%	604,305	$14.67
Duquesne	Base Rates	$7,517,421	$8,709,846	100%	524,695	$16.60
Met-Ed	Base Rates	$5,167,977	$7,101,396	100%	467,456	$15.19
PECO[3]	Base Rates & Universal Service Fund Charge	$59,478,578	$65,492,981	100%	1,387,285	$47.21
Penelec	Base Rates	$7,017,094	$8,970,785	100%	505,372	$17.75
Penn Power	Base Rates	$1,743,141	$2,345,655	100%	138,505	$16.94
PPL	Base Rates	$16,223,414	$22,552,129	100%	1,174,765	$19.20
EDC Total		**$104,095,800**	**$124,035,363**		**4,802,383**	
EDC Weighted Average						**$25.83**
Columbia	Rider CAP	$22,941,685	$24,467,999	100%	360,370	$67.90
Dominion Peoples	Base Rates[4]	$5,754,505	$6,557,505	95.74%	323,929	$19.38
Equitable	Rider D	$9,301,115	$10,294,719	100%	232,481	$44.28
NFG	Rider F	$6,507,394	$7,721,233	100%	193,626	$39.88
PECO	Base Rates & Universal Service Fund Charge	$6,894,075	$7,842,514	100%	428,032	$18.32
PG Energy	Base Rates[5]	$933,642	$1,363,610	81%	140,254	$7.88
PGW	USEC Surcharge[6]	$84,498,182	$86,779,918	76%	475,723	$138.64
UGI	Base Rates	$1,858,522	$2,566,508	100%	276,599	$9.28
NGDC Total		**$138,689,120**	**$147,594,006**		**2,431,014**	
NGDC Weighted Average						**$60.78**

[1] Riders and USEC Surcharge are charges for CAP costs, in addition to base rates, that are adjusted quarterly.
[2] Universal Service costs include CAP costs, LIURP costs, and CARES costs.
[3] PECO's CAP costs contain an uncollectible provision of $12.8 million for electric and $2.2 million for natural gas. Universal Service Fund Charge equals $384 for each CAP participant after enrollment exceeds 90,000.
[4] CAP costs assessed in following manner: residential (95.74 percent), commercial (4 percent), industrial (0.25 percent).
[5] CAP costs assessed in following manner: residential (81 percent), general service (16 percent), interruptible (1 percent), HV Firm (2 percent).
[6]CAP costs assessed in following manner: residential (76 percent), commercial (19 percent), industrial (2 percent), municipal service (2 percent), PHA (Philadelphia Housing Authority (1 percent).
[7] PGW universal service costs do not include Senior Citizen Discount (SCD) costs. Because income is not an eligibility criterion, the SCD does not meet the definition of universal service.

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