# Report on 2007 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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# I. Introduction

This is the Pennsylvania Public Utility Commission's (Commission) annual Report on 2007 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 third 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 Dec. 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 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 Aug. 8, 1998, and the NGDC regulations became effective Dec. 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, PGW, UGI Penn Natural (formerly PG Energy), 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 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.

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[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.

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, the 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 sixth time, this report includes data for both electric and natural gas companies.

## Treatment of PECO Data

PECO serves three types of customers: those who receive only electric service (Electric Only); those who receive both electric and 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 consistent with PECO's gas base rate filing of March 31, 2008. This allocation factor splits the Combination group into 83 percent electric and 17 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 Nov. 30, 2004, the Governor signed into law Senate Bill 677, or Act 201. This law went into effect on Dec. 14, 2004, and amended Title 66 by adding Chapter 14 (66 Pa.C.S. §§1401-1418), Responsible Utility Customer Protection. 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.

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

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 Dec. 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 issued the First Biennial Report to the General Assembly and the Governor Pursuant to Section 1415 on Dec. 14, 2006, and plans to release the second report in 2008. The Commission is directed to amend Chapter 56 and may promulgate regulations to administer and enforce Chapter 14. The Commission issued an Advanced Notice of Proposed Rulemaking on Nov. 30, 2006, to amend Chapter 56.

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).

## Final Investigatory Order in Customer Assistance Programs

On December 18, 2006, the Commission entered its Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923. As a result of its investigation, the Commission directed, inter alia, the retention and revision of the Policy Statement on Customer Assistance Programs at 52 Pa. Code §§ 69.261-69.267. In addition, the Commission also directed, inter alia, that a rulemaking be instituted to revise its regulations at 52 Pa. Code § 54.74 and § 62.4. The purpose of the rulemaking would be to establish a unified process by which the level of funding for each natural gas distribution company and electric distribution company could be determined in conjunction with the Commission's triennial review of the company's universal service and conservation plan.

## Status of CAP Policy Statement

The Commission directed that revisions be made to the Commission's CAP Policy Statement in the Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Order entered December 18, 2006, at Docket No. M-00051923. By Order entered September 5, 2007, at Docket No. M-00072036, the Commission issued the proposed revisions for comment. The Pennsylvania Bulletin published the Order and Proposed Policy Statement on November 10, 2007, with a 60-day comment period. Fourteen sets of comments were filed by the January 9, 2008, deadline. Staff is currently working on the order that will specify the revisions to the CAP Policy Statement.

## Status of CAP Rulemaking

In the same Final Investigatory Order, the Commission also directed that a rulemaking be instituted to revise the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code §§ 54.71-54.78 (electric) and 52 Pa. Code §§ 62.1-62.8 (gas). The purpose of this rulemaking is to establish a unified process whereby the funding level for each company's CAP program can be determined in conjunction with the Commission's triennial review of the company's universal service plan. The Commission also directed the promulgation of new CAP regulations to establish rules covering the dismissal of customers from CAPs, the coordination of energy assistance benefits, and other specified CAP provisions. This Order was entered on September 4, 2007, at Docket No. L-00070186 and was published in the Pennsylvania Bulletin on February 9, 2008. Eighteen sets of comments were filed by the April 9, 2008, deadline. Staff is currently working on the final rulemaking order.

# 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 2007 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 Low Income Home Energy Assistance Program (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 | 611,077 |
| Duquesne | 524,412 |
| Met-Ed | 479,414 |
| PECO-Electric | 1,394,130 |
| Penelec | 505,021 |
| Penn Power | 139,467 |
| PPL | 1,197,547 |
| **Total** | 4,851,068 |

## Number of Residential Natural Gas Customers

| Company | Number of Residential Customers |
|---|---|
| Columbia | 368,019 |
| Dominion | 326,186 |
| Equitable | 238,360 |
| NFG | 198,041 |
| PECO-Gas | 433,784 |
| PGW | 481,499 |
| UGI-Gas | 293,706 |
| UGI Penn Natural | 142,633 |
| **Total** | **2,482,228** |

## Number of Confirmed Low Income Electric Customers

| Company | Number of Confirmed Low Income Customers | Percent of Customers |
|---|---|---|
| Allegheny | 37,097 | 6.1 % |
| Duquesne | 41,937 | 8.0% |
| Met-Ed | 36,428 | 7.6% |
| PECO-Electric | 118,451 | 8.5% |
| Penelec | 55,270 | 10.9% |
| Penn Power | 14,169 | 10.2% |
| PPL | 118,023 | 9.9% |
| **Total** | **421,375** | **8.7%** |

## Number of Confirmed Low Income Natural Gas Customers

| Company | Number of Confirmed Low Income Customers | Percent of Customers |
|---|---|---|
| Columbia | 60,847 | 16.5% |
| Dominion | 56,541 | 17.3% |
| Equitable | 42,907 | 18.0% |
| NFG | 28,224 | 14.3% |
| PECO-Gas | 20,294 | 4.7% |
| PGW | 146,836 | 30.5% |
| UGI-Gas | 26,096 | 8.9% |
| UGI Penn Natural | 25,222 | 17.7% |
| **Total** | **406,967** | **16.4%** |

## Number of Estimated Low Income Electric Customers

| Company | Number of Estimated Low Income Customers | Percent of Customers |
|---|---|---|
| Allegheny | 103,069 | 16.9% |
| Duquesne | 99,747 | 19.0% |
| Met-Ed | 69,537 | 14.5% |
| PECO-Electric | 266,558 | 19.1% |
| Penelec | 118,279 | 23.4% |
| Penn Power | 28,557 | 20.5% |
| PPL | 200,250 | 16.7% |
| **Total** | **885,997** | **18.3%** |

## Number of Estimated Low Income Natural Gas Customers

| Company | Number of Estimated Low Income Customers | Percent of Customers |
|---|---|---|
| Columbia | 70,038 | 19.0% |
| Dominion | 64,177 | 19.7% |
| Equitable | 48,043 | 20.2% |
| NFG | 42,379 | 21.4% |
| PECO-Gas | 82,940 | 19.1% |
| PGW | 152,540 | 31.7% |
| UGI-Gas | 39,930 | 13.6% |
| UGI Penn Natural | 30,303 | 21.2% |
| **Total** | **530,350** | **21.4%** |

## Termination and Reconnection of Service

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

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

## Terminations and Reconnections - Residential Electric Customers

| Company | Number of Residential Customers | Terminations | Reconnections | Termination Rate | Ratio of Reconnections to Terminations |
|---|---|---|---|---|---|
| Allegheny | 611,077 | 22,386 | 14,184 | 3.66% | 63% |
| Duquesne | 524,412 | 22,649 | 16,360 | 4.32% | 72% |
| Met-Ed | 479,414 | 16,175 | 12,457 | 3.37% | 77% |
| PECO-Electric | 1,394,130 | 53,536 | 36,404 | 3.84% | 68% |
| Penelec | 505,021 | 14,678 | 10,162 | 2.91% | 69% |
| Penn Power | 139,467 | 4,750 | 3,740 | 3.41% | 79% |
| PPL | 1,197,547 | 26,509 | 18,595 | 2.21% | 70% |
| **Total** | **4,851,068** | **160,683** | **111,902** | **3.31%** | **70%** |

## Terminations and Reconnections - Residential Natural Gas Customers

| Company | Number of Residential Customers | Terminations | Reconnections | Termination Rate | Ratio of Reconnections to Terminations |
|---|---|---|---|---|---|
| Columbia | 368,019 | 13,096 | 7,489 | 3.56% | 57% |
| Dominion | 326,186 | 5,302 | 2,380 | 1.63% | 45% |
| Equitable | 238,360 | 12,642 | 9,393 | 5.30% | 74% |
| NFG | 198,041 | 11,138 | 7,234 | 5.62% | 65% |
| PECO-Gas | 433,784 | 12,803 | 8,737 | 2.95% | 68% |
| PGW | 481,499 | 28,567 | 22,247 | 5.93% | 78% |
| UGI-Gas | 293,706 | 14,923 | 9,182 | 5.08% | 62% |
| UGI Penn Natural | 142,633 | 7,094 | 3,716 | 4.97% | 52% |
| **Total** | **2,482,228** | **105,565** | **70,378** | **4.25%** | **67%** |

## 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 | 37,097 | 4,441 | 3,611 | 11.97% | 81% |
| Duquesne | 41,937 | 10,534 | 8,903 | 25.12% | 85% |
| Met-Ed | 36,428 | 6,247 | 4,569 | 17.15% | 73% |
| PECO-Electric | 118,451 | 31,021 | 23,415 | 26.19% | 75% |
| Penelec | 55,270 | 7,365 | 5,038 | 13.33% | 68% |
| Penn Power | 14,169 | 2,196 | 1,595 | 15.50% | 73% |
| PPL | 118,023 | 14,151 | 10,018 | 11.99% | 71% |
| **Total** | **421,375** | **75,955** | **57,149** | **18.03%** | **75%** |

## 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 | 60,847 | 6,794 | 3,462 | 11.17% | 51% |
| Dominion | 56,541 | 2,995 | 1,215 | 5.30% | 41% |
| Equitable | 42,907 | 6,534 | 4,892 | 15.23% | 75% |
| NFG | 28,224 | 6,225 | 3,996 | 22.06% | 64% |
| PECO-Gas | 20,294 | 7,023 | 5,079 | 34.61% | 72% |
| PGW | 146,836 | 13,546 | 5,778 | 9.23% | 43% |
| UGI-Gas | 26,096 | 7,947 | 5,458 | 30.45% | 69% |
| UGI Penn Natural | 25,222 | 3,835 | 1,854 | 15.20% | 48% |
| **Total** | **406,967** | **54,899** | **31,734** | **13.49%** | **58%** |

## 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, Penn Power, Columbia, Equitable, UGI Penn Natural 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, PECO Electric and Gas, Dominion Peoples and PGW 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 and NFG report debt that is about 40 days old instead of 30 days old. Thus, PPL and NFG are understating their 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 | 2,414 | 70,722 | 73,136 |
| Duquesne | 8,914 | 13,446 | 22,360 |
| Met-Ed | 30,063 | 23,037 | 53,100 |
| PECO-Electric | 5,580 | 179,971 | 185,551 |
| Penelec | 34,499 | 27,103 | 61,602 |
| Penn Power | 7,806 | 6,564 | 14,370 |
| PPL | 38,760 | 89,854 | 128,614 |
| **Total** | **128,036** | **410,697** | **538,733** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | 5,722 | 17,718 | 23,440 |
| Dominion | 18,247 | 27,128 | 45,375 |
| Equitable | 5,633 | 18,075 | 23,708 |
| NFG | 4,577 | 5,209 | 9,786 |
| PECO-Gas | 2,349 | 58,917 | 61,266 |
| PGW | 24,768 | 96,567 | 121,335 |
| UGI-Gas | 3,684 | 15,851 | 19,535 |
| UGI Penn Natural | 3,321 | 11,386 | 14,707 |
| **Total** | **68,301** | **250,851** | **319,152** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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% | 12% | 12% |
| Duquesne | 2% | 3% | 4% |
| Met-Ed | 6% | 5% | 11% |
| PECO-Electric | <1% | 13% | 13% |
| Penelec | 7% | 5% | 12% |
| Penn Power | 6% | 5% | 10% |
| PPL | 3% | 8% | 11% |
| **Total** | **3%** | **8%** | **11%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Percent of Residential Natural Gas Customers in Debt

| Company | Percent of Customers in Debt on an Agreement* | Percent of Customers in Debt Not on an Agreement* | Total Percent of Customers in Debt* |
|---|---|---|---|
| Columbia | 2% | 5% | 6% |
| Dominion | 6% | 8% | 14% |
| Equitable | 2% | 8% | 10% |
| NFG | 2% | 3% | 5% |
| PECO-Gas | 1% | 14% | 14% |
| PGW | 5% | 20% | 25% |
| UGI-Gas | 1% | 5% | 7% |
| UGI Penn Natural | 2% | 8% | 10% |
| **Total** | **3%** | **10%** | **13%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## 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 | $332,318 | $5,759,155 | $6,091,473 |
| Duquesne | $4,789,567 | $3,756,466 | $8,546,033 |
| Met-Ed | $18,595,699 | $4,933,538 | $23,529,237 |
| PECO-Electric | $1,520,557 | $63,634,282 | $65,154,839 |
| Penelec | $18,171,849 | $4,586,323 | $22,758,172 |
| Penn Power | $4,888,470 | $1,411,427 | $6,299,897 |
| PPL | $18,377,117 | $35,105,007 | $53,482,124 |
| **Total** | **$66,675,577** | **$119,186,198** | **$185,861,775** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | $4,276,549 | $3,955,178 | $8,231,727 |
| Dominion | $17,681,617 | $17,514,950 | $35,196,567 |
| Equitable | $4,719,051 | $4,813,598 | $9,532,649 |
| NFG | $2,455,354 | $2,256,320 | $4,711,674 |
| PECO-Gas | $926,168 | $31,548,810 | $32,474,978 |
| PGW | $20,713,598 | $39,493,181 | $60,206,779 |
| UGI-Gas | $1,634,683 | $5,018,001 | $6,652,684 |
| UGI Penn Natural | $1,533,454 | $3,367,363 | $4,900,817 |
| **Total** | **$53,940,474** | **$107,967,401** | **$161,907,875** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | $181,746 | $1,390,355 | $1,572,101 |
| Duquesne | $749,973 | $1,689,186 | $2,439,159 |
| Met-Ed | $12,587,043 | $1,692,137 | $14,279,180 |
| PECO-Electric | $1,199,727 | $32,831,128 | $34,030,855 |
| Penelec | $13,905,984 | $1,841,958 | $15,747,942 |
| Penn Power | $3,217,906 | $557,562 | $3,775,468 |
| PPL | $11,497,885 | $19,907,877 | $31,405,762 |
| **Total** | **$43,340,264** | **$59,910,203** | **$103,250,467** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | $2,100,033 | $1,753,001 | $3,853,034 |
| Dominion | $13,039,847 | $5,829,793 | $18,869,640 |
| Equitable | $2,422,841 | $1,987,790 | $4,410,631 |
| NFG | $1,351,499 | $1,107,644 | $2,459,143 |
| PECO-Gas | $664,178 | $14,478,276 | $15,142,454 |
| PGW | $5,885,337 | $22,131,450 | $28,016,787 |
| UGI-Gas | $947,563 | $2,242,985 | $3,190,548 |
| UGI Penn Natural | $758,638 | $1,753,832 | $2,512,470 |
| **Total** | **$27,169,936** | **$51,284,771** | **$78,454,707** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | 5% | 95% |
| Duquesne | 56% | 44% |
| Met-Ed | 79% | 21% |
| PECO-Electric | 2% | 98% |
| Penelec | 80% | 20% |
| Penn Power | 78% | 22% |
| PPL | 34% | 66% |
| **Total** | **36%** | **64%** |

*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 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 | 52% | 48% |
| Dominion | 50% | 50% |
| Equitable | 50% | 50% |
| NFG | 52% | 48% |
| PECO-Gas | 3% | 97% |
| PGW | 34% | 66% |
| UGI-Gas | 25% | 75% |
| UGI Penn Natural | 31% | 69% |
| **Total** | **33%** | **67%** |

*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.

## 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 | $137.66 | $81.43 | $83.29 |
| Duquesne | $537.31 | $279.37 | $382.20 |
| Met-Ed | $618.56 | $214.16 | $443.11 |
| PECO-Electric | $272.50 | $353.58 | $351.14 |
| Penelec | $526.74 | $169.22 | $369.44 |
| Penn Power | $626.25 | $215.03 | $438.41 |
| PPL | $474.13 | $390.69 | $415.83 |
| **Total** | **$520.76** | **$290.20** | **$345.00** |

*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.

### Average Arrearage - Residential Natural Gas Customers

| Company | Average Arrearage on an Agreement* | Average Arrearage Not on an Agreement* | Overall Average Arrearage* |
|---|---|---|---|
| Columbia | $747.39 | $223.23 | $351.18 |
| Dominion | $969.02 | $645.64 | $775.68 |
| Equitable | $837.75 | $266.31 | $402.09 |
| NFG | $536.45 | $433.16 | $481.47 |
| PECO-Gas | $394.28 | $535.48 | $530.07 |
| PGW | $836.30 | $408.97 | $496.20 |
| UGI-Gas | $443.73 | $316.57 | $340.55 |
| UGI Penn Natural | $461.74 | $295.75 | $333.23 |
| **Total** | **$789.75** | **$430.40** | **$507.31** |

*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 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 | 20,314 | 9,050 | 45% |
| Duquesne | 96,156 | 83,549 | 87% |
| Met-Ed | 50,853 | 30,223 | 59% |
| PECO-Electric | 52,310 | 39,999 | 76% |
| Penelec | 55,157 | 38,851 | 70% |
| Penn Power | 16,984 | 11,030 | 65% |
| PPL | 305,449 | 182,605 | 60% |
| **Total** | **597,223** | **395,307** | **66%** |

### Natural Gas Payment Arrangements

| Company | All Residential | Confirmed Low Income | Percent of Payment Arrangements which are Confirmed Low Income |
|---|---|---|---|
| Columbia | 17,908 | 9,402 | 53% |
| Dominion | 18,711 | 15,834 | 85% |
| Equitable | 12,455 | 5,367 | 43% |
| NFG | 17,712 | 8,946 | 51% |
| PECO-Gas | 21,326 | 13,745 | 64% |
| PGW | 79,391 | 27,001 | 34% |
| UGI-Gas | 45,383 | 21,429 | 47% |
| UGI Penn Natural | 17,586 | 8,676 | 49% |
| **Total** | **230,472** | **110,400** | **48%** |

## Gross Residential Write-Offs in Dollars

The tables below represent the gross residential write-offs in dollars for the EDCs and NGDCs in 2006. 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 | $5,951,335 |
| Duquesne | $5,171,219 |
| Met-Ed | $10,749,694 |
| PECO-Electric | $54,729,384 |
| Penelec | $9,328,168 |
| Penn Power | $3,027,132 |
| PPL | $23,284,516 |
| **Total** | **$112,241,448** |

*Does not include CAP Credits or Arrearage Forgiveness.

### Gross Write-Offs - Residential Natural Gas Customers

| Company | Gross Dollars Written Off* |
|---|---|
| Columbia | $10,505,925 |
| Dominion | $11,069,703 |
| Equitable | $11,270,907 |
| NFG | $8,320,871 |
| PECO-Gas | $11,209,633 |
| PGW | $52,392,930 |
| UGI-Gas | $9,767,598 |
| UGI Penn Natural | $6,198,446 |
| **Total** | **$120,736,013** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs - Confirmed Low Income Electric Customers

| Company | Gross Dollars Written Off* |
|---|---|
| Allegheny | $3,429,809 |
| Duquesne | $4,493,203 |
| Met-Ed | $6,997,054 |
| PECO-Electric | $25,601,136 |
| Penelec | $6,764,187 |
| Penn Power | $2,167,442 |
| PPL | $13,039,329 |
| **Total** | **$62,492,160** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs - Confirmed Low Income Natural Gas Customers

| Company | Gross Dollars Written Off* |
|---|---|
| Columbia | $6,167,179 |
| Dominion | $4,958,226 |
| Equitable | $6,986,388 |
| NFG | $5,198,744 |
| PECO-Gas | $5,243,606 |
| PGW | $17,756,771 |
| UGI-Gas | $6,454,038 |
| UGI Penn Natural | $2,988,619 |
| **Total** | **$55,753,571** |

*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 | 1.09% |
| Duquesne | 1.15% |
| Met-Ed | 1.93% |
| PECO-Electric | 2.82% |
| Penelec | 2.07% |
| Penn Power | 1.74% |
| PPL | 1.68% |
| **Total** | **2.04%** |

*Does not include CAP Credits or Arrearage Forgiveness.

### Gross Write-Offs Ratio - Residential Natural Gas Customers

| Company | Gross Write-Offs Ratio* |
|---|---|
| Columbia | 2.61% |
| Dominion | 3.86% |
| Equitable | 3.73% |
| NFG | 3.17% |
| PECO-Gas | 2.18% |
| PGW | 8.41% |
| UGI-Gas | 2.93% |
| UGI Penn Natural | 2.81% |
| **Total** | **4.10%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs Ratio - Confirmed Low Income Electric Customers

| Company | Gross Write-Offs Ratio* |
|---|---|
| Allegheny | 7.35% |
| Duquesne | 13.47% |
| Met-Ed | 13.60% |
| PECO-Electric | 2.63% |
| Penelec | 10.94% |
| Penn Power | 11.14% |
| PPL | 7.39% |
| **Total** | **4.58%** |

*Does not include CAP Credits or Arrearage Forgiveness.

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

| Company | Gross Write-Offs Ratio* |
|---|---|
| Columbia | 8.87% |
| Dominion | 9.98% |
| Equitable | 15.83% |
| NFG | 19.59% |
| PECO-Gas | 29.80% |
| PGW | 8.16% |
| UGI-Gas | 20.70% |
| UGI Penn Natural | 7.11% |
| **Total** | **11.19%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## 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 | $14,498,093 | $7,890,901 | 54% |
| Duquesne | $12,707,668 | $11,041,523 | 87% |
| Met-Ed | $14,428,576 | $8,615,762 | 60% |
| PECO-Electric | $5,918,135 | $2,137,630 | 36% |
| Penelec | $13,385,070 | $8,914,346 | 67% |
| Penn Power | $4,280,996 | $2,744,219 | 64% |
| PPL | $9,947,961 | $5,272,419 | 53% |
| **Total** | **$75,166,499** | **$46,616,800** | **62%** |

### 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 | $3,636,146 | $2,069,358 | 57% |
| Dominion | $1,927,923 | $480,133 | 25% |
| Equitable | $3,739,605 | $669,389 | 18% |
| NFG | $945,881 | $368,052 | 39% |
| PECO-Gas | $1,212,148 | $437,828 | 36% |
| PGW | $9,694,140 | $2,908,242 | 30% |
| UGI-Gas | $2,877,793 | $1,352,563 | 47% |
| UGI Penn Natural | $2,837,916 | $1,496,672 | 53% |
| **Total** | **$26,871,552** | **$9,782,237** | **36%** |

## Selected Tables for Multi-Year Data

### Terminations - Residential Electric Customers

| Company | 2006 Terminations | 2007 Terminations | Percent Change in # 2006-07 | 2006 Termination Rate | 2007 Termination Rate |
|---|---|---|---|---|---|
| Allegheny | 21,514 | 22,386 | 4% | 3.54% | 3.66% |
| Duquesne | 20,885 | 22,649 | 8% | 3.98% | 4.32% |
| Met-Ed | 8,465 | 16,175 | 91% | 1.78% | 3.37% |
| PECO-Electric | 41,940 | 53,536 | 28% | 3.01% | 3.84% |
| Penelec | 11,307 | 14,678 | 30% | 2.24% | 2.91% |
| Penn Power | 3,016 | 4,750 | 57% | 2.17% | 3.41% |
| PPL | 21,221 | 26,509 | 25% | 1.79% | 2.21% |
| **Total** | **128,348** | **160,683** | **25%** | **2.66%** | **3.31%** |

### Terminations - Residential Natural Gas Customers

| Company | 2006 Terminations | 2007 Terminations | Percent Change in # 2006-07 | 2006 Termination Rate | 2007 Termination Rate |
|---|---|---|---|---|---|
| Columbia | 14,571 | 13,096 | -10% | 4.00% | 3.56% |
| Dominion | 5,083 | 5,302 | 4% | 1.57% | 1.63% |
| Equitable | 12,793 | 12,642 | -1% | 5.51% | 5.30% |
| NFG | 13,243 | 11,138 | -16% | 6.86% | 5.62% |
| PECO-Gas | 396 | 12,803 | 3,133% | 0.09% | 2.95% |
| PGW | 30,808 | 28,567 | -7% | 6.44% | 5.93% |
| UGI-Gas | 13,778 | 14,923 | 8% | 4.85% | 5.08% |
| UGI Penn Natural | 5,179 | 7,094 | 37% | 3.68% | 4.97% |
| **Total** | **95,851** | **105,565** | **10%** | **3.91%** | **4.25%** |

## Number of Residential Electric Customers in Debt

| Company | 2006 Total Number of Customers in Debt* | 2007 Total Number of Customers in Debt* | Percent Change in # 2006-07 |
|---|---|---|---|
| Allegheny | 67,355 | 73,136 | 9% |
| Duquesne | 25,393 | 22,360 | -12% |
| Met-Ed | 51,085 | 53,100 | 4% |
| PECO-Electric | 157,093 | 185,551 | 18% |
| Penelec | 60,919 | 61,602 | 1% |
| Penn Power | 14,203 | 14,370 | 1% |
| PPL | 130,445 | 128,614 | -1% |
| **Total** | **506,493** | **538,733** | **6%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | 2006 Total Number of Customers in Debt* | 2007 Total Number of Customers in Debt* | Percent Change in # 2006-07 |
|---|---|---|---|
| Columbia | 21,678 | 23,440 | 8% |
| Dominion | 46,450 | 45,375 | -2% |
| Equitable | 18,484 | 23,708 | 28% |
| NFG | 10,210 | 9,786 | -4% |
| PECO-Gas | 37,113 | 61,266 | 65% |
| PGW | 126,395 | 121,335 | -4% |
| UGI-Gas | 18,748 | 19,535 | 4% |
| UGI Penn Natural | 14,256 | 14,707 | 3% |
| **Total** | **293,334** | **319,152** | **9%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Dollars in Debt - Residential Electric Customers

| Company | 2006 Total Dollars in Debt* | 2007 Total Dollars in Debt* | Percent Change in # 2006-07 |
|---|---|---|---|
| Allegheny | $6,402,115 | $6,091,473 | -5% |
| Duquesne | $8,558,192 | $8,546,033 | <-1% |
| Met-Ed | $21,107,213 | $23,529,237 | 11% |
| PECO-Electric | $51,364,564 | $65,154,839 | 27% |
| Penelec | $20,576,971 | $22,758,172 | 11% |
| Penn Power | $5,730,138 | $6,299,897 | 10% |
| PPL | $51,156,867 | $53,482,124 | 5% |
| **Total** | **$164,896,060** | **$185,861,775** | **13%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Dollars in Debt - Residential Natural Gas Customers

| Company | 2006 Total Dollars in Debt* | 2007 Total Dollars in Debt* | Percent Change in # 2006-07 |
|---|---|---|---|
| Columbia | $8,366,025 | $8,231,727 | -2% |
| Dominion | $30,331,189 | $35,196,567 | 16% |
| Equitable | $11,342,736 | $9,532,649 | -16% |
| NFG | $5,375,669 | $4,711,674 | -12% |
| PECO-Gas | $12,893,417 | $32,474,978 | 152% |
| PGW | $68,349,547 | $60,206,779 | -12% |
| UGI-Gas | $6,225,208 | $6,652,684 | 7% |
| UGI Penn Natural | $5,293,398 | $4,900,817 | -7% |
| **Total** | **$148,177,189** | **$161,907,875** | **9%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Gross Write-Offs - Residential Electric Customers

| Company | 2006 Gross Dollars Written Off* | 2007 Gross Dollars Written Off* | Percent Change in # 2006-07 |
|---|---|---|---|
| Allegheny | $5,810,269 | $5,951,335 | 2% |
| Duquesne | $9,642,363 | $5,171,219 | -46% |
| Met-Ed | $9,238,677 | $10,749,694 | 16% |
| PECO-Electric | $34,856,261 | $54,729,384 | 57% |
| Penelec | $8,591,608 | $9,328,168 | 9% |
| Penn Power | $2,592,509 | $3,027,132 | 17% |
| PPL | $21,194,274 | $23,284,516 | 10% |
| **Total** | **$91,925,961** | **$112,241,448** | **22%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs - Residential Natural Gas Customers

| Company | 2006 Gross Dollars Written Off* | 2007 Gross Dollars Written Off* | Percent Change in # 2006-07 |
|---|---|---|---|
| Columbia | $12,725,454 | $10,505,925 | -17% |
| Dominion | $10,408,974 | $11,069,703 | 6% |
| Equitable | $15,314,485 | $11,270,907 | -26% |
| NFG | $7,316,442 | $8,320,871 | 14% |
| PECO-Gas | $7,139,234 | $11,209,633 | 57% |
| PGW | $94,470,467 | $52,392,930 | -45% |
| UGI-Gas | $8,474,161 | $9,767,598 | 15% |
| UGI Penn Natural | $5,037,797 | $6,198,446 | 23% |
| **Total** | **$160,887,014** | **$120,736,013** | **-25%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs Ratio - Residential Electric Customers

| Company | 2006 Gross Write-Offs Ratio* | 2007 Gross Write-Offs Ratio* | Percent Change 2006-07 |
|---|---|---|---|
| Allegheny | 1.17% | 1.09% | -7% |
| Duquesne | 2.62% | 1.15% | -56% |
| Met-Ed | 1.89% | 1.93% | 2% |
| PECO-Electric | 1.99% | 2.82% | 42% |
| Penelec | 2.20% | 2.07% | -6% |
| Penn Power | 1.93% | 1.74% | -10% |
| PPL | 1.63% | 1.68% | 3% |
| **Total** | **1.86%** | **2.04%** | **10%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs Ratio - Residential Natural Gas Customers

| Company | 2006 Gross Write-Offs Ratio* | 2007 Gross Write-Offs Ratio* | Percent Change 2006-07 |
|---|---|---|---|
| Columbia | 3.04% | 2.61% | -14% |
| Dominion | 3.23% | 3.86% | 20% |
| Equitable | 5.32% | 3.73% | -30% |
| NFG | 2.55% | 3.17% | 24% |
| PECO-Gas | 1.35% | 2.18% | 61% |
| PGW | 14.93% | 8.41% | -44% |
| UGI-Gas | 2.73% | 2.93% | 7% |
| UGI Penn Natural | 2.53% | 2.81% | 11% |
| **Total** | **5.39%** | **4.10%** | **-24%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Percent of Revenues (Billings) in Debt

The percent of revenues (billings) in debt is calculated by dividing the total annual revenues (billings) by the total monthly average dollars in debt. This calculated variable provides another way to measure the extent of customer debt. In the 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 | 2006 | 2007 | Percent Change 2006-07 |
|---|---|---|---|
| Allegheny | 1.3% | 1.1% | -15% |
| Duquesne | 2.3% | 1.9% | -17% |
| Met-Ed | 4.3% | 4.2% | -2% |
| PECO-Electric | 2.9% | 3.4% | 17% |
| Penelec | 5.3% | 5.0% | -6% |
| Penn Power | 4.3% | 3.6% | -16% |
| PPL | 3.9% | 3.9% | 0% |
| **Total** | **3.3%** | **3.4%** | **3%** |

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

| Company | 2006 | 2007 | Percent Change 2006-07 |
|---|---|---|---|
| Columbia | 2.0% | 2.0% | 0% |
| Dominion | 9.4% | 12.3% | 31% |
| Equitable | 3.9% | 3.2% | -18% |
| NFG | 1.9% | 1.8% | -5% |
| PECO-Gas | 2.4% | 6.3% | 163% |
| PGW | 10.8% | 9.7% | -10% |
| UGI-Gas | 2.0% | 2.0% | 0% |
| UGI Penn Natural | 2.7% | 2.2% | -19% |
| **Total** | **5.0%** | **5.5%** | **10%** |

# 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. 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 $15,500. Both electric and natural gas households that receive CAP benefits have average household incomes that are equal to $12,378 a year. Electric and natural gas customers who receive Low Income Usage Reduction Program (LIURP) service have average yearly household incomes at $14,484. 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 2007 federal poverty guidelines of $25,755 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 $7.15 per hour.[3] Annual income for a wage earner who works at minimum wage job is $14,872. A typical CAP customer has an income in the $12,000 range, which places these households' incomes at about 70 percent of the federal poverty guidelines. These households have incomes that are below minimum wage.

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.

[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.
http://www.pahouse.com/cohen/minimumwage/factsheet.htm

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

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

| | 2006 | 2007 |
|---|---|---|
| LIURP | $13,871 | $14,484 |
| CAP | $11,896 | $12,378 |
| CARES | $13,292 | $14,273 |
| Hardship Fund | $14,873 | $15,412 |

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

| | 2006 | 2007 |
|---|---|---|
| LIURP | $15,086 | $15,064 |
| CAP | $11,501 | $11,971 |
| CARES | $13,691 | $15,157 |
| Hardship Fund | $15,040 | $14,932 |

# 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 | 2007 Actual Spending | 2008 Projected Spending* |
|---|---|---|
| Allegheny | $2,125,938 | $2,090,228 |
| Duquesne | $1,393,083 | $1,856,327 |
| Met-Ed | $1,908,308 | $2,013,225 |
| PECO-Electric | $5,599,985 | $5,600,000 |
| Penelec | $2,056,752 | $2,331,175 |
| Penn Power | $721,433 | $765,930 |
| PPL | $6,753,061 | $7,750,000 |
| **Total** | **$20,558,560** | **$22,406,885** |

*Includes carryover of unspent funds.

### LIURP Spending - Natural Gas Utilities

| Company | 2007 Actual Spending | 2008 Projected Spending* |
|---|---|---|
| Columbia | $1,326,765 | $1,416,841 |
| Dominion | $609,965 | $610,000 |
| Equitable | $644,006 | $616,203 |
| NFG | $1,272,306 | $1,369,238 |
| PECO-Gas | $875,015 | $875,000 |
| PGW | $1,691,220 | $2,200,000 |
| UGI-Gas | $693,374 | $1,536,562 |
| UGI Penn Natural | $393,014 | $1,068,614 |
| **Total** | **$7,505,665** | **$9,692,458** |

*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 | 2007 Actual Production | | | 2008 Projected Production | | |
|---|---|---|---|---|---|---|
| | Heating Jobs | Water Heating Jobs | Baseload Jobs* | Heating Jobs | Water Heating Jobs | Baseload Jobs* |
| Allegheny | 317 | 816 | 412 | 312 | 802 | 405 |
| Duquesne | 97 | 3 | 4,588 | 30 | 8 | 3,962 |
| Met-Ed | 323 | 423 | 511 | 357 | 433 | 485 |
| PECO-Electric | 1,160 | 0 | 7,743 | 1,150 | 0 | 6,250 |
| Penelec | 237 | 1,068 | 461 | 289 | 1,136 | 500 |
| Penn Power | 106 | 218 | 268 | 91 | 218 | 296 |
| PPL | 1,480 | 173 | 675 | 1,400 | 200 | 1,560 |
| **Total** | **3,720** | **2,701** | **14,658** | **3,629** | **2,797** | **13,458** |

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

### LIURP Natural Gas Production

| Company | 2007 Actual Production Heating Jobs | 2008 Projected Production Heating Jobs |
|---|---|---|
| Columbia | 205 | 220 |
| Dominion | 156 | 158 |
| Equitable | 132 | 145 |
| NFG | 231 | 240 |
| PECO-Gas | 434 | 520 |
| PGW | 2,126 | 2,300 |
| UGI-Gas | 283 | 375 |
| UGI Penn Natural | 107 | 290 |
| **Total** | **3,674** | **4,248** |

## 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 | 2007 Heating Jobs | 2007 Water Heating Jobs | 2007 Baseload Jobs |
|---|---|---|---|
| Allegheny | $2,144 | $1,122 | $942 |
| Duquesne | $1,479 | $534 | $236 |
| Met-Ed | $1,528 | $1,029 | $941 |
| PECO-Electric | $2,477 | Not Applicable | $298 |
| Penelec | $1,343 | $840 | $751 |
| Penn Power | $1,389 | $878 | $688 |
| PPL | $2,595 | $1,410 | $705 |

## LIURP Natural Gas Job Costs

| Company | 2007 Heating Jobs |
|---|---|
| Columbia | $5,052 |
| Dominion | $2,760 |
| Equitable | $4,044 |
| NFG | $2,960 |
| PECO-Gas | $2,004 |
| PGW | $795 |
| UGI-Gas | $2,160 |
| UGI Penn Natural | $3,004 |

## 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 | 2006 Energy Savings | 2006 Estimated Annual Bill Reduction* |
|---|---|---|
| Electric Heating | 7.3% | $138 |
| Electric Water Heating | 6.9% | $102 |
| Electric Baseload | 6.7% | $102 |
| Gas Heating | 15.5% | $373 |

## 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. Universal Service Plans and Evaluations are posted on the Commission's Web site (see Appendix 7 for viewing instructions).

## 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 2007 results below show a CAP Participation Rate, defined as the number of participants enrolled as of Dec. 31, 2007, 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 12/31/06 | CAP Participation Rate | Participants Enrolled as of 12/31/07 | CAP Participant Rate |
|---|---|---|---|---|
| | 2006 | | 2007 | |
| Allegheny | 20,945 | 48% | 20,427 | 55% |
| Duquesne | 25,522 | 65% | 27,566 | 66% |
| Met-Ed | 9,915 | 31% | 12,123 | 33% |
| PECO | 129,643 | 62% | 120,633 | 102% |
| Penelec | 14,940 | 30% | 18,191 | 33% |
| Penn Power | 4,005 | 30% | 4,877 | 34% |
| PPL | 20,721 | 18% | 21,820 | 18% |
| **Total** | **225,691** | | **225,637** | |
| **Weighted Avg.** | | **44%** | | **54%** |

## CAP Participation - Natural Gas Utilities

| NGDC | Participants Enrolled as of 12/31/06 | CAP Participation Rate | Participants Enrolled as of 12/31/07 | CAP Participant Rate |
|---|---|---|---|---|
| | 2006 | | 2007 | |
| Columbia | 24,106 | 40% | 23,604 | 39% |
| Dominion Peoples | 10,986 | 16% | 12,524 | 22% |
| Equitable | 14,055 | 37% | 16,492 | 38% |
| NFG | 11,272 | 41% | 10,821 | 38% |
| PECO | 37,887 | 98% | 20,583 | 101% |
| PGW | 76,045 | 55% | 76,235 | 52% |
| UGI-Gas | 7,597 | 29% | 7,532 | 29% |
| UGI-Penn Natural | 2,885 | 12% | 3,304 | 13% |
| **Total** | **184,833** | | **171,095** | |
| **Weighted Avg.** | | **44%** | | **42%** |

## 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 and PECO's CAP bills and credits because their payment plans are based on rate discounts tied to usage.

## Average Monthly CAP Electric Bill

| Company | 2006 | 2007 |
|---|---|---|
| Allegheny Power | $55 | $59 |
| Duquesne | $50 | $50 |
| Met-Ed | $52 | $56 |
| PECO | $74 | $66 |
| Penelec | $42 | $45 |
| Penn Power | $50 | $71 |
| PPL | $62 | $64 |

## Average Monthly Natural Gas CAP Bill

| Company | 2006 | 2007 |
|---|---|---|
| Columbia | $46 | $45 |
| Dominion Peoples | $78 | $78 |
| Equitable | $79 | $76 |
| NFG | $85 | $89 |
| PECO | $127 | $73 |
| PGW | $79 | $57 |
| UGI-Gas | $94 | $94 |
| UGI Penn Natural | $115 | $110 |

## Average Annual Electric CAP Credits

| Company | 2006 | 2007 |
|---|---|---|
| Allegheny Power | $262 | $287 |
| Duquesne | $238 | $303 |
| Met-Ed | $459 | $498 |
| PECO | $332 | $476 |
| Penelec | $409 | $452 |
| Penn Power | $374 | $519 |
| PPL | $560 | $572 |

PPL explains that one reason for its higher than industry average for CAP credits is that 40 percent of CAP participants heat with electricity.

## Average Annual Natural Gas CAP Credits

| Company | 2006 | 2007 |
|---|---|---|
| Columbia | $965 | $910 |
| Dominion Peoples | $545 | $973 |
| Equitable | $998 | $638 |
| NFG | $706 | $493 |
| PECO | $79 | $178 |
| PGW | $1,122 | $1,230 |
| UGI-Gas | $297 | $406 |
| UGI Penn Natural | $300 | $236 |

Average CAP credits increased for four NGDCs from 2006 to 2007. Increases are usually attributable to rising gas prices. 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 $45, 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 CAP credits can be attributed to higher natural gas rates.

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

| Company | 2006 | 2007 |
|---|---|---|
| Allegheny Power | $69 | $68 |
| Duquesne | $139 | $85 |
| Met-Ed | $139 | $171 |
| PECO | $52 | $108 |
| Penelec | $112 | $135 |
| Penn Power | $0 | $0 |
| PPL | $279 | $292 |

During 2007, Penn Power's CAP design did not include an arrearage forgiveness component. The company cited 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 SAP system consistent with the CAP Policy Statement, 52 Pa. Code § 69.265(6)(ix). By Order entered April 9, 2008, at Docket Numbers M-00072023 and R-00072437, the Commission approved an arrearage forgiveness component, effective June 1, 2008.

## Average Annual Natural Gas Utilities Arrearage Forgiveness

| Company | 2006 | 2007 |
|---|---|---|
| Columbia | $72 | $6 |
| Dominion Peoples | $60 | $921 |
| Equitable | $84 | $55 |
| NFG | $81 | $74 |
| PECO | $27 | $5 |
| PGW | $137 | $116 |
| UGI-Gas | $131 | $110 |
| UGI Penn Natural | $43 | $39 |

Columbia's annual average pre-program arrearage forgiveness decreased substantially from 2006 to 2007 because over 7,800 out of the approximately 24,000 CAP recipients no longer have pre-program arrears to forgive.

The Commission approved a settlement of Docket No. M-00051880 in November 2006 that granted Dominion Peoples a one-time pre-program arrearage write-off of 8,562 CAP accounts totalling $10,488,236.75. The financial transaction was completed on June 1, 2007.

## 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 the CAP bill paid by CAP customers.

### Percentage of Electric CAP Bill Paid

| Company | 2006 | 2007 |
|---|---|---|
| Allegheny Power | 66% | 68% |
| Duquesne | 96% | 96% |
| Met-Ed | 92% | 92% |
| PECO | 79% | 75% |
| Penelec | 95% | 93% |
| Penn Power | 89% | 80% |
| PPL | 83% | 81% |

### Percentage of Natural Gas CAP Bill Paid

| Company | 2006 | 2007 |
|---|---|---|
| Columbia | 93% | 92% |
| Dominion Peoples | 83% | 83% |
| Equitable | 95% | 94% |
| NFG | 82% | 76% |
| PECO | 76% | 75% |
| PGW | 90% | 86% |
| UGI-Gas | 83% | 91% |
| UGI Penn Natural | 80% | 81% |

## 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 8 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 |
|---|---|---|---|---|---|---|
| | 2006 | | | 2007 | | |
| Allegheny | $7,551,281 | 21,111 | $358 | $8,043,013 | 20,900 | $385 |
| Duquesne | $10,375,795 | 24,532 | $423 | $11,508,948 | 26,858 | $429 |
| Met-Ed | $6,149,163 | 9,228 | $666 | $8,087,480 | 11,118 | $727 |
| PECO | $65,684,272 | 126,839 | $518 | $85,932,138 | 118,451 | $725 |
| Penelec | $8,494,452 | 14,444 | $588 | $10,683,202 | 16,540 | $646 |
| Penn Power | $1,705,114 | 3,709 | $460 | $2,461,202 | 4,282 | $575 |
| PPL | $17,090,500 | 17,788 | $961 | $20,919,308 | 21,599 | $969 |
| **Total** | **$117,050,577** | **217,651** | | **$147,635,291** | **219,748** | |
| **Weighted Avg.** | | | **$538** | | | **$672** |

## 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 |
|---|---|---|---|---|---|---|
| | 2006 | | | 2007 | | |
| Columbia | $25,788,593 | 24,095 | $1,070 | $23,214,621 | 24,519 | $947 |
| Dominion Peoples | $7,586,249 | 11,623 | $653 | $22,767,942 | 11,815 | $1,927 |
| Equitable | $15,801,900 | 13,807 | $1,144 | $11,496,437 | 15,410 | $746 |
| NFG | $9,074,207 | 10,986 | $826 | $6,595,173 | 10,882 | $606 |
| PECO | $7,360,385 | 36,948 | $199 | $7,164,109 | 20,294 | $353 |
| PGW | $102,733,113 | 73,808 | $1,392 | $106,027,731 | 76,983 | $1,377 |
| UGI-Gas | $3,396,393 | 7,329 | $463 | $4,335,537 | 7,645 | $567 |
| UGI Penn Natural | $1,322,719 | 3,438 | $385 | $1,131,095 | 3,466 | $326 |
| **Total** | **$173,063,559** | **182,034** | | **$182,732,645** | **171,014** | |
| **Weighted Avg.** | | | **$951** | | | **$1,069** |

## 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 over time because the expansion of CAP has reduced the number of customers who may need case management services.

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. As Chapter 14 implementation occurs, 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 that has special conditions.

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

## CARES Benefits

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(C)(III) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(C)(III) for the NGDCs, the companies are to report to the Commission on CARES benefits. The Commission defines CARES benefits as the total number and dollar amount of LIHEAP benefits applied to all low income customers' accounts. LIHEAP benefits include both LIHEAP cash and LIHEAP crisis grants. Typically, households that receive crisis grants also receive cash grants. Therefore, to avoid double counting the number of benefits, the table below shows number of households that received LIHEAP cash grants. The dollar amount of LIHEAP benefits includes both cash and crisis LIHEAP benefits. The total amount of LIHEAP dollars that each utility receives is dependent 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.

## 2007 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 | $106,313 | $2,740,009 | 7,493 | $4,665 | $2,638,361 |
| Duquesne | $125,000 | $3,198,019 | 6,009 | $148,278 | $3,221,297 |
| Met-Ed* | $0 | $1,234,829 | 4,276 | $0 | $1,234,829 |
| PECO | $655,572 | $8,692,419 | 27,244 | $0 | $8,036,848 |
| Penelec* | $0 | $2,467,156 | 7,050 | $0 | $2,467,156 |
| Penn Power* | $0 | $939,538 | 2,315 | $0 | $939,538 |
| PPL | $0 | $4,880,701 | 17,072 | $18,616 | $4,899,317 |
| **Total** | **$886,885** | **$24,152,671** | **71,459** | **$171,559** | **$23,437,346** |

*Met-Ed, Penelec and Penn Power enroll and monitor all CARES participants in 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.

## 2007 Natural Gas CARES Benefits

| NGDC | CARES Costs | Total LIHEAP Grants for Low Income Customers[5] | Low Income Households who Received LIHEAP Cash Grants | Direct Dollars in Addition to LIHEAP Grants for CARES Participants | Net CARES Benefits |
|---|---|---|---|---|---|
| Columbia | $274,839 | $5,823,841 | 20,897 | $1,980 | $5,550,982 |
| Dominion Peoples | $193,000 | $5,895,481 | 21,211 | $31,539 | $5,734,020 |
| Equitable | $365,630 | $5,289,417 | 17,421 | $71,741 | $4,995,528 |
| NFG | $16,719 | $6,820,617 | 19,828 | $1,410 | $6,805,308 |
| PECO | $134,273 | $1,780,376 | 5,580 | $0 | $1,646,102 |
| PGW | $590,000 | $21,274,287 | 62,366 | $0 | $20,684,287 |
| UGI-Gas | $46,298 | $3,520,395 | 13,065 | $4,763 | $3,478,860 |
| UGI Penn Natural | $80,357 | $4,497,678 | 13,208 | $600 | $4,417,921 |
| **Total** | **$1,701,116** | **$54,902,092** | **173,576** | **$112,033** | **$53,313,008** |

## 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.

[5] Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.

## 2006-07 Electric Hardship Fund Contributions

| EDC | Voluntary Ratepayer Contributions | Average Voluntary Ratepayer Contribution per Customer | Utility & Shareholder Contributions |
|---|---|---|---|
| Allegheny | $372,902 | $0.32 | $187,654 |
| Duquesne | $254,727 | $0.49 | $351,643 |
| Met-Ed | $89,351 | $0.19 | $150,351 |
| PECO | $227,107 | $0.15 | $244,420 |
| Penelec | $53,036 | $0.11 | $129,036 |
| Penn Power | $46,419 | $0.33 | $76,419 |
| PPL | $455,250 | $0.38 | $700,000 |
| **Total** | **$1,498,792** | | **$1,839,523** |
| **Weighted Avg.** | | **$0.31** | |

## 2006-07 Natural Gas Hardship Fund Contributions

| NGDC | Voluntary Ratepayer Contributions | Average Voluntary Ratepayer Contribution per Customer | Utility & Shareholder Contributions |
|---|---|---|---|
| Columbia[6] | $484,687 | $0.30 | $205,000 |
| Dominion Peoples | $166,375 | $0.51 | $232,000 |
| Equitable | $139,625 | $0.59 | $67,659 |
| NFG | $40,878 | $0.20 | $33,333 |
| PECO | $42,304 | $0.10 | $84,248 |
| PGW[7] | $98,610 | $0.20 | $759,084 |
| UGI-Gas | $60,907 | $0.21 | $56,000 |
| UGI Penn Natural | $14,140 | $0.10 | $39,439 |
| **Total** | **$1,047,526** | | **$1,476,763** |
| **Weighted Avg.** | | **$.42** | |

[6]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.

[7]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 | |
|---|---|---|---|---|---|---|
| | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 |
| Allegheny | 1,624 | 1,864 | $277 | $305 | $450,000 | $569,000 |
| Duquesne | 1,515 | 1,408 | $429 | $406 | $650,000 | $571,000 |
| Met-Ed | 778 | 655 | $321 | $382 | $250,000 | $250,000 |
| PECO | 2,030 | 1,872 | $388 | $270 | $787,693 | $505,222 |
| Penelec | 1,241 | 761 | $319 | $380 | $396,230 | $289,270 |
| Penn Power | 436 | 775 | $231 | $244 | $100,931 | $188,765 |
| PPL | 3,816 | 3,643 | $243 | $219 | $926,094 | $796,784 |
| **EDC Total** | **11,440** | **10,978** | | | **$3,560,948** | **$3,170,041** |
| **Weighted Avg.** | | | **$311** | **$289** | | |

### Natural Gas Utility Hardship Fund Grant Benefits

| NGDC | Ratepayers Receiving Grants | | Average Grant | | Total Benefits Disbursed | |
|---|---|---|---|---|---|---|
| | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 |
| Columbia | 1,959 | 1,685 | $361 | $379 | $707,400 | $639,367 |
| Dominion Peoples | 1,556 | 914 | $363 | $379 | $565,000 | $346,806 |
| Equitable | 2,980 | 1,960 | $452 | $449 | $1,346,242 | $879,315 |
| NFG | 364 | 314 | $271 | $236 | $98,628 | $74,211 |
| PECO-Gas | 417 | 417 | $387 | $248 | $161,334 | $103,479 |
| PGW | 1,283 | 2,255 | $457 | $707 | $586,490 | $1,595,370 |
| UGI-Gas | 462 | 479 | $141 | $153 | $64,957 | $73,480 |
| UGI Penn Natural | 618 | 475 | $177 | $146 | $109,428 | $69,263 |
| **NGDC Total** | **9,639** | **8,499** | | | **$3,639,479** | **$3,781,291** |
| **Weighted Avg.** | | | **$378** | **$445** | | |

# 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
· T.W. 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 and 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 Dec. 31, 2007, the small utilities who administer CAPs enrolled 4,478 customers in their programs. In 2007, the small utilities that participate with hardship fund programs provided a total of $191,444 in hardship fund benefits to 825 customers. Finally, UGI-Electric and T.W. Phillips completed 64 LIURP jobs.

# 5. 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 | 1,339 | 7,548 | 8,887 |
| Duquesne | 1,323 | 2,634 | 3,957 |
| Met-Ed | 18,990 | 4,439 | 23,429 |
| PECO-Electric | 4,446 | 56,372 | 60,818 |
| Penelec | 25,432 | 7,008 | 32,440 |
| Penn Power | 4,780 | 1,865 | 6,645 |
| PPL | 21,541 | 33,663 | 55,204 |
| **Total** | **77,851** | **113,529** | **191,380** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | 2,590 | 5,039 | 7,629 |
| Dominion | 12,372 | 7,992 | 20,364 |
| Equitable | 2,599 | 3,379 | 5,978 |
| NFG | 2,240 | 1,703 | 3,943 |
| PECO-Gas | 1,694 | 15,040 | 16,734 |
| PGW | 7,754 | 25,158 | 32,912 |
| UGI-Gas | 1,856 | 4,714 | 6,570 |
| UGI Penn Natural | 1,520 | 4,590 | 6,110 |
| **Total** | **32,625** | **67,615** | **100,240** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | 4% | 20% | 24% |
| Duquesne | 3% | 6% | 9% |
| Met-Ed | 52% | 12% | 64% |
| PECO-Electric | 4% | 48% | 51% |
| Penelec | 46% | 13% | 59% |
| Penn Power | 34% | 13% | 47% |
| PPL | 18% | 29% | 47% |
| **Total** | **18%** | **27%** | **45%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Percent of Confirmed Low Income Natural Gas Customers in Debt

| Company | Percent of Customers in Debt on an Agreement* | Percent of Customers in Debt Not on an Agreement* | Total Percent of Customers in Debt* |
|---|---|---|---|
| Columbia | 4% | 8% | 13% |
| Dominion | 22% | 14% | 36% |
| Equitable | 6% | 8% | 14% |
| NFG | 8% | 6% | 14% |
| PECO-Gas | 8% | 74% | 82% |
| PGW | 5% | 17% | 22% |
| UGI-Gas | 7% | 18% | 25% |
| UGI Penn Natural | 6% | 18% | 24% |
| **Total** | **8%** | **17%** | **25%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Percent of Debt on an Agreement - Confirmed Low Income Electric Customers

| Company | Percent of Dollars Owed - on an Agreement* | Percent of Dollars Owed - Not on an Agreement* |
|---|---|---|
| Allegheny | 12% | 88% |
| Duquesne | 31% | 69% |
| Met-Ed | 88% | 12% |
| PECO-Electric | 4% | 96% |
| Penelec | 88% | 12% |
| Penn Power | 85% | 15% |
| PPL | 37% | 63% |
| **Total** | **42%** | **58%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

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

| Company | Percent of Dollars Owed - on an Agreement* | Percent of Dollars Owed - Not on an Agreement* |
|---|---|---|
| Columbia | 55% | 45% |
| Dominion | 69% | 31% |
| Equitable | 55% | 45% |
| NFG | 55% | 45% |
| PECO-Gas | 4% | 96% |
| PGW | 21% | 79% |
| UGI-Gas | 30% | 70% |
| UGI Penn Natural | 30% | 70% |
| **Total** | **35%** | **65%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Average Arrearage - Confirmed Low Income Electric Customers

| Company | Average Arrearage on an Agreement* | Average Arrearage not on an Agreement* | Overall Average Arrearage* |
|---|---|---|---|
| Allegheny | $136 | $184 | $177 |
| Duquesne | $567 | $641 | $616 |
| Met-Ed | $663 | $381 | $609 |
| PECO-Electric | $270 | $582 | $560 |
| Penelec | $547 | $263 | $485 |
| Penn Power | $673 | $299 | $568 |
| PPL | $534 | $591 | $569 |
| **Total** | **$557** | **$528** | **$540** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Average Arrearage - Confirmed Low Income Natural Gas Customers

| Company | Average Arrearage on an Agreement* | Average Arrearage Not on an Agreement* | Overall Average Arrearage* |
|---|---|---|---|
| Columbia | $811 | $348 | $505 |
| Dominion | $1,054 | $729 | $927 |
| Equitable | $932 | $588 | $738 |
| NFG | $603 | $650 | $624 |
| PECO-Gas | $392 | $963 | $905 |
| PGW | $759 | $880 | $851 |
| UGI-Gas | $511 | $476 | $486 |
| UGI Penn Natural | $499 | $382 | $411 |
| **Total** | **$833** | **$758** | **$783** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Residential Revenues (Billings) - Electric Customers

| Company | Annual Residential Billings |
|---|---|
| Allegheny | $547,374,217 |
| Duquesne | $451,564,521 |
| Met-Ed | $556,775,006 |
| PECO-Electric | $1,940,362,080 |
| Penelec | $451,605,105 |
| Penn Power | $174,449,198 |
| PPL | $1,383,051,077 |
| **Total** | **$5,505,181,204** |

## Residential Revenues (Billings) - Natural Gas Customers

| Company | Annual Residential Billings |
|---|---|
| Columbia | $402,803,625 |
| Dominion | $286,731,554 |
| Equitable | $302,131,240 |
| NFG | $262,091,560 |
| PECO-Gas | $513,135,343 |
| PGW | $622,743,570 |
| UGI-Gas | $333,604,769 |
| UGI Penn Natural | $220,805,764 |
| **Total** | **$2,944,047,425** |

## Residential Revenues (Billings) - Confirmed Low Income Electric Customers

| Company | Annual Residential Billings |
|---|---|
| Allegheny | $46,691,021 |
| Duquesne | $33,345,643 |
| Met-Ed | $51,447,596 |
| PECO-Electric | $974,706,178 |
| Penelec | $61,845,959 |
| Penn Power | $19,454,347 |
| PPL | $176,483,998 |
| **Total** | **$1,363,974,742** |

## Residential Revenues (Billings) - Confirmed Low Income Natural Gas Customers

| Company | Annual Residential Billings |
|---|---|
| Columbia | $69,506,631 |
| Dominion | $49,702,206 |
| Equitable | $44,122,143 |
| NFG | $26,542,398 |
| PECO-Gas | $17,593,328 |
| PGW | $217,585,593 |
| UGI-Gas | $31,178,207 |
| UGI Penn Natural | $42,030,858 |
| **Total** | **$498,261,364** |

## Terminations - Residential Electric Customers

| Company | 2005 Terminations | 2006 Terminations | 2007 Terminations | Percent Change in # 2005-07 |
|---|---|---|---|---|
| Allegheny | 19,980 | 21,514 | 22,386 | 12% |
| Duquesne | 22,132 | 20,885 | 22,649 | 2% |
| Met-Ed | 7,599 | 8,465 | 16,175 | 113% |
| PECO-Electric | 60,596 | 41,940 | 53,536 | -12% |
| Penelec | 11,430 | 11,307 | 14,678 | 28% |
| Penn Power | 2,795 | 3,016 | 4,750 | 70% |
| PPL | 17,795 | 21,221 | 26,509 | 49% |
| **Total** | **142,327** | **128,348** | **160,683** | **13%** |

## Terminations - Residential Natural Gas Customers

| Company | 2005 Terminations | 2006 Terminations | 2007 Terminations | Percent Change in # 2005-07 |
|---|---|---|---|---|
| Columbia | 18,819 | 14,571 | 13,096 | -30% |
| Dominion | 6,768 | 5,083 | 5,302 | -22% |
| Equitable | 13,075 | 12,793 | 12,642 | -3% |
| NFG | 14,125 | 13,243 | 11,138 | -21% |
| PECO-Gas | 467 | 396 | 12,803 | 2,642% |
| PGW | 40,663 | 30,808 | 28,567 | -30% |
| UGI-Gas | 12,830 | 13,778 | 14,923 | 16% |
| UGI Penn Natural | 5,334 | 5,179 | 7,094 | 33% |
| **Total** | **112,081** | **95,851** | **105,565** | **-6%** |

## Number of Residential Electric Customers in Debt

| Company | 2005 Total Number of Customers in Debt* | 2006 Total Number of Customers in Debt* | 2007 Total Number of Customers in Debt* | Percent Change in # 2005-07 |
|---|---|---|---|---|
| Allegheny | 68,728 | 67,355 | 73,136 | 6% |
| Duquesne | 28,200 | 25,393 | 22,360 | -21% |
| Met-Ed | 47,998 | 51,085 | 53,100 | 11% |
| PECO-Electric | 183,723 | 157,093 | 185,551 | 1% |
| Penelec | 58,804 | 60,919 | 61,602 | 5% |
| Penn Power | 14,183 | 14,203 | 14,370 | 1% |
| PPL | 113,218 | 130,445 | 128,614 | 14% |
| **Total** | **514,854** | **506,493** | **538,733** | **5%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine 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 | 2005 Total Number of Customers in Debt* | 2006 Total Number of Customers in Debt* | 2007 Total Number of Customers in Debt* | Percent Change in # 2005-07 |
|---|---|---|---|---|
| Columbia | 26,391 | 21,678 | 23,440 | -11% |
| Dominion | 42,583 | 46,450 | 45,375 | 7% |
| Equitable | 20,275 | 18,484 | 23,708 | 17% |
| NFG | 10,387 | 10,210 | 9,786 | -6% |
| PECO-Gas | 27,453 | 37,113 | 61,266 | 123% |
| PGW | 143,992 | 126,395 | 121,335 | -16% |
| UGI-Gas | 19,304 | 18,748 | 19,535 | 1% |
| UGI Penn Natural | 12,985 | 14,256 | 14,707 | 13% |
| **Total** | **303,370** | **293,334** | **319,152** | **5%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Dollars in Debt - Residential Electric Customers

| Company | 2005 Total Dollars in Debt* | 2006 Total Dollars in Debt* | 2007 Total Dollars in Debt* | Percent Change in # 2005-07 |
|---|---|---|---|---|
| Allegheny | $6,447,099 | $6,402,115 | $6,091,473 | -6% |
| Duquesne | $9,979,849 | $8,558,192 | $8,546,033 | -14% |
| Met-Ed | $18,171,224 | $21,107,213 | $23,529,237 | 29% |
| PECO-Electric | $58,597,575 | $51,364,564 | $65,154,839 | 11% |
| Penelec | $18,496,446 | $20,576,971 | $22,758,172 | 23% |
| Penn Power | $5,768,090 | $5,730,138 | $6,299,897 | 9% |
| PPL | $39,649,337 | $51,156,867 | $53,482,124 | 35% |
| **Total** | **$157,109,620** | **$164,896,060** | **$185,861,775** | **18%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Dollars in Debt - Residential Natural Gas Customers

| Company | 2005 Total Dollars in Debt* | 2006 Total Dollars in Debt* | 2007 Total Dollars in Debt* | Percent Change in # 2005-07 |
|---|---|---|---|---|
| Columbia | $9,281,997 | $8,366,025 | $8,231,727 | -11% |
| Dominion | $19,820,268 | $30,331,189 | $35,196,567 | 78% |
| Equitable | $12,283,420 | $11,342,736 | $9,532,649 | -22% |
| NFG | $4,719,885 | $5,375,669 | $4,711,674 | <1% |
| PECO-Gas | $8,755,956 | $12,893,417 | $32,474,978 | 271% |
| PGW | $78,684,785 | $68,349,547 | $60,206,779 | -23% |
| UGI-Gas | $5,618,715 | $6,225,208 | $6,652,684 | 18% |
| UGI Penn Natural | $3,659,938 | $5,293,398 | $4,900,817 | 34% |
| **Total** | **$142,824,964** | **$148,177,189** | **$161,907,875** | **13%** |

*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS' preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

## Gross Write-Offs Ratio - Residential Electric Customers

| Company | 2005 Gross Write-Offs Ratio* | 2006 Gross Write-Offs Ratio* | 2007 Gross Write-Offs Ratio* | Percent Change 2005-07 |
|---|---|---|---|---|
| Allegheny | 1.58% | 1.17% | 1.09% | -31% |
| Duquesne | 2.58% | 2.62% | 1.15% | -55% |
| Met-Ed | 2.14% | 1.89% | 1.93% | -10% |
| PECO-Electric | 2.22% | 1.99% | 2.82% | 27% |
| Penelec | 2.58% | 2.20% | 2.07% | -20% |
| Penn Power | 2.27% | 1.93% | 1.74% | -23% |
| PPL | 1.50% | 1.63% | 1.68% | 12% |
| **Total** | **2.02%** | **1.86%** | **2.04%** | **1%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Gross Write-Offs Ratio - Residential Natural Gas Customers

| Company | 2005 Gross Write-Offs Ratio* | 2006 Gross Write-Offs Ratio* | 2007 Gross Write-Offs Ratio* | Percent Change 2005-07 |
|---|---|---|---|---|
| Columbia | 4.07% | 3.04% | 2.61% | -36% |
| Dominion | 4.01% | 3.23% | 3.86% | -4% |
| Equitable | 6.56% | 5.32% | 3.73% | -43% |
| NFG | 2.69% | 2.55% | 3.17% | 18% |
| PECO-Gas | 1.33% | 1.35% | 2.18% | 64% |
| PGW | 14.60% | 14.93% | 8.41% | -42% |
| UGI-Gas | 2.45% | 2.73% | 2.93% | 20% |
| UGI Penn Natural | 2.85% | 2.53% | 2.81% | -1% |
| **Total** | **5.70%** | **5.39%** | **4.10%** | **-28%** |

*Does not include CAP Credits or Arrearage Forgiveness.

## Percent of Revenues (Billings) in Debt - Residential Electric Customers

| Company | 2005 | 2006 | 2007 | Percent Change 2005-07 |
|---|---|---|---|---|
| Allegheny | 1.3% | 1.3% | 1.1% | -15% |
| Duquesne | 2.8% | 2.3% | 1.9% | -32% |
| Met-Ed | 3.7% | 4.3% | 4.2% | 14% |
| PECO-Electric | 3.4% | 2.9% | 3.4% | 0% |
| Penelec | 4.8% | 5.3% | 5.0% | 4% |
| Penn Power | 3.9% | 4.3% | 3.6% | -8% |
| PPL | 3.1% | 3.9% | 3.9% | 26% |
| **Total** | **3.2%** | **3.3%** | **3.4%** | **6%** |

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

| Company | 2005 | 2006 | 2007 | Percent Change 2005-07 |
|---|---|---|---|---|
| Columbia | 2.2% | 2.0% | 2.0% | -9% |
| Dominion | 5.6% | 9.4% | 12.3% | 120% |
| Equitable | 4.0% | 3.9% | 3.2% | -20% |
| NFG | 1.7% | 1.9% | 1.8% | 6% |
| PECO-Gas | 1.7% | 2.4% | 6.3% | 271% |
| PGW | 12.2% | 10.8% | 9.7% | -20% |
| UGI-Gas | 1.8% | 2.0% | 2.0% | 11% |
| UGI Penn Natural | 1.7% | 2.7% | 2.2% | 29% |
| **Total** | **4.7%** | **5.0%** | **5.5%** | **17%** |

# 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 |
| PGW | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| UGI-Gas | Bill Due Date | 30 Days | 0 Days |
| UGI Penn Natural | 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 | 10 Days after Termination Date | 0 to 1 Day 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-Electric | 30 to 32 Days after Termination Date | Same Day as Discontinuance |
| Penn Power | 10 Days after Termination 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 |
| NFG | Same Day as Termination Date | Same Day as Discontinuance |
| PECO-Gas | 30 to 32 Days after Termination Date | Same Day as Discontinuance |
| PGW | 0 to 30 Days after Termination Date | 0 to 1 Day after Final Bill Transmittal Date |
| UGI-Gas | Same Day as Termination Date | Same Day as Discontinuance |
| UGI Penn Natural | 0 to 15 Days after Termination Date | 0 to 1 Day after Final Bill Transmittal Date |

# Appendix 4 - 2007 Federal Poverty Guidelines

| 2007 Annual Federal Poverty Guidelines | | | | |
|---|---|---|---|---|
| Income Reflects Upper Limit of the Poverty Guideline for Each Column | | | | |
| Size of Household | 0-50% of Poverty | 51-100% of Poverty | 101-150% of Poverty | 151-200% of Poverty |
| 1 | $5,105 | $10,210 | $15,315 | $20,420 |
| 2 | $6,845 | $13,690 | $20,535 | $27,380 |
| 3 | $8,585 | $17,170 | $25,755 | $34,340 |
| 4 | $10,325 | $20,650 | $30,975 | $41,300 |
| 5 | $12,065 | $24,130 | $36,195 | $48,260 |
| 6 | $13,805 | $27,610 | $41,415 | $55,220 |
| 7 | $15,545 | $31,090 | $46,635 | $62,180 |
| 8 | $17,285 | $34,570 | $51,855 | $69,140 |
| For each additional person, add | $1,740 | $3,480 | $5,220 | $6,960 |

Effective: 1/24/07
Source: Federal Register, Vol. 72, No. 15, Jan. 24, 2007, pp. 3147-3148.

# Appendix 5 - Source of Income for Universal Service Participants

## Source of Income for Electric Universal Service Participants

| | LIURP | CAP | Hardship Fund |
|---|---|---|---|
| Employment | 42% | 31% | 44% |
| Public Assistance | 5% | 10% | 9% |
| Pension or Retirement | 10% | 18% | 15% |
| Unemployment Compensation | 16% | 3% | 4% |
| Disability | 17% | 24% | 17% |
| Other | 11% | 13% | 12% |

## Source of Income for Natural Gas Universal Service Participants

| | LIURP | CAP | Hardship Fund |
|---|---|---|---|
| Employment | 29% | 34% | 42% |
| Public Assistance | 5% | 11% | 9% |
| Pension or Retirement | 25% | 21% | 10% |
| Unemployment Compensation | 4% | 3% | 4% |
| Disability | 20% | 20% | 16% |
| Other | 17% | 10% | 20% |

# 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 |
| | 2006 | | | 2007 | | |
| Allegheny | 7% | 73% | 19% | 8% | 75% | 17% |
| Duquesne | 11% | 57% | 33% | 10% | 71% | 20% |
| Met-Ed | 10% | 69% | 21% | 8% | 68% | 24% |
| PECO | 26% | 64% | 10% | 20% | 66% | 15% |
| Penelec | 11% | 70% | 19% | 9% | 70% | 21% |
| Penn Power | 19% | 81% | 0% | 10% | 90% | 0% |
| PPL | 13% | 58% | 29% | 11% | 59% | 30% |
| **Weighted Avg.** | **19%** | **64%** | **17%** | **15%** | **66%** | **18%** |

## Percent of NGDC Spending by CAP Component

| NGDC | % of Total CAP Spending | | | % of Total CAP Spending | | |
|---|---|---|---|---|---|---|
| | Admin Costs | CAP Credits | Arrearage Forgiveness | Admin Costs | CAP Credits | Arrearage Forgiveness |
| | 2006 | | | 2007 | | |
| Columbia | 3% | 90% | 7% | 3% | 96% | 1% |
| Dominion Peoples | 7% | 84% | 9% | 2% | 51% | 48% |
| Equitable | 6% | 87% | 7% | 7% | 86% | 7% |
| NFG | 5% | 85% | 10% | 6% | 81% | 12% |
| PECO-Gas | 47% | 40% | 13% | 48% | 50% | 1% |
| PGW | 2% | 88% | 10% | 2% | 89% | 8% |
| UGI | 8% | 64% | 28% | 9% | 72% | 19% |
| UGI Penn Natural | 11% | 78% | 11% | 16% | 72% | 12% |
| **Weighted Avg.** | **5%** | **85%** | **10%** | **5%** | **83%** | **12%** |

## Appendix 7 - Instructions to Access Universal Service Plans and Evaluations on PUC Web Site http://www.puc.state.pa.us

1. From the PUC's Homepage, click on Consumer Education in the General Navigation section on the left side of the Homepage.

2. From the Consumer Education page, under the section Energy Assistance Information, click on Energy Assistance, Tips for Saving Energy.

3. From the Energy Assistance page, scroll down to Assistance Programs, Various Programs to Assist with Energy Savings, and click on Assistance Programs.

4. From the Energy Assistance Programs page, scroll down to the last section titled Universal Service Plans and Evaluations and click on either the Universal Service Plan or Universal Service Evaluation of the company of your choice.

# Appendix 8 - Universal Service Programs Spending Levels & Cost Recovery Mechanisms

| Universal Service Programs<br>2007 Spending Levels and Cost Recovery Mechanisms | | | | | | |
|---|---|---|---|---|---|---|
| **Utility** | **Cost Recovery Mechanism1** | **CAP Spending (Annual)** | **Total Universal Service Spending2 (Annual)** | **% of Universal Service Spending Assessed on Residential Customers** | **Average # Residential Customers** | **Avg. Universal Service Spending Per Residential Customer (Annual)** |
| Allegheny Power | Base Rates | $8,043,013 | $10,275,264 | 100% | 611,077 | $16.82 |
| Duquesne | Base Rates | $11,508,948 | $13,027,031 | 100% | 524,412 | $24.84 |
| Met-Ed | USFM-Annual | $8,087,480 | $9,995,788 | 100% | 479,414 | $20.85 |
| PECO | Base Rates & Universal Service Fund Charge | $85,932,138 | $92,219,289 | 100% | 1,394,130 | $66.15 |
| Penelec | USFM-Annual | $10,683,202 | $12,739,954 | 100% | 505,021 | $25.23 |
| Penn Power | Base Rates | $2,461,202 | $3,182,635 | 72% | 139,467 | $22.82 |
| PPL | Base Rates | $20,919,308 | $27,672,369 | 100% | 1,197,547 | $23.11 |
| **EDC Total** | | **$147,635,291** | **$169,112,330** | | **4,851,068** | |
| **EDC Weighted Avg.** | | | | | | **$34.86** |
| | | | | | | |
| Columbia | Rider CAP | $23,214,621 | $24,816,225 | 100% | 368,019 | $67.43 |
| Dominion Peoples | Base Rates | $22,767,942 | $23,570,907 | 95.74% | 326,186 | $72.26 |
| Equitable | Rider D | $11,496,437 | $12,506,073 | 100% | 238,360 | $52.47 |
| NFG | Rider F | $6,595,173 | $7,884,198 | 100% | 198,041 | $39.81 |
| PECO | Base Rates & Universal Service Fund Charge | $7,164,109 | $8,141,804 | 100% | 433,784 | $18.77 |
| PGW | USEC Surcharge[4] | $106,027,731 | $108,308,951[5] | 75% | 481,499 | $224.94 |
| UGI | Rider LISHP | $4,335,537 | $5,075,209 | 100% | 293,706 | $17.28 |
| UGI Penn Natural | Base Rates[3] | $1,131,095 | $1,604,466 | 81% | 142,633 | $11.25 |
| **NGDC Total** | | **$182,732,645** | **$191,907,833** | | **2,482,228** | |
| **NGDC Weighted Avg.** | | | | | | **$77.31** |

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[1]Riders and USEC/USFM Surcharge are charges for CAP costs, in addition to base rates, that are adjusted quarterly or annually.
[2]Universal Service costs include CAP costs, LIURP costs, and CARES costs.
[3]CAP costs assessed in following manner: residential (81 percent), general service (16 percent), interruptible (1 percent), HV Firm (2 percent).
[4]CAP costs assessed in following manner: residential (75 percent), commercial (20 percent), industrial (2 percent), municipal service (2 percent), PHA (Philadelphia Housing Authority (1 percent).
[5]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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