Report on 2001
Universal Service Programs and Collection Performance

of the

Pennsylvania Electric Distribution Companies

Pennsylvania Public Utility Commission
Bureau of Consumer Services

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Table of Contents

1. Introduction

This report is the Pennsylvania Public Utility Commission's (Commission) second annual summary report on the universal service and collection performance of the six largest electric distribution companies (EDCs). The report presents the data submitted to the Commission pursuant to 52 Pa. Code Chapter 54, *Universal Service and Energy Conservation Reporting Requirements* (USRR). This data will assist the Commission in monitoring the progress of the EDCs in achieving universal service in their respective service territories.

By way of background, on December 3, 1996, the Electricity Generation Customer Choice and Competition Act (Act), 66 Pa. C.S. §§ 2801-2812 was enacted. In opening up the electric generation market to competition, the General Assembly was also concerned about ensuring that electric service remains universally available to all customers in the state. The Act, therefore, includes several provisions relating to universal electric service.

The Act includes language that requires the Commonwealth to maintain, at a minimum, the protections, policies and services that assist customers who are low income to afford electric service. §2802(10). The Act also requires the Commission to ensure that universal service and energy conservation policies are appropriately funded and available in each electric distribution territory. §2804(9). To assist the Commission in ensuring compliance with the Act, the Commission established standard reporting requirements for universal service and energy conservation (52 Pa. Code Chapter 54, Sections 54.71 – 54.78). The Commission adopted the final rulemaking that established the *Universal Service and Energy Conservation Reporting Requirements* (USRR) on April 30, 1998. Upon publication in the Pennsylvania Bulletin, the regulations became effective August 8, 1998.

The instant summary report is based primarily on 52 Pa. Code § 54.75 relating to annual residential collection and universal service and energy conservation program reporting requirements. This section reads: "Each EDC shall report annually to the Commission on the degree to which universal service and energy conservation programs within its service territory are available and appropriately funded." The list of covered EDCs includes Allegheny Power, Duquesne Light, First Energy-GPU, PECO, First Energy-Penn Power and PPL.

The EDCs began reporting the required data to the Commission on April 1, 2002, for the reporting year 2001. Upon receipt of the data, the Commission's Bureau of Consumer Services (BCS) conducted a data cleaning and error-checking process that continued through November. This process included both written and verbal dialogue between BCS and the EDCs. Uniformity issues were uncovered in this process and are documented in various tables, charts, and appendices. These uniformity issues are also discussed in more detail in the appropriate chapters that follow.

Some EDCs filed petitions for waivers in regard to data that is either unavailable or not in compliance with the regulations. Unavailable data is clearly labeled as such in all tables and charts in this report. The data is unavailable because the Commission granted the companies a waiver from the requirement to submit that data. Variations in the data either appear as a footnote to tables and charts, or are referenced and documented in the appropriate appendix.

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

The BCS has been reporting some of the data found in the instant report in the annual report the BCS prepares entitled *Utility Consumer Activities Report and Evaluation* (UCARE). While this year's 2001 UCARE continued to include this data for both electric and gas companies, the BCS' goal is to eliminate universal service data from UCARE for both electric and gas companies in 2003 when the bureau issues the 2002 UCARE.

The BCS has taken the added precaution of sharing the data in this report in advance with the EDCs for validation. In addition, our representation of unavailable data, data not in compliance with the regulations, and data that is not uniform has also been verified by the EDCs. The BCS will continue to work with the EDCs to obtain uniform data that fully complies with the regulations.

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 (Electric and Gas) and those who receive only gas service (Gas Only). We surveyed PECO to find out which customers are included in the USRR variables and each table below includes a footnote where appropriate to explain PECO's data.

2. Collection

The regulations require the EDCs 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 and total annual billings (revenues).

The instant 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 collections performance. All of the data and statistics used in this chapter are drawn from information submitted to BCS by the companies.

For the first time, we are reporting separate data about confirmed low income customers in this chapter. A low income customer is defined as a customer whose household income is at or below 150% of the Poverty Guidelines. See Appendix 3 for the 2001 Poverty Guidelines. A confirmed low income customer is a customer whose gross household income level is confirmed to be low income by the company, typically through making a payment agreement or through the receipt of a LIHEAP grant. In addition, the number of estimated low income customers is presented in the "Number of Residential Customers" section immediately below. This data represents the company's estimate at quantifying its total universe of low income customers.

Number of Residential Customers

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

Number of Customers - All Residential Customers

Company	Number of Residential Customers
Allegheny Power	591,349
Duquesne	525,919
GPU	941,287
PECO*	1,368,605
Penn Power	134,088
PPL	1,127,397
Total	**4,688,645**

*PECO includes Electric Only and Electric and Gas groups.

♦ There are more than 4.6 million residential customers for the six largest EDCs in 2001.

Number of Customers – Confirmed Low-Income Customers

Company	Number of Confirmed Low-Income Customers	Percent of Customers
Allegheny Power	11,722	2.0%
Duquesne	18,439	3.5%
GPU	63,307	6.7%
PECO*	196,250	14.3%
Penn Power	6,147	4.6%
PPL	112,707	10.0%
Total	**408,572**	**8.7%**

*PECO includes Electric Only and Electric and Gas groups.

♦ The six largest EDCs have identified nearly 9% of their residential customers as confirmed low income customers, with a range of 2.0% for Allegheny Power to 14.3% for PECO.

Number of Customers – Estimated Low-Income Customers

Company	Number of Estimated Low-Income Customers	Percent of Customers
Allegheny Power	76,875	13.0%
Duquesne	100,118	19.0%
GPU	175,600	18.7%
PECO*	199,026*	14.5%
Penn Power	26,300	19.6%
PPL	177,000	15.7%
Total	**754,919**	**16.1%**

*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only

♦ Overall, 16% of the residential customers of the six largest EDCs comprise the estimated low income category. BCS will be able to use the 2000 Census Data to confirm the accuracy of this data in next year's report.

Termination and Reconnection of Service

Termination of utility service is one 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 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 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 – All Residential Customers

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny Power	591,349	5,808	2,914	0.98%	50%
Duquesne	525,919	5,788	2,557	1.10%	44%
GPU	941,287	12,631	4,193	1.34%	33%
PECO	1,368,605*	30,829*	21,149*	2.25%	62%
Pennsylvania Power	134,088	1,460	599	1.09%	41%
PPL	1,127,397	7,982	3,345	0.71%	42%
Total	**4,688,645**	**64,498**	**34,757**	**1.38%**	**54%**

*PECO includes Electric Only and Electric and Gas groups.

- In 2001, PECO terminated the highest percentage of customers (2.25%) and PPL terminated the lowest percentage (0.71%).

- PECO had the highest reconnect ratio (62%) while GPU had the lowest (33%) during the reporting year 2001.

Terminations and Reconnections – Confirmed Low Income Customers

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny Power	11,722	1,794	1,755	15.30%	98%
Duquesne	18,439	1,714	767	9.30%	45%
GPU	63,307	5,079	2,078	8.02%	41%
PECO*	196,250	14,073*	8,812*	7.17%	63%
Penn Power	6,147	Unavailable	Unavailable	Unavailable	Unavailable
PPL	112,707	4,088	2,058	3.63%	50%
Total	**408,572**	**26,748**	**15,470**	**6.64%**	**58%**

*PECO includes Electric Only and Electric and Gas groups.

- ♦ In 2001, Allegheny Power terminated the highest percentage of confirmed low income customers (15.3%) and PPL terminated the smallest percentage (3.63%).

- ♦ Allegheny Power had the highest reconnect ratio (98%) while GPU had the lowest (41%) during the reporting year 2001.

Number of Customers in Debt

There are two categories for reporting customers who are overdue or in debt to the companies. The first includes customers who are on a payment agreement and the second includes customers who are not on a payment agreement. The number of customers in debt is affected by many factors including customer income level, customer ability to pay 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.

BCS believes it is important to note one of the premises of the Chapter 56 regulations. One of the stated purposes 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 the 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 day zero to be either the due date of the bill or the transmittal date of the bill. The transmittal date is twenty days before the due date. The BCS asked the companies to consider the due date as day zero and to report debt that is at least 30 days overdue.

Duquesne Light and GPU both reported according to our interpretation. The variance among the other four EDCs shows a difference of no more than 20 days from our interpretation. Allegheny Power, Penn Power and PECO report debt that is only 10 days old instead of 30 days old. Thus, these three companies are overstating their debt. On the other hand, PPL reports debt that is 40 days old instead of 30 days old. PPL is understating its debt. See Appendix 1 for company specific information on this issue.

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

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 Customers in Debt – All Residential Customers

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 Power	15,455	60,641	76,096
Duquesne	13,949	26,295	40,245
GPU	44,136	73,418	117,554
PECO**	35,581	108,105	143,686
Penn Power	3,939	9,800	13,739
PPL	25,878	89,420	115,297
Total	**138,938**	**367,679**	**506,617**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ♦ GPU, PECO, and PPL each reported more than 100,000 customers in debt.
- ♦ Overall, 27% of the customers in debt were on a payment agreement in 2001.

Number of Customers in Debt – Confirmed Low Income Customers

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 Power	9,700	1,580	11,280
Duquesne	1,987	3,241	5,228
GPU	29,562	8,889	38,451
PECO**	22,601	20,809	43,410
Penn Power	Unavailable	Unavailable	Unavailable
PPL	15,678	41,836	57,514
Total	**79,528**	**76,355**	**155,883**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ♦ Overall, 51% of the confirmed low income customers in debt were on a payment agreement in 2001.

Percent of Customers in Debt

The percent of customers in debt is a useful statistic that supports the need for EDCs to implement universal service programs. An EDC 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, those on a payment agreement and those not on a payment agreement.

Percent of Customers in Debt – All Residential Customers

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 Power	3%	10%	13%
Duquesne	3%	5%	8%
GPU	5%	8%	13%
PECO**	3%	8%	11%
Penn Power	3%	7%	10%
PPL	2%	8%	10%
Total	**3%**	**8%**	**11%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**PECO includes all three groups (Electric Only, Electric and Gas, and Gas Only) for the number of customers in debt and Electric Only and Electric and Gas groups for the number of customers.

- ♦ The percent of customers in debt and on a payment agreement varies within a tight range, from 2% to 5% among the six largest EDCs.

- ♦ The percent of customers in debt varies a bit more widely among the EDCs for customers who are not on a payment agreement, from 5% to 10%.

Percent of Customers in Debt – Confirmed Low Income Customers

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 Power	83%	13%	96%
Duquesne	11%	18%	29%
GPU	47%	14%	61%
PECO**	12%	11%	23%
Penn Power	Unavailable	Unavailable	Unavailable
PPL	14%	37%	51%
Total	**20%**	**19%**	**39%**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**PECO includes all three groups (Electric Only, Electric and Gas, and Gas Only) for the number of customers in debt and Electric Only and Electric and Gas groups for the number of customers.

- ♦ Overall, 39% of the confirmed low income customers are in debt, with a little over half of those on payment agreements.

<u>Residential Customer Debt in Dollars Owed</u>

The amount of money in debt has an impact on company expenses. The specific expense category is called Cash-Working-Capital and it is part of a company's distribution charge. An increase in the total debt over time may eventually cause an increase in the distribution charge, once the distribution rate cap is removed.

Dollars in Debt – All Residential Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny Power	$10,725,818	$12,604,551	$23,330,369
Duquesne	$10,051,468	$11,760,308	$21,811,777
GPU	$30,841,843	$13,430,413	$44,272,255
PECO**	$14,063,762	$30,648,227	$44,711,990
Penn Power	$2,724,705	$2,163,477	$4,888,182
PPL	$12,332,477	$29,846,677	$42,179,153
Total	**$80,740,073**	**$100,453,653**	**$181,193,726**

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

**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- The six largest EDCs maintained 45% of the total dollars in debt on payment agreements.

Dollars in Debt – Confirmed Low Income Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny Power	$6,747,571	$557,426	$7,304,997
Duquesne	$2,179,420	$4,797,990	$6,977,410
GPU	$20,961,796	$4,184,150	$25,145,946
PECO**	$9,586,069	$9,713,653	$19,299,722
Penn Power	Unavailable	Unavailable	Unavailable
PPL	$8,045,773	$13,308,899	$21,354,672
Total	**$47,520,629**	**$32,562,118**	**$80,082,747**

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

**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- Nearly 60% of the total dollars in debt for confirmed low income customers is maintained in payment agreements by the five largest EDCs reporting such data.

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 – All Residential Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny Power	46%	54%
Duquesne	46%	54%
GPU	70%	30%
PECO**	31%	69%
Penn Power	56%	44%
PPL	29%	71%
Total	**45%**	**55%**

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

**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- Four of the six companies maintain nearly half or more of their total customer debt on payment agreements.

Percent of Debt on an Agreement – Confirmed Low Income Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny Power	92%	8%
Duquesne	31%	69%
GPU	83%	17%
PECO**	50%	50%
Penn Power	Unavailable	Unavailable
PPL	38%	62%
Total	**59%**	**41%**

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

**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

♦ Overall, the five largest EDCs maintain 59% of the total debt for confirmed low income customers on payment agreements.

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 – All Residential Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny Power	$694	$208	$307
Duquesne	$721	$447	$542
GPU	$699	$183	$377
PECO**	$395	$284	$311
Penn Power	$692	$221	$356
PPL	$477	$334	$366
Total	**$581**	**$273**	**$358**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

♦ The overall average arrearage varies from a low of $307 to a high of $542.

Average Arrearage – Confirmed Low Income Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny Power	$696	$353	$648
Duquesne	$1,097	$1,480	$1,335
GPU	$709	$471	$654
PECO**	$424	$467	$445
Penn Power	Unavailable	Unavailable	Unavailable
PPL	$513	$318	$371
Total	**$598**	**$426**	**$514**

*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.
**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- The overall average arrearage for confirmed low income customers varies from a low of $371 to a high of $1,335.

Gross Residential Write-Offs in Dollars

The table below presents the gross residential write-offs in dollars for the EDCs in 2001. 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 either on a monthly basis or on an annual basis. The frequency of the write-offs does not seem to affect the total amount that is written off.

Gross Write-Offs – All Residential Customers

Company	Gross Dollars Written Off*
Allegheny Power	$7,598,486
Duquesne	$9,024,814
GPU	$20,590,883
PECO**	$31,693,581
Penn Power	$1,342,833
PPL	$22,913,904
Total	**$93,164,501**

*Does not include CAP Credits or Arrearage Forgiveness.
**PECO includes the Electric Only and Electric and Gas groups.

♦ In total, the EDCs wrote off more than $93 million in 2001.

Gross Write-Offs – Confirmed Low Income Customers

Company	Gross Dollars Written Off*
Allegheny Power	$4,420,882
Duquesne	$2,470,348
GPU	$10,113,689
PECO**	$12,631,300
Penn Power	Unavailable
PPL	$9,393,144
Total	**$39,029,363**

*Does not include CAP Credits or Arrearage Forgiveness.
**PECO includes the Electric Only and Electric and Gas groups.

♦ Overall, the EDCs wrote off more than $39 million in 2001 for confirmed low income customers.

Percentage of Gross Residential Billings Written Off as Uncollectible

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

Gross Write-Offs Ratio – All Residential Customers

Company	Gross Write-Offs Ratio*
Allegheny Power	1.80%
Duquesne	2.43%
GPU	2.82%
PECO**	2.45%
Penn Power	1.05%
PPL	2.22%
Total	**2.35%**

* Does not include CAP Credits or Arrearage Forgiveness.
** PECO write-offs include only the Electric Only and Electric and Gas groups and PECO revenues (billings) include all three groups: Electric Only, Electric and Gas, and Gas Only.

♦ There is a moderate range in the gross write-offs ratio among the EDCs in 2001, from a low of 1.05% to a high of 2.82%.

Gross Write-Offs Ratio – Confirmed Low Income Customers

Company	Gross Write-Offs Ratio*
Allegheny Power	Unavailable
Duquesne	18.99%
GPU	21.05%
PECO**	Unavailable
Penn Power	Unavailable
PPL	6.92%
Total	**11.2%**

* Does not include CAP Credits or Arrearage Forgiveness.
** PECO write-offs include only the Electric Only and Electric and Gas groups and PECO revenues (billings) include all three groups: Electric Only, Electric and Gas, and Gas Only.

♦ There is a wide range in the gross write-offs ratio for confirmed low income customers among the EDCs reporting this data in 2001, from a low of 6.92% to a high of 21.05%.

Annual Residential Revenues (Billings)

The annual total residential revenues (billings) are presented below. We use the label "Annual Residential Billings" because it is a more accurate description of what is reported by the EDCs. This clarification is based on the results of a survey of the EDCs where we found that all of the companies submit annual residential billings when reporting residential revenues. The table below includes universal service program recipients.

Residential Revenues (Billings) – All Residential Customers

Company	Annual Residential Billings
Allegheny Power	$422,550,358
Duquesne	$371,063,027
GPU	$730,903,285
PECO*	$1,294,641,961
Penn Power	$127,301,814
PPL	$1,015,758,242
Total	**$3,962,218,687**

*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

♦ The EDCs reported nearly $4 billion in residential billings in 2001.

Residential Revenues (Billings) – Confirmed Low Income Customers

Company	Annual Residential Billings
Allegheny Power	Unavailable
Duquesne	$13,009,333
GPU	$48,049,871
PECO*	Unavailable
Penn Power	Unavailable
PPL	$135,732,561
Total	**$196,791,765**

*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only

♦ The billings of confirmed low income customers make up a relatively small portion of the EDCs total residential billings for those companies reporting this data.

<u>Annual Residential Billings per Customer</u>

The annual residential billings per customer are calculated by dividing the total dollars in residential billings by the number of residential customers. Annual customer usage levels, company retail rates and heating saturation are the primary factors that affect this measure.

Billings per Customer – All Residential Customers

Company	Annual Billings per Customer
Allegheny Power	$715
Duquesne	$706
GPU	$776
PECO*	$946
Penn Power	$949
PPL	$917
Total	**$845**

*PECO includes all three groups (Electric Only, Electric and Gas, and Gas Only) for Annual Billings and Electric Only and Electric and Gas groups for the number of customers.

♦ There is a moderate range in annual billings per customer among the EDCs in 2001, from a low of $706 to a high of $949.

Billings per Customer – Confirmed Low Income Customers

Company	Annual Billings per Customer
Allegheny Power	Unavailable
Duquesne	$706
GPU	$759
PECO*	Unavailable
Penn Power	Unavailable
PPL	$1,204
Total	**$1,012**

*PECO includes all three groups (Electric Only, Electric and Gas, and Gas Only) for Annual Billings and Electric Only and Electric and Gas groups for the number of customers.

- There is a wide range in annual billings per confirmed low income customer among the EDCs reporting this data in 2001, from a low of $706 to a high of $1,204.

3. Universal Service Programs

Demographics

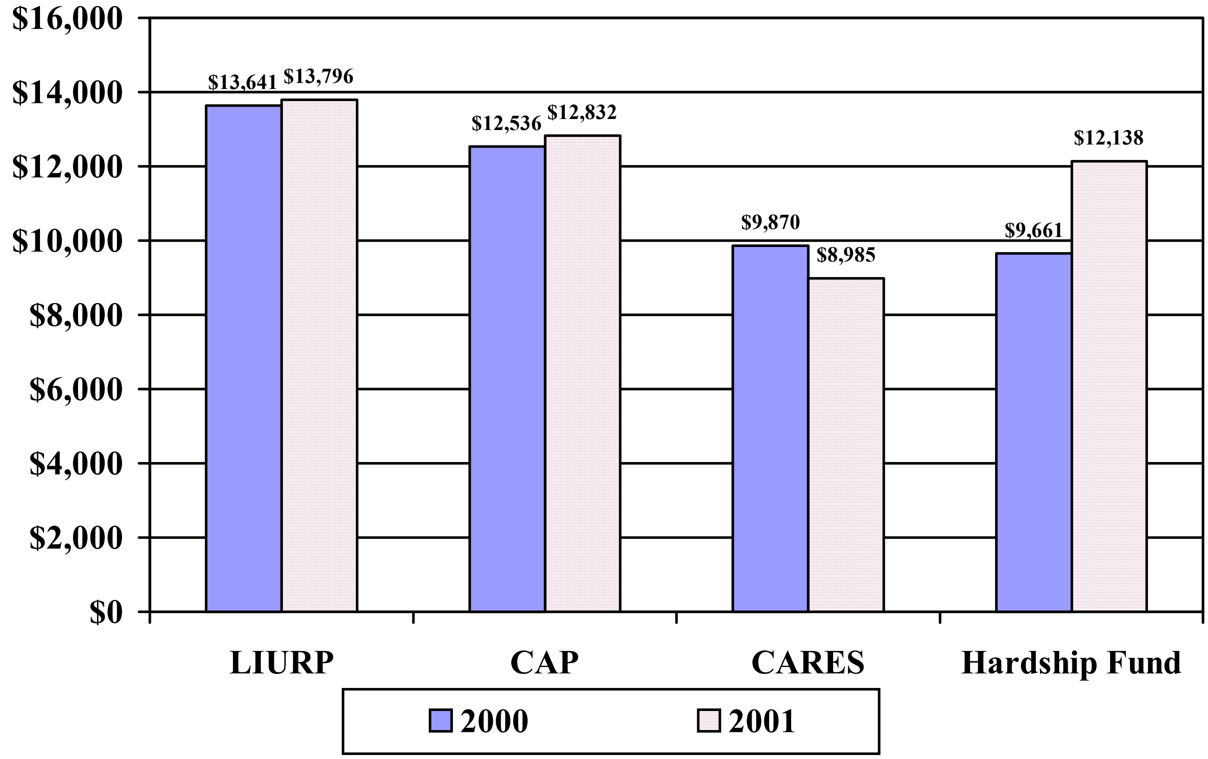
In conformance with the *Universal Service and Energy Conservation Reporting Requirements*, the EDCs are to report to the Commission the demographics of their program recipients, including the number of household members under age 18 and over age 62, household size, income and source of income. The regulation defines low-income customer as a residential utility customer whose household income is at or below 150% of the Federal poverty guidelines (poverty guidelines). Households who receive income from public assistance have incomes below 35% of the Federal poverty guidelines, while households whose employment pays a minimum wage have incomes below 75% of the Federal poverty guidelines. BCS Level 1 Income Level Guidelines for payment arrangements are tied to incomes below 110% of the Poverty Guidelines while Level 2 incomes must be below 150% of the Poverty Guidelines. Appendix 3 shows poverty levels in relation to household size and income, as well as BCS Income Level Guidelines.

Source of Income, Average Household Size and Income

The 2001 results show that customers who participate in universal service and energy conservation programs are poor. Generally, households have average incomes that are less than $14,000. These households include an average of three people, with almost two members under 18 years old. Average household incomes for program participants are well below 150% of the poverty guidelines of $22,536 for three people. The majority of customers participating in universal service programs are enrolled in CAP and LIURP programs. Almost half of the households enrolled in LIURP and CAP have incomes from employment. A significant number of CAP households receive their incomes from disability payments. Less than 5% of the households who receive LIURP services receive their incomes from public assistance compared with about 10% of CAP households. Most customers enrolled in CAP and LIURP are the “working poor”. Their incomes from lower wage jobs can be insufficient to meet basic needs. In 2001, PECO was unable to identify source of income for hardship fund and CARES customers. For these customers PECO reported more than 80% of the sources of income in the “other” category. Therefore, PECO’s data has skewed the source of income data for CARES and hardship fund customers. See Appendix 4 for a summary of the source of income data.

The most recently published data from the 2000 Census reports that 2.48 people live in an average size household in Pennsylvania. The Census also reports that the median income in Pennsylvania is $40,106. Households who participate in universal service and energy conservation programs are slightly larger than average and have significantly lower incomes than the median Pennsylvania household.

Participants in Universal Service Programs
Average Household Income
Summary for All Companies



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

The LIURP funds are included in utility rates as part of the distribution cost that is passed on to all residential customers. The current LIURP funding levels for each utility were set in the restructuring case of the utility and set for some time into the future, usually from three to five years. After the end of these established annual funding periods, each utility will submit a proposed funding level as part of its Universal Service program plans as required in regulations. These plans are to be filed every three years. The utility is required to develop a funding level based upon a needs assessment, which, in turn, will likely be based on Census data and utility data.

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

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

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

The data presented in the instant report reflect the USRR regulations at §54.75. This provision requires 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

The 2001 LIURP budget for each EDC was established in each EDC's restructuring case at the beginning of electric deregulation. As a rule, companies try to spend all of the LIURP funds that are budgeted each year but this is not always possible. Unspent funds are carried over from one program year to the next on an ongoing basis. Thus, the actual spending for the program year 2001 and the projected spending for the program year 2002 that is reported below may contain unspent funds that the EDC is obligated to spend.

LIURP Spending

Company	2001 Actual Spending	2002 Projected Spending
Allegheny Power	$1,965,408	$2,265,634
Duquesne	$1,500,000	$2,890,834
GPU	$2,971,400	$3,788,000
PECO*	$5,806,096	$5,600,000
Penn Power	$496,240	$645,250
PPL	$5,797,404	$5,700,000
Total	**$18,536,548**	**$20,889,718**

*PECO includes Electric Only and Electric and Gas Groups

- Four of the six EDCs have projected a higher level of program spending in 2002 than in 2001, mainly as a result of restructuring orders.

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.

Company	2001 Actual Production			2002 Projected Production		
	Heating Jobs	Water Heating Jobs	Baseload Jobs**	Heating Jobs	Water Heating Jobs	Baseload Jobs**
Allegheny Power	245	958	222	378	1,049	116
Duquesne	25	3	1,736	25	25	1,750
GPU	614	1,367	910	630	1,430	940
PECO*	2,250	0	6,254	1,915	0	6,120
Penn Power	89	353	330	100	450	450
PPL	1,246	114	728	1,500	200	1,300
Total	**4,469**	**2,795**	**10,180**	**4,548**	**3,154**	**10,676**

*PECO includes Electric Only and Electric and Gas groups.
** Baseload jobs are do not contain heating or water heating program measures

- Overall, PECO and PPL completed the most jobs in 2001.

- Generally, companies have projected that they will complete more jobs in 2002 than in 2001. This is a result of higher projected spending in 2002 than in 2001.

LIURP Average Job Costs

As discussed earlier, there are three types of LIURP jobs (job types) for the electric industry: electric heating, electric water heating and electric baseload. 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.

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.

Company	2001 Heating Jobs	2001 Water Heating Jobs	2001 Baseload Jobs
Allegheny Power	$2,496	$542	$392
Duquesne	$560	$370	$865
GPU	$1,537	$616	$583
PECO*	$1,870	Not Applicable	$362
Penn Power	$1,375	$551	$472
PPL	$2,023	$899	$586

*PECO includes Electric Only and Electric and Gas groups.

- ♦ Heating jobs are the most expensive type of job because the program measures which address the needs of heating customers are more extensive and usually more expensive than the measures used in treating the non-heating customers.

LIURP Energy Savings and Bill Reduction

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

The estimated annual bill reduction is calculated by multiplying the average kWhs saved during the post-treatment period by the average price per kWh during the post-treatment period that the company voluntarily reports to BCS on an annual basis. The estimated annual bill reductions that are presented below are based on the average of the company results.

Job Type	2000 Energy Savings*	2000 Estimated Annual Bill Reduction*
Electric Heating	9.5%	$176
Electric Water Heating	5.1%	$69
Electric Baseload	7.5%	$76

*PECO includes Electric Only and Electric and Gas groups.

- LIURP energy savings and estimated bill reductions are consistent with the results from past years.

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, in exchange for continued provision of the 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 §2802(10) and §2804(9) by the six largest EDCs in Pennsylvania.

CAP Participation

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(i)(C), the EDCs 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 EDC's restructuring proceeding, a program phase-in size was established. Going forward, the Reporting Requirements for Universal Service and Energy Conservation at 52 Pa. Code § 54.74 require each EDC to submit to the Commission for approval a three-year universal service plan. The regulations at 52 Pa. Code § 54.74(b)(3)&(4) require an EDC to submit a projected needs assessment and projected enrollment level for its universal service programs. As part of their universal service plans at §54.74, PECO and PPL proposed and the Commission accepted the enrollment numbers shown below in the Phase-In column.

The 2001 results compare actual CAP enrollment with program phase-in size. The results also show a CAP Participation Rate, defined as the number of participants enrolled as of December 31 divided by the number of confirmed low income customers. The CAP participation rate would be much lower if the rate reflected estimated rather than confirmed low income customers.

Consistent with the Commission's Order entered at Docket No. R-00974104 on December 20, 2000, approving the Joint Petition for Settlement of Duquesne's plan for post-transition period Provider of Last Resort Service, Duquesne revised its CAP eligibility criteria to mirror the definition of "low income customer" and "payment troubled" found at 52 Pa. Code § 54.72. The new criteria eliminated negative ability to pay, minimum arrearages and residency requirements that restricted eligibility in CAP. This change has had a positive impact on the number of customers that Duquesne has enrolled in its CAP – enrollment has almost tripled.

Although Allegheny Power has not met its phase-in size for 2001, the universal service staff conducted extensive outreach to reach its low income customers. CARES and universal service staff made presentations promoting universal service programs to 94 agencies and community groups who have contacts with low income customers. Allegheny Power also collaborated with Head Start agencies to promote its universal service programs. The Head Start agencies also complete applications for Allegheny Power's universal service programs. Allegheny Power expects to realize the results of their outreach efforts in 2002.

CAP Participation

EDC	Participants Enrolled as of 12/31/00	CAP Participation Rate	2001 Program Phase-In Size	Participants Enrolled as of 12/31/01	CAP Participation Rate
	2000		2001		
Allegheny Power	5,225	23%	12,886	7,632	65%
Duquesne	4,264	16%	10,938	11,547	63%
GPU	7,980	16%	11,233-15,256	11,113	18%
PECO*	82,205	43%	91,000	73,107	37%
Penn Power	2,188	36%	2,266-3,000	3,657	59%
PPL	4,579	4%	14,000	9,099	8%
Total	106,441		142,323-147,080	116,155	
Weighted Avg.		26%			28%

*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

CAP Benefits – Bills, Credits & Arrearage Forgiveness

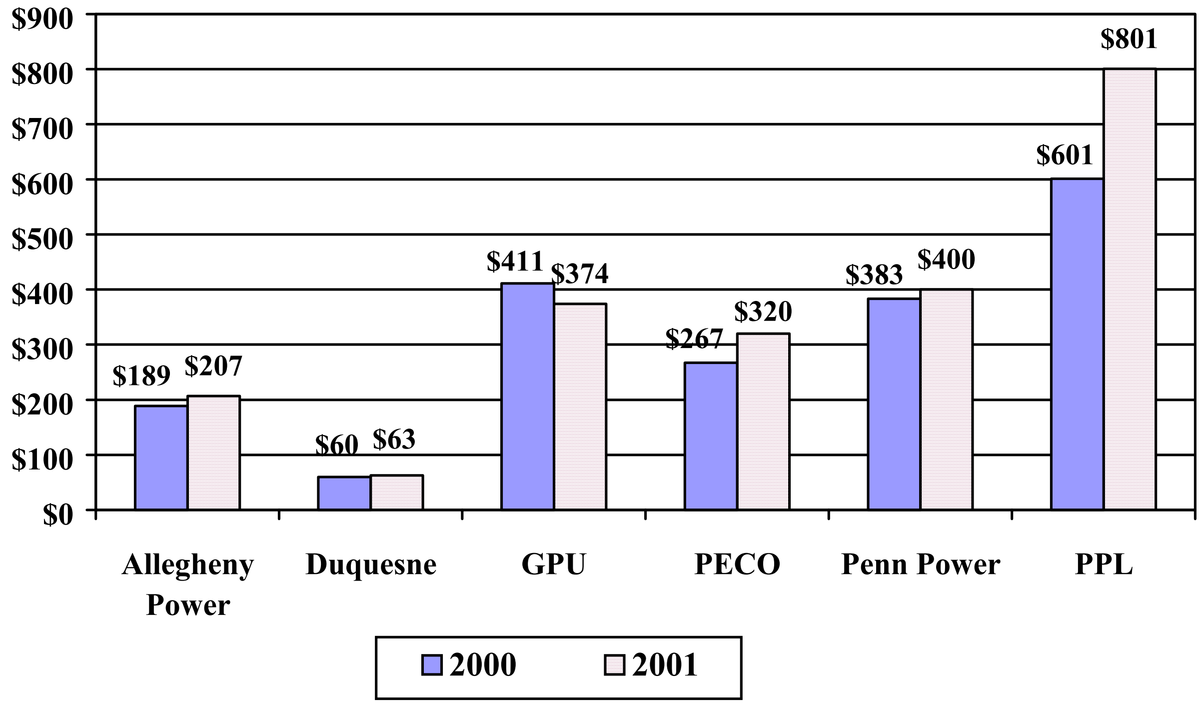
In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(B)(IV), the EDCs are to report to the Commission on CAP benefits. The regulation defines CAP benefits as the average CAP bill, average CAP credits, and average arrearage forgiveness. EDCs 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 billed (total of the expected monthly CAP payment) amount divided by total number of CAP bills rendered. The Commission defines average CAP credits as the total amount of the difference between the standard billed amount and the CAP billed amount divided by the average monthly number of CAP participants. The Commission defines average arrearage forgiveness as the total 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 who use electricity for heating, for water heating and for baseload may have different payment plans based on their type of usage, change in rates, and the number of CAP customers assigned to the different poverty levels within the program parameters. Consumption and weather will also affect PECO and Penn Power's CAP bills and credits because their payment plans are based on rate discounts tied to usage.

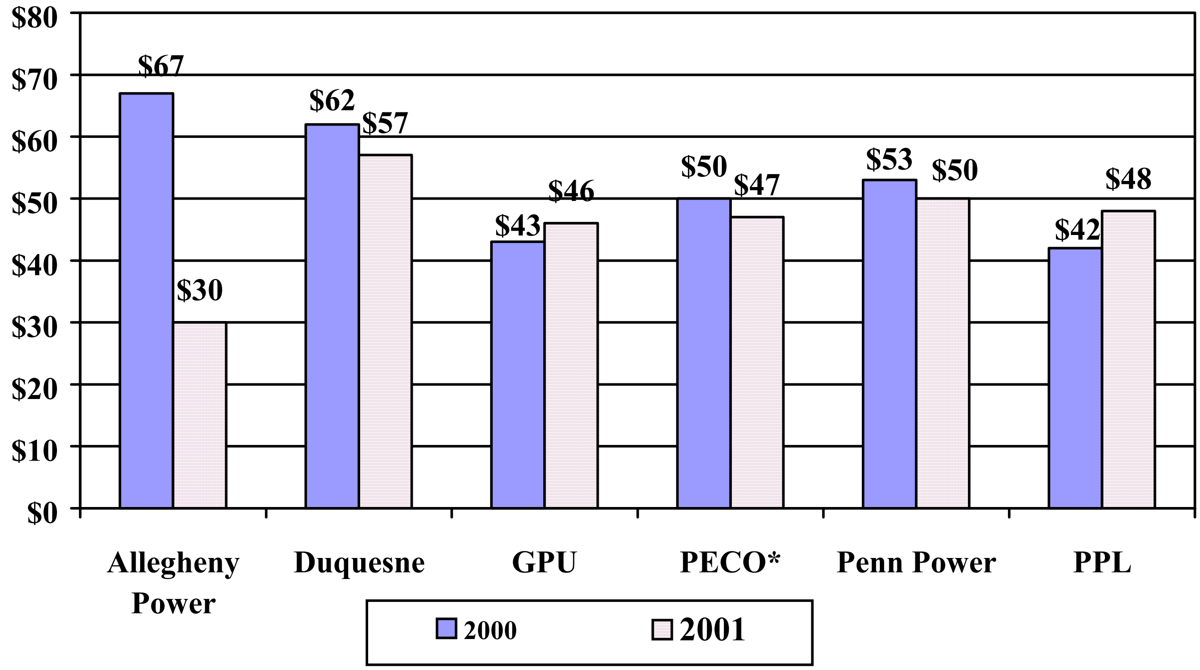
PPL explains that one reason for its higher than industry average for CAP credits is due to the large percentage of CAP customers who heat with electricity. PPL reports that about 31% of all residential customers heat with electricity compared with 37% of CAP participants. PPL reports that CAP heating customers have an average monthly bill of $142. A high actual bill due to heating or increased cooling costs increases the amount of CAP credits that PPL provides.

CAP Benefits
Average Annual CAP Credits



Allegheny Power's average CAP bill decreased significantly in 2001. Allegheny Power reports that the number of baseload customers enrolled in their CAP has significantly increased during the same time. Payments for baseload customers are considerably lower than payments for their water heating and heating customers. Payments for baseload CAP customers range from 4%-6% of household income compared with 10%-16% for electric heating CAP customers.

Average Monthly CAP Bill



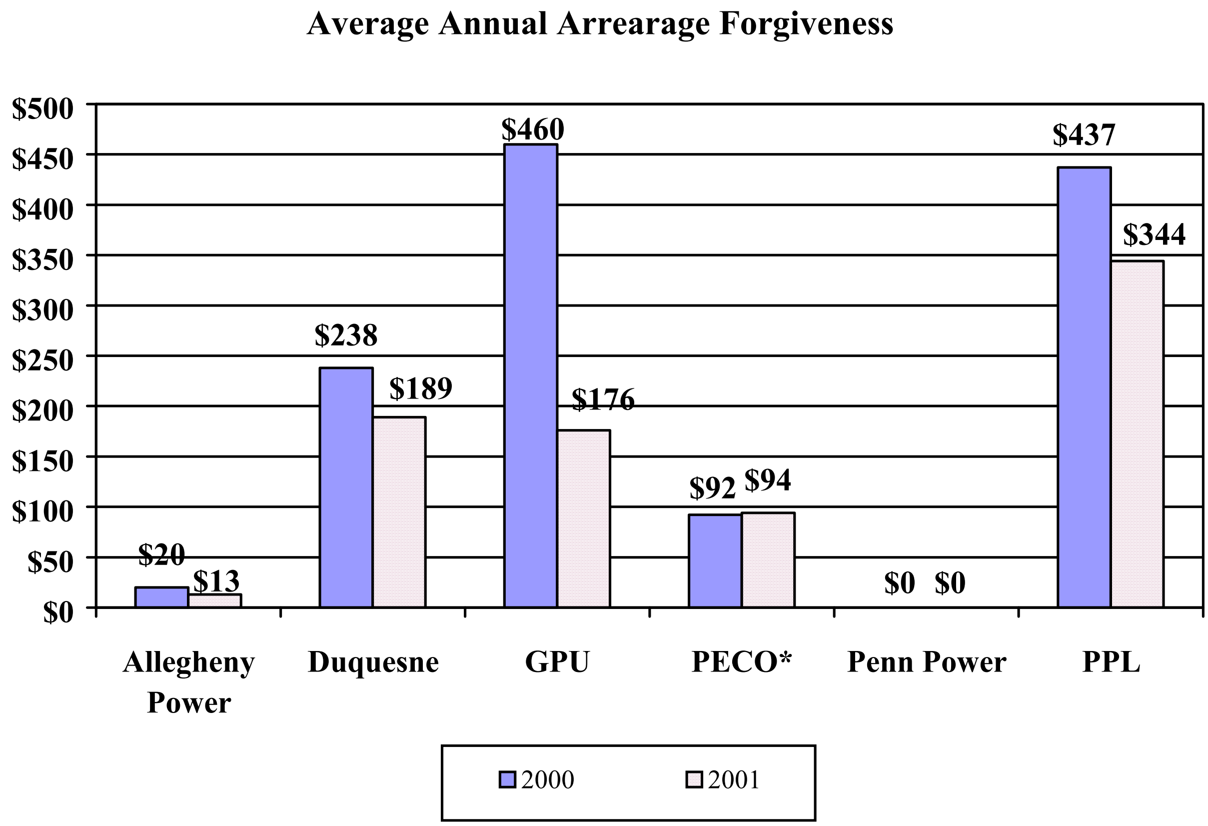
*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

Arrearage forgiveness credits will also fluctuate due to the following factors: the length of time that forgiveness occurs, the length of time a customer is enrolled in CAP, how 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. The chart on page 30 shows each company's average arrearage forgiveness credits.

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

In 2001, GPU expanded the time to forgive arrearages from 12 months to 36 months. 52 Pa. Code §69.265(6)(ix). As before, GPU forgives the entire arrearage but does so over a longer period. This change has resulted in reduced CAP costs in 2001 without reducing benefits to customers. Because of the change, the average arrearage forgiveness cost per customer decreased from $460 in 2000 to $172 in 2001.

At this time, Penn Power's CAP design does not include an arrearage forgiveness component. The company cites funding considerations, computer programming costs, and rate caps as reasons to continue to delay the implementation of this component. The Commission is sensitive to Penn Power's funding and programming concerns. 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).



*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

CAP Payment Rate

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(B)(III), the EDCs are to report to the Commission on CAP payment rate. The regulation defines payment rate as the total number of full CAP monthly payments received from participants in a given period divided by the total number of monthly bills issued to CAP participants in the same period. The Commission has defined a given period as a calendar year. In addition to utility bills, poor households experience other financial stress such as housing and medical emergencies. Because they are poor, CAP customers are often unable to make twelve full CAP payments in twelve months. However, many customers catch-up those missed payments in a twelve month period. Timely collection activity and affordability of CAP bills influences CAP payment rate.

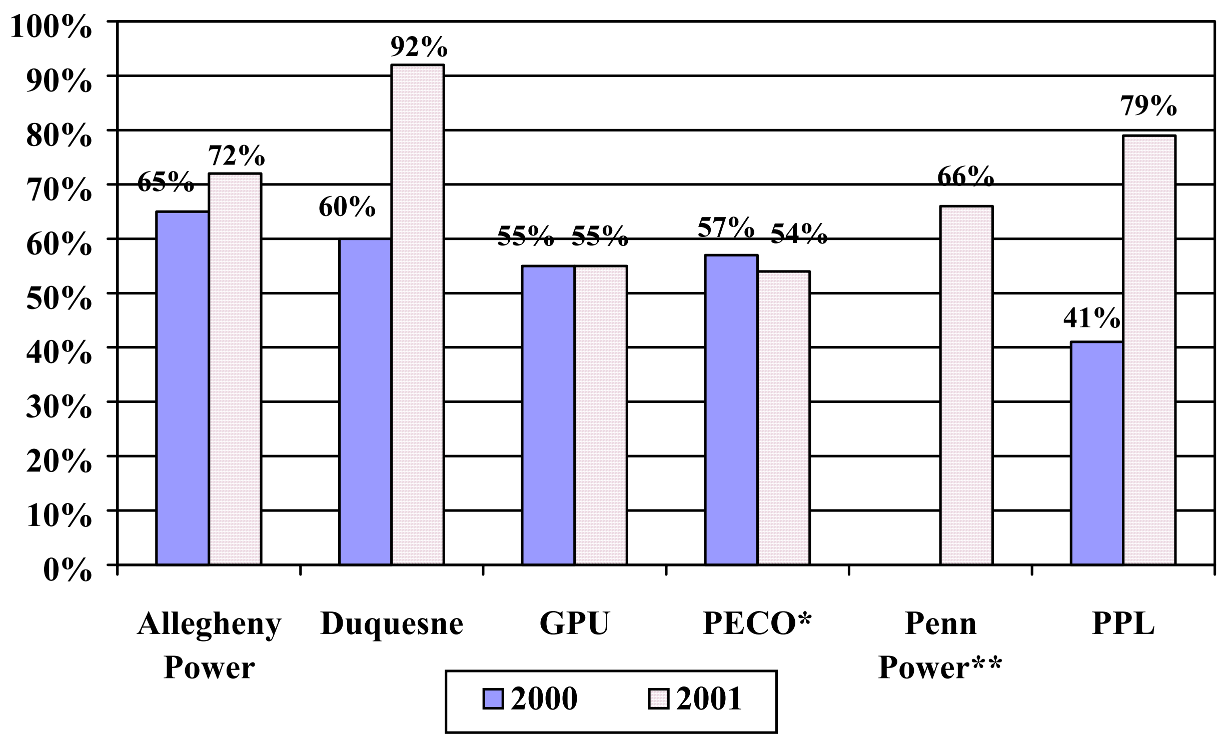
CAP payment rate viewed along with the percentage of CAP bill paid by customers provides a more accurate picture of performance than CAP payment rate alone. CAP payment rate may be low due to customers catching-up missed payments.

For example, if a customer misses a payment and makes two payments in one month, that payment will count as one full payment not two. However, the percentage of bill paid reflects payment of the missed CAP amounts.

GPU's data understates CAP payment rate. GPU is unable to identify accurately all full CAP payments made by their CAP customers. GPU cannot identify CAP payments when the CAP payment is equal to or greater than the actual bill. This may occur on summer bills for electric heating customers. In addition, GPU cannot identify CAP payments for customers who have no arrearages. This understatement gives the incorrect appearance that customers are not complying with their responsibilities. More importantly, this understated data results in an inaccurate low payment rate and percentage of bill paid.

PECO also understates CAP payment rate. PECO is unable to identify accurately the number of customers who made full payments because their data includes an additional criterion that CAP customers must make their payments on-time.

CAP Payment Rate



*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.
**N/A – Not Available in 2000

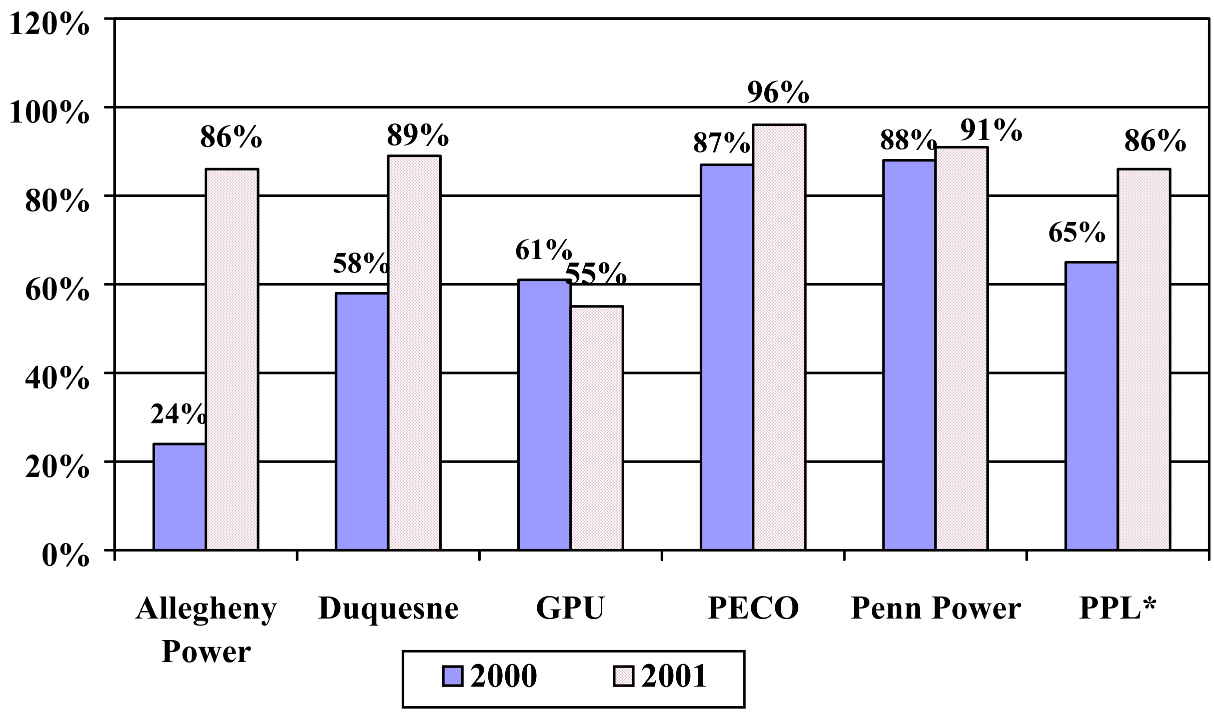
Percentage of Bill Paid

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

Allegheny Power reports that because of collection automation and computer enhancements CAP customers significantly increased the percentage of CAP bill paid. For the reasons described above, GPU's data is understated.

PECO overstates the percentage of bills paid by their CAP customers. PECO includes assistance payments by third parties, natural gas payments, and dollars in payment agreements. The Commission has defined customer payments as those payments made by customers only. Further exacerbating the overstatement, PECO's submission for the total amount of "CAP billed" does not include gas bills.

Percentage of CAP Bill Paid



*PPL has revised its 2000 data.

CAP Costs

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.74(2)(i)(A), the EDCs are to report to the Commission on CAP program costs. The EDCs 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 5 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. CAP spending for administrative purposes should not exceed twenty percent. Costs are gross costs and do not reflect any potential savings to traditional collection expenses, cash working capital expenses, and bad debt expenses that may result from enrolling low-income customers in CAP.

CAP Spending

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
	2000			2001		
Allegheny Power	$1,313,429	4,199	$313	$1,703,273	6,132	$278
Duquesne	$1,900,000	3,354	$566	$3,850,000	8,696	$443
GPU	$7,885,309	8,030	$982	$7,212,919	10,843	$665
PECO*	$42,646,904	84,001	$508	$43,398,809	71,647	$606
Penn Power	$868,101	1,125	$772	$1,617,602	3,080	$525
PPL	$8,639,852	6,242	$1,384	$9,504,095	6,749	$1,408
Total	$63,253,595	106,951		$68,361,765	107,146	
Weighted Average			$591			$638

*PECO includes the Electric Only group.

CARES

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

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

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

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

CARES Benefits

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

2001 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	$ 183,895	$ 2,906,755	6,096	$ 27,044	$ 2,749,904
Duquesne	$ 100,000	$ 3,055,159	4,989	$ 356,255	$ 3,311,414
GPU*	$ 8,860	$ 3,302,903	7,260	Unavailable	$ 3,294,043
PECO**	$ 615,884	$ 6,407,457	18,033	$ 1,556,734	$ 7,348,307
Penn Power	$ 20,175	$ 1,145,648	1,681	$ 2,920	$ 1,128,393
PPL*	$ -	$ 4,277,376	11,016	$ 62,958	$ 4,340,334
Total	$ 928,814	$ 21,095,298	49,075	$ 2,005,911	$ 22,172,395

*GPU enrolls and monitors all CARES participants in its CAP rather than separately monitoring these accounts. PPL includes the costs of CARES in its OnTrack costs. The CARES representatives in both companies perform the functions of both CAP and CARES.

**PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

Utility Hardship Fund Programs

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

Ratepayer and Shareholder Contributions

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

2000-01 Hardship Fund Contributions			
EDC	**Ratepayer & Employee Contributions**	**Average Ratepayer & Employee Contribution per Customer**	**Utility & Shareholder Contributions**
Allegheny Power	$ 206,662	$ 0.35	$ 180,000
Duquesne	$ 274,071	$ 0.52	$ 402,567
GPU	$ 136,525	$ 0.15	$ 300,000
PECO*	$ 288,541	$ 0.20	$ 438,191
Penn Power	$ 58,319	$ 0.43	$ 132,300
PPL	$ 431,478	$ 0.38	$ 440,000
Total	$ 1,395,596		$ 1,893,058
Weighted Average		$ 0.30	

*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

Hardship Fund Benefits

In conformance with the *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code § 54.75(2)(ii)(D)(V), the EDCs 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.

In 2000-01, the number of PECO ratepayers who received hardship fund grants doubled. Most of the increase is due to a special $1.3 million contribution from PECO to its hardship fund administering agencies as a result of PECO's restructuring settlement agreement at Docket No. A-110550F0147.

Utility Hardship Fund Grant Benefits

	Ratepayers Receiving Grants		**Average Grant**		**Total Benefits Disbursed**	
EDC	**1999-00**	**2000-01**	**1999-00**	**2000-01**	**1999-00**	**2000-01**
Allegheny Power	1,499	1,578	$200	$190	$300,000	$300,000
Duquesne	3,395	3,124	$210	$216	$711,280	$675,134
GPU	1,103	2,278	$355	$276	$391,296	$629,040
PECO*	1,719	3,436	$371	$378	$638,478	$1,297,180
Penn Power	589	646	$294	$309	$172,915	$199,831
PPL	2,491	2,314	$292	$283	$709,870	$655,458
Total	10,796	13,376			$2,923,839	$3,756,643
Weighted Average			$271	$281		

*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

4. Appendices

Appendix 1-When is an Account Considered to be Overdue

Company	When is Day Zero (0)	How Many Days Overdue	Days of Variance from BCS Interpretation
Allegheny Power	Bill Due Date	10 Days	20 Days Sooner
Duquesne	Bill Due Date	30 Days	0 Days
GPU	Bill Due Date	30 Days	0 Days
PECO	Bill Transmittal Date	30 Days	20 Days Sooner
Penn Power	Bill Transmittal Date	30 Days	20 Days Sooner
PPL	Bill Transmittal Date	60 Days	10 Days Later

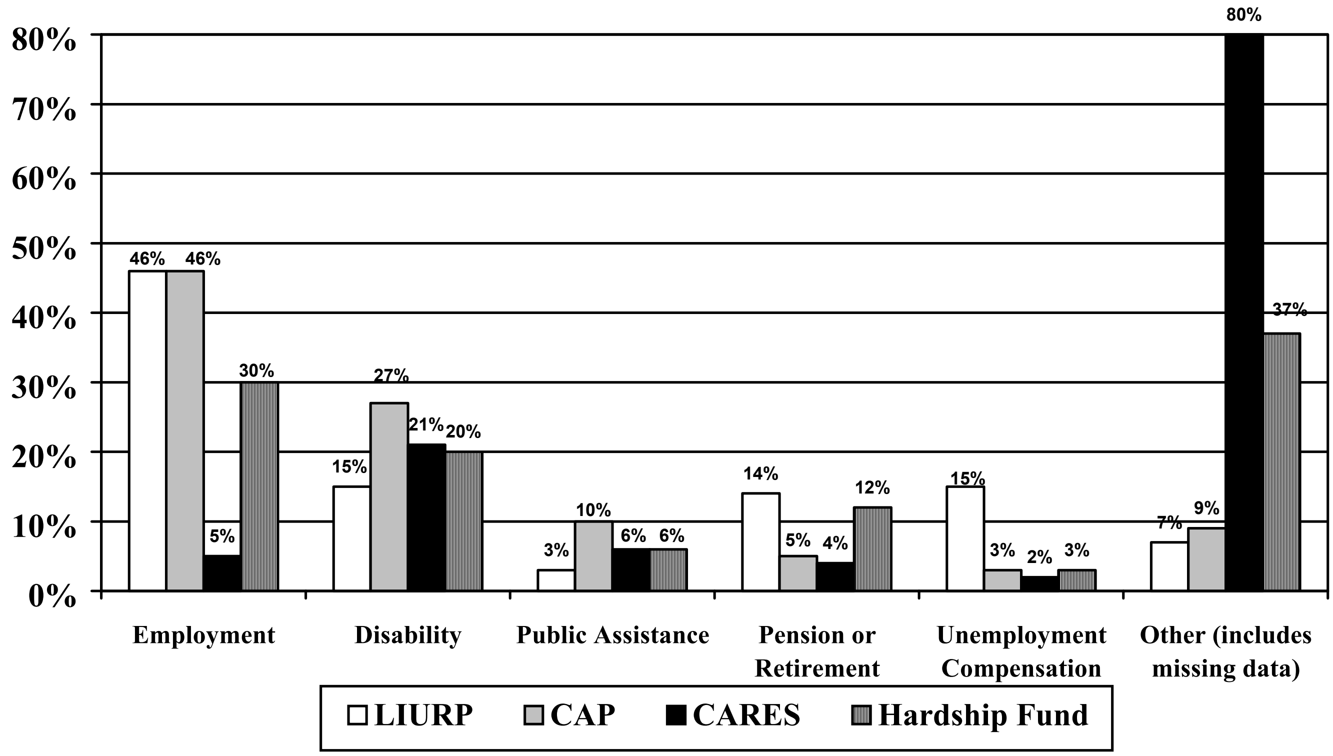
Appendix 2 -When Does an Account Move from Active to Inactive Status

Company	After an Account is Terminated	After an Account is Discontinued
Allegheny Power	15 Days after Termination Date	0 to 1 Days after Final Bill Transmittal Date
Duquesne	7 Days after Termination Date	3 to 5 Days after Discontinuance
GPU	65 Days after Termination Date	Final Bill Due Date
PECO	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
Penn Power	75 Days after Final Bill Transmittal Date	75 Days after Final Bill Transmittal Date
PPL	5 to 8 Days after Termination Date	Bill Transmittal Date

Appendix 3 –2001 Poverty Guidelines

2001 Poverty Income Guidelines					
Size of Household	**0-50% of Poverty**	**51-100% of Poverty**	**110% of Poverty (BCS Level 1)**	**101-150% of Poverty (BCS Level 2)**	**151-200% of Poverty**
1	$4,295	$8,590	$9,449	$12,885	$17,180
2	$5,820	$11,640	$12,771	$17,460	$23,280
3	$7,315	$14,630	$16,093	$21,945	$29,260
4	$8,825	$17,650	$19,415	$26,475	$35,300
5	$10,335	$20,670	$22,737	$31,005	$41,340
6	$11,845	$23,690	$26,059	$35,535	$47,380
7	$13,085	$26,170	$29,381	$39,255	$52,340
8	$14,865	$29,730	$32,703	$44,595	$59,460
For each additional person, add	$1,510	$3,020	$3,322	$4,530	$6,040

Appendix 4 – Source of Income for Universal Service Participants Summary for All Companies



Appendix 5 – Percent of Spending by CAP Component

% of Spending by CAP Component

	% of Total CAP Spending			% of Total CAP Spending		
EDC	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2000			2001		
Allegheny Power	33.2%	60.3%	6.4%	21.0%	74.5%	4.5%
Duquesne	47.4%	10.5%	42.1%	43.1%	14.3%	42.6%
GPU	13.0%	40.1%	46.8%	17.3%	56.2%	26.5%
PECO	29.2%	52.6%	18.1%	31.7%	52.8%	15.6%
Penn Power	50.4%	49.6%	0.0%	23.8%	76.2%	0.0%
PPL	21.1%	47.4%	31.6%	18.7%	56.9%	24.4%
Weighted Average	27.0%	49.2%	23.8%	28.5%	52.6%	18.9%