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June 18, 2015

VIA EFILE

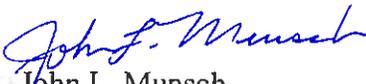
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: West Penn Power Company; Docket No. M-2014-2407728
Universal Service & Energy Conservation Plan for Years 2015-2018

Dear Secretary Chiavetta:

Pursuant to the Pennsylvania Public Utility Commission's Final Order entered May 19, 2015, enclosed for filing please find a copy of West Penn Power Company's Universal Service & Energy Conservation Plan for the years 2015 through 2018.

Very truly yours,


John L. Munsch
Attorney

Enclosures

cc: Sarah Dewey – sdewey@pa.gov
Joseph Magee – jmagee@pa.gov
Grace McGovern – gmcgovern@state.pa.us
Cyndi Page – cypage@pa.gov
Louise Fink-Smith – finksmith@state.pa.us

Re: **West Penn Power Company; Docket No. M-2014-2407728**
Universal Service & Energy Conservation Plan for Years 2015-2018

CERTIFICATE OF SERVICE

I certify that this 18th day of June 2015, I have served a true and correct copy of the foregoing by first-class mail, postage prepaid, upon the following:

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Office of Small Business Advocate
Commerce Bldg. Suite 1102
300 North Second St.
Harrisburg, PA 17101

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Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

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400 North Street, 2nd Floor
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118 Locust Street
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John L. Munsch
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WEST PENN POWER COMPANY

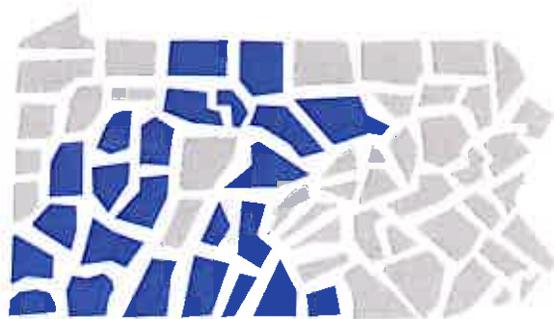


Human Services

Universal Service & Energy Conservation Plan

Program Years 2015, 2016, 2017 and 2018

West Penn Power Company



**Amended Plan
June 17, 2015**

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Introduction

West Penn Power Company's ("West Penn" or the "Company") Amended Universal Service and Energy Conservation Plan is provided to the Pennsylvania Public Utility Commission ("Commission") in accordance with Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code §§ 54.71-54.78 and pursuant to the Final Order of the Commission entered May 19, 2015.¹

The Company is committed to providing customer-focused, quality-driven, results-oriented Universal Service and Energy Conservation Programs² in a cost-effective and holistic manner. The goals of the Company's Universal Service and Energy Conservation Programs are to:

- Protect consumers' health and safety by helping low-income customers maintain affordable utility service;
- Provide for affordable utility service by making available payment assistance to low-income customers;
- Help low-income customers conserve energy and reduce residential utility bills; and
- Ensure Universal Service and Energy Conservation Programs are operated in a cost-effective and efficient manner.

To assist with achieving these goals and with developing the Company's portfolio of assistance and energy conservation programs, the Company has enlisted the services of stakeholder panels.

Universal Service Programs Stakeholders – Eastern Pennsylvania

- | | |
|--|--------------|
| 1. Caring Company | – York |
| 2. Community Progress Council of Hanover | – Hanover |
| 3. Community Progress Council of York | – York |
| 4. TREHAB - Wellsboro | – Wellsboro |
| 5. New Hope Ministries | – Dover |
| 6. Pike County Human Development | – Milford |
| 7. Salvation Army | – Reading |
| 8. Salvation Army | – York |
| 9. South Central Community Action | – Gettysburg |

¹ The Final Order entered May 19, 2015, covered the Amended Universal Service & Conservation Plans of the FirstEnergy Companies: West Penn Power Company (Docket No. M-2014-2407728), Metropolitan Edison Company (M-2014-2407729), Pennsylvania Electric Company (M-2014-2407730) and Pennsylvania Power Company (M-2014-2407731).

² As defined in Section 2803 of the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. § 2803, Universal Service and energy conservation refers to those "policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs, application of renewable resources and consumer education."

Universal Service Programs Stakeholders – Western Pennsylvania

- | | |
|--|----------------|
| 1. Blair County Community Action | – Altoona |
| 2. Catholic Charities | – Johnstown |
| 3. Central PA Community Action | – Clearfield |
| 4. Community Action | – Punxsutawney |
| 5. Community Action Partnership | – Sharon |
| 6. Dollar Energy Fund | – Pittsburgh |
| 7. Erie County Housing Authority | – Corry |
| 8. Greater Erie Community Action Council | – Erie |
| 9. Saint Martin’s Center | – Erie |
| 10. Salvation Army | – Sharon |

WARM Advisory Panel Members - Statewide

- | | |
|--|--------------|
| 1. ACTION-Housing | – Pittsburgh |
| 2. Community Action Partnership of Cambria County | – Johnstown |
| 3. Community Action Committee of the Lehigh Valley | – Bethlehem |
| 4. EIC/Comfort Home | – Lancaster |
| 5. Healthy Home Construction | – Mercer |
| 6. Pure Energy, Inc. | – Lancaster |
| 7. Solair Energy, Inc. | – Ralston |
| 8. South Central Community Action Program | – Gettysburg |
| 9. Westmoreland County Weatherization | – Greensburg |

Consumer Group Representation

1. Pennsylvania Utility Law Project
2. Community Legal Services of Philadelphia
3. Office of Consumer Advocate

Regulatory Representation

1. Bureau of Consumer Services

The Company will continue to work with eligible customers in establishing affordable payment agreements that maintain electric service and move them toward self-sufficiency in paying their electric bill.

Retail shopping will not preclude participation in Universal Service and Energy Conservation Programs or the protections afforded to residential customers pursuant to the provisions of 52 Pa. Code Chapter 56, and 66 Pa. C. S. Chapter 14 (Responsible Utility Customer Protection Act).

This plan describes the Company's portfolio of Universal Service and Energy Conservation programs for Calendar Years 2015, 2016, 2017 and 2018, including program enhancements and modifications. In addition with the approval of the Universal Service Rider, the Company will align all components and system functionality to implement the PCAP program. Therefore the name of the Customer Assistance Program will be changed from LIPURP (Low Income Payment and Usage Reduction Program) to PCAP.

Customer Assistance and Referral Evaluation Services (“CARES”)

A. Overview and Objectives

The CARES Program provides assistance on a short-term basis to payment-troubled residential customers. Based upon the circumstances, Company CARES representatives make referrals to social service agencies and provide information on appropriate Company and/or external programs. Many CARES referrals are subsequently enrolled into the Pennsylvania Customer Assistance Program (“PCAP”). However, the Company continues to track its CARES customers via Chronicles and additional follow-up when necessary in cooperation with the social service agencies whose services are required.

B. Eligibility

Any customer experiencing a recent hardship such as:

- Serious illness or injury to a member of a household,
- Death of a wage earner,
- Marital or family problems,
- Handicapped or disabled person,
- Sudden loss of income to the household, or
- Any customer 60 years of age or over requiring special assistance.

C. Tracking

The Chronicles automated case management system will be used to track referrals to the CARES Program and the actions taken in response to customers’ situations. Chronicles tracks CARES referrals separately from PCAP.

D. CARES Organizational Structure

A portion of the following employees’ time supports this program.

Manager – Compliance and Human Services

Supervisor – Human Services-Universal Service

Business Analyst (4) – Various Levels

(Note that due to periodic staffing level changes as a result of promotions, retirements, or new employees, the designation for the level of the positions is excluded.)

Dollar Energy Fund

A. Overview and Objectives

The Dollar Energy Fund ("Fund") is an emergency hardship fund designed to help residential customers who have suffered a recent financial hardship and need temporary help in paying their electric bill. The bulk of program funding is provided by contributions from FirstEnergy stockholders, customers and the Dollar Energy Fund. The application for funds is administered by community-based organizations throughout the Company's service territory.

B. Dates of Operation

The Fund accepts applications in accordance with pre-established account status guidelines, or as long as funds remain available. Program dates are as follows:

- October 1 through November 30 - Service Terminated or Pending Termination
- December 1 through January 31 - Service Terminated
- February 1 through February 28 - Service Terminated or Pending Termination
- March 1 through September 30 - Open to All Customers*; or
- Service Terminated or Pending Termination; or
- Service Terminated; or
- Closed

* pending availability of funds

C. Maximum Grant Amount

One maximum grant of \$500 may be awarded to a customer during a program year.

D. Contacts and Administering Agencies

The Company contact person is:

Ms. Leonard Howell
FirstEnergy
1310 Fairmont Avenue
Fairmont, WV 26554
Telephone: 304-367-3228
Email: lhowell@firstenergycorp.com

The Dollar Energy Fund contact person is:

Mr. Chad Quinn, Executive Director
The Dollar Energy Fund, Inc.
P. O. Box 42329
Pittsburgh, PA 15203-0329
Telephone: 412-390-3863
Email: cquinn@dollarenergy.org

E. Eligibility Guidelines

- Residential single home or apartment
- Name on account must be an adult resident³
- Total household income (gross) must be at or below 250% of the federal poverty income guidelines (exceptions will be made based on circumstances)
- Must have paid a minimum of \$150 on their account within the past 90 days (minimum of \$100 if over age 62)
- Account balance must be at least \$100 (senior citizens age 62 and over may have a \$0 balance, but not a credit balance) (exceptions will be made based on circumstances)
- Must provide income information.

Note: The Fund is a “fund of last resort” with regard to the Pennsylvania Low Income Home Energy Assistance Program (“LIHEAP”). Customers must first apply for LIHEAP through the Pennsylvania Department of Human Services, when available, and must first participate in PCAP, when eligible. Additionally, the Company reserves the right to exclude PCAP-eligible customers from receiving a grant, depending on funding levels for the program.

F. Dollar Energy Fund Organizational Structure

A portion of the following employees' time supports this program.

Manager – Compliance and Human Services

Administrative Assistant

Supervisor – Human Services-Universal Service

Business Analyst (2) – Various Levels

Customer Accounting Associate (2) – Various Levels

(Note that due to periodic staffing level changes as a result of promotions, retirements, or new employees, the designation for the level of the positions is excluded.)

³ Residency exception will be made for ratepayers assigned to active military duty.

G. Needs Assessment for Hardship Fund:

| West Penn Hardship Needs Assessment | | |
|--|-------------|-------------|
| FPL | 2013 | 2014 |
| 201 - 250 % | 4,480 | 4,512 |
| 151-200% | 8,525 | 8,670 |
| < 150% | 30,053 | 34,159 |
| Total | 43,058 | 47,341 |

Gatekeeper Program

A. Overview and Objectives

Gatekeeper is a program designed to recruit Company field personnel to recognize and report customers who may be in “distress” (as described in Section “B” below).

B. Eligibility Guidelines

Situations include, but are not limited to, the following:

- Communication – A person who appears confused or disoriented.
- Economic Condition – Someone expresses difficulty with paying bills.
- Social Condition – Older persons living alone or socially isolated.
- Physical Limitations – Severe difficulty seeing, speaking, hearing, or moving about.
- Condition of Home – In need of repair, neglected yard, accumulation of newspapers, offensive odors, or unattended pets.

C. Gatekeeper Organizational Structure

A portion of the following employees’ time supports this program.

Manager – Compliance and Human Services
Supervisor – Human Services-Universal Service
Business Analyst (3) - Various Levels

(Note that due to periodic staffing level changes as a result of promotions, retirements, or new employees, the designation for the level of the positions is excluded.)

PA Customer Assistance Program ("PCAP ")

In an effort to control increased arrearages associated with any portion of consumption charges not covered by bill subsidy credits and better assist the customer with an affordable monthly bill, the Company acknowledges that system and program changes necessary to operate PCAP are requested by January 2016. With this change, bill subsidy credits will be applied at time of billing, rather than in response to customer payments. Debt forgiveness credits will be applied in response to customer payments. Asked-to-pay amounts must be current to recertify annually. In addition the Company acknowledges the request to implement changes to place PCAP customers into the Equal Payment Plan by June 2016. The Company may file for an extension of the timelines if necessary. On a quarterly basis starting July 1, 2015, the Company will file a progress report to advise the BCS and parties of progress toward implementation.

West Penn will continue to operate the CAP program as LIPURP (Low Income Payment and Usage Reduction Program) in accordance with the 2011 – 2014 Universal Service & Energy Conservation Plan until the above programming changes have been completed to transition the CAP program to PCAP. Attachment "A" includes the Second Amended Universal Service & Energy Conservation Plan for Program Years 2011, 2012, 2013, and 2014. Reference pages 7-13 for the CAP program details.

A. Overview and Objectives

PCAP helps residential customers maintain electric service and eliminate past-due balances. PCAP offers a reduced bill to customers based on a percentage of income payment plan ("PIPP") and debt forgiveness. The objectives of PCAP are to:

- Improve a customer's payment ability and consistency;
- Reduce a customer's consumption of electricity; and
- Eliminate debt.

B. Eligibility Requirements

For both Monthly Bill Subsidy Credits and Debt Forgiveness Benefits:

- Total gross household income at or below 150% of the federal poverty income guidelines ;
- Residential account with an active account status;
- Total energy burden (most recent 12 months) greater than 3% (non-electric heat) or 9% (electric heat) of total gross household income, to qualify for monthly bill subsidy credits and debt forgiveness benefits;
- Applicant/Ratepayer must reside at the service address (primary residence)⁴;
- If eligible, must agree to participate in the WARM Program (a LIURP Program (Low Income Usage Reduction Program)); and
- If eligible, must agree to participate in PA LIHEAP – regardless of heat type.
- Must agree to participate in Equal Payment Plan.

⁴ Residency exception will be made for ratepayers assigned to active military duty.

For Debt Forgiveness Benefits Only:

- Total gross household income at or below 150% of the federal poverty income guidelines;
- Residential account with an active account status;
- Total energy burden (most recent 12 months) less than 3% (non-electric heat) or 9% (electric heat) of total gross household income, to qualify for debt forgiveness benefits only;
- Applicant/Ratepayer must reside at the service address (primary residence)⁵;
- If eligible, must agree to participate in the WARM Program (a LIURP Program); and
- If eligible, must agree to participate in PA LIHEAP – regardless of heat type.
- Must agree to participate in Equal Payment Plan.

Participants may only have one residential account (primary residence) in their name at any given time, and only one account on PCAP at any given time.⁶

When a CAP applicant or participant reports zero income, the Company requires households reporting zero income to complete a no-income form. The form requires the household to report how long the household has been living without income and to explain how certain household expenses are met. Applicants claiming zero income for the first time are required to recertify for PCAP after 90 days and then on an annual basis.

C. Intake Processes

A variety of intake processes will be pursued or employed, to facilitate effective and efficient program expansion and for purposes of customer convenience. Customers may call Universal Service at 800-207-1250 to apply by phone. Dollar Energy Fund, Inc. uses the Chronicles Case Management System to process enrollments and recertifications. This web-based System provides the agency the ability to process the CAP applications which are downloaded to the host SAP system. In addition, the Chronicles Case Management System has the ability to generate the LIHEAP application, prefilled with limited customer information, and it also provides an electronic connection to the Dollar Energy's iPartner system, so the agency can educate and assist the customer with referrals to other programs.

While most applications may be processed by phone, the Company reserves the right to request an in-office appointment. Dollar Energy Fund, Inc. maintains contracts with other community based organizations where customers can be directed to complete the application process on an as needed basis.

➤ 1st Preference

- Telephone Interviews
 - Used for processing participant enrollment and recertifications

⁵ Residency exception will be made for ratepayers assigned to active military duty.

⁶ Multiple account exceptions will be made for ratepayers living at a premises with multiple electric meters when they are occupying the entire premises, and when ratepayers move from one premises to another and have temporary concurrent service – 1 month maximum, and ratepayers with an outdoor light metered separately.

- 2nd Preference
 - WARM Program Referrals
 - Used for processing participant enrollment and recertifications

D. Bill Subsidy Credits Calculation and Payment Requirements

PCAP participants will pay the difference between their total monthly bill and their monthly PCAP bill subsidy credit, which will be applied at the time of billing. PCAP participants must remain in the Company's standard residential billing cycle (20-day due date) in order for bill subsidy credits to be awarded by the host computer system.

The monthly PCAP bill subsidy credit will be determined based on total gross household income, primary heat source and energy burden (total of previous twelve months' bills).

PCAP bill subsidy credits will be calculated quarterly to allow for participants' most recent 12-month energy burden history to be reflected in monthly bill subsidy credits. The following new maximum bill-subsidy credit levels were effective May 6, 2015 following the approval of the USC Rider.

Non-Electric Heat Accounts:

Benefit Calculation Based on 3% Electric Bill Burden

Maximum Bill Subsidy Credit = \$960.00 Annually or \$80 Monthly

Electric Heat Accounts:

Benefit Calculation Based on 9% Electric Bill Burden

Maximum Bill Subsidy Credit= \$2,400.00 Annually or \$200 Monthly

Accounts with electric bill burdens of less than 3% (non-electric heat) and 9% (electric heat) will not qualify for PCAP monthly bill subsidy credits, but will qualify for PCAP debt forgiveness benefits for unpaid pre-program debt balances.

To control program costs and institute minimum payment requirements the following monthly, minimum gross income amounts will be used for benefit calculations:

- \$400 Assumed Income for Non-Heat Accounts = \$12 Minimum Monthly Payment
- \$500 Assumed Income for Heat Accounts = \$45 Minimum Monthly Payment

The following is an example of how a PCAP benefit will be calculated for a customer with non-electric heat:

- Annual Income, Family of Four = \$ 16,500
- Annual Electric Bill = \$ 1,020

Step #1 – Determine what the household should be paying for electric under PCAP

| | |
|--------------------------|-----------------------|
| Annual Household Income | \$ 16,500 |
| CAP Electric Bill Burden | <u>x 3% of income</u> |
| | = \$ 495 |

Step #2 – Determine the household's current electric bill burden

| | |
|-----------------------------|--------------------------------------|
| Annual Electric Bill | <u>\$ 1,020</u> (previous 12 months) |
| Actual Electric Bill Burden | = \$ 1,020 (more than 3% of income) |

Step #3 – PCAP will pay the difference

| | |
|--------------------------------|------------------------------------|
| Actual Electric Bill Burden | \$ 1,020 |
| Minus CAP Electric Bill Burden | <u>\$ 495</u> |
| Annual CAP Benefit | = \$ 525 ÷ 12 = \$ 43.75 per month |

The following is an example of how a PCAP benefit will be calculated for a customer with electric heat:

- Annual Income, Family of Four = \$ 16,500
- Annual Electric Bill = \$ 2,200

Step #1 – Determine what the household should be paying for electric under PCAP

| | |
|--------------------------|-----------------------|
| Annual Household Income | \$ 16,500 |
| CAP Electric Bill Burden | <u>x 9% of income</u> |
| | = \$ 1,485 |

Step #2 – Determine the household's current electric bill burden

| | |
|-----------------------------|--------------------------------------|
| Annual Electric Bill | <u>\$ 2,200</u> (previous 12 months) |
| Actual Electric Bill Burden | = \$ 2,200 (more than 9% of income) |

Step #3 – CAP will pay the difference

| | |
|--------------------------------|------------------------------------|
| Actual Electric Bill Burden | \$ 2,200 |
| Minus CAP Electric Bill Burden | <u>\$ 1,485</u> |
| Annual CAP Benefit | = \$ 715 ÷ 12 = \$ 59.58 per month |

E. Debt Forgiveness Guidelines

When entering PCAP for the first time, all pre-program debt will be deferred and included in the PCAP Debt Forgiveness Component. The PCAP customers will have no co-payment requirement with the Debt Forgiveness Component.

When re-entering or recertifying into/for PCAP following the first enrollment, only the remaining (not yet forgiven) pre-program debt from the first PCAP enrollment will be re-deferred and included in the PCAP Debt Forgiveness Component. All other past-due, ask-to-pay amounts on the bill must be paid prior to either re-enrollment or re-certification into the program.

Debt forgiveness credits (1/36 of pre-program debt) will be awarded retroactively in response to customer payments ⁷of in-full monthly PCAP bills, whenever those payments occur, regardless of CAP arrears. PCAP participants must remain in the Company's standard residential billing cycle (20-day due date) in order for debt forgiveness credits to be awarded by the host computer system.

F. Default Provisions

Universal Service imposes a requirement on the electric distribution companies ("EDCs") to offer assistance and a responsibility on customers for wise consumption and prompt payment. The Company agrees with the Commission that the consequences for nonpayment should be loss of service⁸.

Dunning notices, including termination notices, will be issued for any unpaid current bills. Deferred pre-program debt balances will not be included in dunning notices. PCAP participants who do not make payments in accordance with the terms of the program will remain in PCAP and be subject to PCAP Dunning Processes, up to and including service termination. PCAP Dunning Processes will include all of the notification and procedural steps required in Chapter 56, Standards and Billing Practices for Residential Utility Service, and Chapter 14, Responsible Utility Customer Protection Act, in addition to:

- 5 Days After Due Date of 1st Invoice
Payment Counseling Telephone Call Placed to Customer
- 6 Days After Due Date of 1st Invoice
Payment Counseling Follow-Up Letter Mailed to Customer

⁷ Although LIHEAP, emergency hardship fund grants, or any other non-customer payments will not cause debt forgiveness credits to be awarded, debt forgiveness will be calculated retroactively (and applied to obligations paid by non-customer payments) following the receipt of a subsequent customer payment.

⁸ Docket No. M-00960890F0010—Final Order Re: Guidelines for Universal Service and Energy Conservation Programs entered July 10, 1997. Under Customer Assistance Programs, Default Provisions: "The Commission believes that the consequences for nonpayment should be loss of service; therefore, we recommend that participants who do not make payments should be returned to the regular collection cycle."

Note: Following the 1st invoice, payment counseling telephone call and follow-up letter, if the overdue bill is \$100 or greater or greater than 60 days in arrears, the account will fast-track to the 10-day termination notice process.

If the overdue bill is less than 60 days in arrears, the account will proceed to the 2nd invoice payment counseling telephone call and follow-up letter process.

- 5 Days After Due Date of 2nd Invoice
Payment Counseling Telephone Call Placed to Customers that are less than 60 days in arrears.
- 6 Days After Due Date of 2nd Invoice
Payment Counseling Follow-Up Letter Mailed to Customers that are less than 60 days in arrears.
- 8 Days After Due Date of 2nd Invoice
If greater than \$25 and 60 Days Past Due, or If \$100 or Greater
10-Day Service Disconnection Notice is Issued to Customer

Payment requirements to avoid termination of service:

- PCAP Bills Brought Current.

Payment requirements for restoration of service following service termination:

- PCAP Bills Brought Current; and
Reconnection Fee as per Current Tariff

G. Dismissal from PCAP and Reentry into PCAP

Participants may be dismissed from PCAP for any of the following reasons:

1. Refusing to participate in WARM (LIURP) if eligible (reentry is dependent on completion of WARM program in addition to payment requirement below).
2. Failing to recertify as scheduled, or upon request (reentry is dependent on completion of re-certification procedures in addition to payment requirement below).
3. Establishing multiple residential electric service accounts (reentry only after all other active accounts have been closed, in addition to payment requirement below).⁹
4. Theft of service (reentry prohibited for 6 months in addition to payment requirement below).
5. Other actions deemed to be intentional and fraudulent (reentry prohibited for 6 months in addition to payment requirement below).
6. Failure to apply for LIHEAP and direct benefits to West Penn when main source of heating is electric (reentry in accordance with payment requirement below).
7. Other actions, including but not limited to, failure to permit scheduled meter readings, unreasonable and/or increased consumption post-LIURP measures installation, and

⁹ Multiple account exceptions will be made for ratepayers living at a premises with multiple electric meters when they are occupying the entire premises, and when ratepayers move from one premises to another and have temporary concurrent service – 1 month maximum, and ratepayers with an outdoor light metered separately.

- failure to make monthly CAP payments/pattern of returned checks (reentry in accordance with payment requirement below)
8. Refusal to participate in Equal Payment Plan.

Payment Requirement for Reentry:

Re-enrollment after removal for any reason may only occur when an account balance is paid current, with the exception of the original, remaining pre-program-debt amount – which will be re-deferred for future debt forgiveness upon reentry into PCAP. For example, if an account has an unpaid balance of \$800, and \$500 of that \$800 will be re-deferred upon reentry in PCAP, the customer must pay \$300 prior to re-entering PCAP.

H. Recertification Requirements

CAP participants are advised at the time of application that they are required to recertify annually or if there is a change in gross household income, household size or heat source. A notice to recertify is mailed to CAP participants 60 days prior to the benefit end date including information on when benefits will expire and contact information to complete the recertification process. If necessary, a message is printed on the participant's electric bill 30 days prior to the benefit end date. If a participant does not recertify before the benefit end date, automatic dismissal will occur for failure to recertify. Once removed, the customer will receive a letter that explains the account has been removed from CAP for failure to recertify and provides instructions on how to reapply.

Participant records in the SAP host system are updated at time of enrollment, or at each recertification, which extends the Benefits End Date to 12 months from that effective date. Customers will be able to recertify over the telephone. However, the Company reserves the right to require in-person verification¹⁰ at qualified agency locations when one of the following situations exists:

- Arrearage in excess of \$1,000;
- Questionable household occupancy size;
- Questionable or zero household income;
- Customer not in receipt of other eligible programs; or
- Other reasons as determined.

Customers are encouraged to call throughout the program year if their income or household size has changed. If this causes a change in the payment amount, the monthly bill subsidy credit will be subject to change.

Additionally, PCAP participants will be required to be current with PCAP obligations for a recertification record to be processed. Otherwise, participant will be subject to dismissal for failure to recertify and remain current on PCAP.

¹⁰ In-person requirements are reserved for situations where there is conflicting or suspect information provided during the application or recertification process. It is not the standard to require in-person appointments for all zero-income situations. The general practice is to have verification of income faxed to the agency, and then complete the application process by phone. Rarely have in-person appointments been required for any reason.

I. Application of Customer Payments and Assistance Grants

Customer payments:

- First applied against delinquent bills (customer payment obligation);
- Then applied against current bill (customer payment obligation); and
- Then applied against future bills (customer payment obligation).

The company plans to implement these changes on or before January 2016.

Assistance Grants:

LIHEAP helps eligible customers on low or limited incomes pay their heating bills through energy assistance grants. A customer is not required to have an unpaid bill to receive energy assistance. The Department of Human Services ("DHS") administers LIHEAP and establishes dates in which LIHEAP is available. Various efforts, such as bill inserts, letters, and customer referrals are attempted to encourage customers to pursue the LIHEAP funds when available. All eligible electric heating customers will be required to apply for and be in receipt of a LIHEAP benefit in order to participate in PCAP.

LIHEAP

- First applied against delinquent bills (customer payment obligation);
- Then applied against current bill (customer payment obligation); and
- Then applied against future bills (customer payment obligation, or in accordance with Department of Human Services' directives stated in the annual LIHEAP State Plans).

Emergency Hardship Fund Grants

Applied against delinquent bills (customer payment obligation), to avoid service termination, if funds are available in accordance with guidelines set forth above for the Emergency Hardship Fund.

J. Program Delivery Partners

The Company will continue the use of community-based organizations ("CBOs") for the daily administration of Universal Service and Energy Conservation Programs referenced in Attachment B of this plan. CBOs will perform weatherization services, income verification, program applications, grant making and referrals to other assistance programs. CBO employees have access to the Human Services web site and Chronicles Case Management System to complete the tasks associated with the Universal Service programs.

The Company currently has contracts with the Dollar Energy Fund for the purposes of administering the West Penn Universal Service and Energy Conservation plans.

K. Quality Assurance Provisions

During each calendar year, a representative of the Company, or its designee shall audit each of the CBOs, for the purpose of verifying that proper administrative processes have been performed in support of PCAP applications and recertifications. The areas of performance to be audited are:

- Auditor Received Requested Documents.
- Case Note Documented in Chronicles for Each Customer Contact.
- Account Status Document Reviewed.
- Application Completed When Applicable.
- Re-Certification Completed When Applicable.
- Referred Clients to Other Program When Applicable.
- Proper Documentation Retained.
- Hardcopy Documentation Reflected Accurately in Chronicles.
- Successfully Enrolled Clients Into PCAP When Applicable.
- Measure CBO Level of Service.

A combination of applications and recertifications shall be reviewed during each audit; a sample size calculator will be used to determine the number of applications and recertifications that require review to identify a statistically significant sample size for PCAP. With the sample size calculator, the Company will input standard variables – confidence level of 95% and confidence interval of 5%.

L. Assessment of Security Deposits

Security deposits will not be assessed on PCAP accounts in accordance with updated Title 66, Chapter 14 of the Public Utility Code effective December 22, 2014.

M. PA Customer Assistance Program Organizational Structure:

A portion of the following employees' time supports this program.

Manager – Compliance and Human Services

Administrative Assistant

Supervisor – Human Services-Universal Service

Business Analyst (4) – Various Levels

Customer Accounting Associate (2) – Various Levels

(Note that due to periodic staffing level changes as a result of promotions, retirements, or new employees, the designation for the level of the positions is excluded)

WARM Program

A. Program Overview and Objectives

The WARM Program is the name of the FirstEnergy operating companies' Low Income Usage Reduction Program (LIURP). The program provides energy conservation measures and services to low-income customers.

In 1988 the Commission required that all covered electric and gas utilities in Pennsylvania establish a LIURP program for their customers. The West Penn WARM program has expanded significantly from its inception. This is evident when comparing the first full program year spending of more than \$656,500 in 1989 to the Company's proposed spending in 2018 of more than \$4 million.

In addition, the WARM program has served more than 31,000 homes in the West Penn service area since its inception. During 2014 to 2018, the Company plans to serve an additional 4,845 homes, bringing the total number of homes completed to more than 35,000.

The program targets low-income customers who participate in the Company's Customer Assistance Program or LIHEAP. The program's primary objectives are to:

1. Reduce the overall energy use, energy bills and arrearages of the Company's low-income customers;
2. Increase participants' health, safety and comfort in their homes; and
3. Make personalized referrals to Company Universal Service Programs and other assistance programs.

WARM achieves these objectives through two approaches. First, energy conservation improvements (including electric appliances) are evaluated and installed or replaced in the customer's home. Second, an energy conservation agency/contractor provides energy education to family members and refers them to other potentially beneficial social service programs. All work performed through the WARM program is provided at no additional cost to program participants. Costs of all Universal Service programs are funded through a Universal Service Rider

B. Eligibility Guidelines

Income Eligibility:

Residential customers are eligible for WARM if their household income is at or below 150 percent of the Federal Poverty Income Guidelines (FPIG).

The Company also provides WARM services to special needs customers whose household income is between 151 and 200 percent of FPIG. Commission regulations allow up to 20 percent of the WARM budget to be used for these customers. In the 2002 three-year Universal Service Plan, the Company proposed and was given approval to broaden the

definition of special needs customers. The definition has always included customers with overdue account balances, and the Company also includes those households with medical problems, personal crisis situations, and loss of income. This allows more customers under 200 percent of FPIG to participate in the program without requiring or encouraging an account arrearage.

Electric Use Eligibility:

As approved under the previous plan, customers who meet program income guidelines and have annual electric usage of 6,500 kWh annually will qualify.

No minimum usage will be required for customers who are having their services coordinated by an agency/contractor with the PA Weatherization Assistance Program (WAP) or with a Natural Gas Distribution Company (NGDC) when most services are being provided at the same time. In these cases and when a fossil fuel heating system is present, the majority of full-service weatherization measures must be paid for by the other program partners, and the costs of these measures must be documented in the WARM3 System.

Residency Eligibility:

The customer must reside at the service address and have a minimum of 6 months of consecutive service. He/she must provide proof of ownership or secure landlord approval if renting.

The customer also agrees to allow the Company to share his or her electric bill and pre- and post-weatherization electric use records with agencies/contractors and evaluators and to allow contractors to have access to his or her home to perform appropriate program measures.

Homes previously served by the program may receive WARM services again within five years if the home continues to have significant electric use or at the Company's discretion. Continuance of this policy will be dependent on positive annual evaluation results.

C. Marketing

In the Company's efforts to reach this customer segment which is most in need and sometimes difficult to contact, the Company partners with CBOs and contractors who are already working with customers on other programs.

Starting in 2012, as Dollar Energy Fund enrolled customers in the West Penn Customer Assistance Program (PCAP), WARM applications have been automatically generated by the Chronicles Case Management System for those customers who were eligible for WARM. Chronicles software is used to match household member demographic and financial information with available assistance programs. The majority of WARM participants also participate in WCAP. The Company plans to continue this cost-effective holistic approach to helping low-income customers who could benefit from these programs.

The Chronicles System is also used to generate a report of potential WARM participants at 151 to 200 percent FPIG based on the PCAP pre-screen process.

All letters and applications are available in Spanish, and the WARM program uses a translation service for customers who speak a language other than English. This supports the Company's goal to reach all eligible customers.

Geographic direct mail campaigns and community presentations are also used to inform customers about the program.

A bill insert about customer assistance programs, including the WARM program, is sent annually to all residential customers. Program information and eligibility requirements are also shared with customers during fall and winter collection activities and distributed in customer winter surveys.

Cross-marketing with Act 129 programs is optimized. Customers can obtain program information by: 1) accessing the Company's *energysavepa.com* website; 2) reviewing program materials provided to them when they participate in the Act 129 appliance recycling and Energy Conservation Kit programs; and 3) receiving program advertisements included in customized Home Energy Reports.

Efforts are being increased to attract customers who have not yet received program services by expanding the use of mass media advertising, electronic media, and by forming new alliances in the social service community to help identify and provide applications to customers in need.

D. Heating and Cooling Budget Calculation per Home

The selection of measures designed to reduce electric heating and cooling is guided by a cost-effective budget calculation (seasonal allowance) for each home, based on past electric consumption with consideration given to the seven- to twelve-year regulatory payback requirement. This is a tool for contractors and agencies and is not an absolute or prescriptive target or cap. During the audit, if the site or customer needs are greater than the calculated budget, the contractor or agency will confer with the Company program manager after documenting reasons for proposing to go beyond the budget. The Company will decide to what extent additional work can be performed. This budget process was evaluated by Michael Blasnik and Associates, a third-party evaluation contractor, and was recognized as a best practice. This procedure allows higher budgets on higher-energy-use homes and prevents substantial use of funds on low-use homes where the potential for energy savings is less.

Increases in this seasonal allowance calculation are periodically implemented to keep pace with agency/contractor price increases.

Many times there are barriers to installing energy-saving measures because of serious health or structural issues. The program allows miscellaneous repairs and health and safety measures (such as carbon monoxide alarms) so that energy saving measures can be installed. Previously up to 30 percent of the total job cost was allowed to be spent on health and safety measures. In this plan, the Company allows up to 50 percent of the seasonal allowance to be spent on health and safety measures contingent upon positive annual evaluation results. This will allow agencies/contractors to make repairs so they are able to proceed with the installation of critical energy-saving measures such as significant air sealing and insulation. Combustion safety testing costs would be in addition to the 50 percent health and safety measure spending. To determine the effectiveness of these seasonal and health and safety allowance changes, the Company shall track the impact and

report the same to BCS as part of the annual LIURP reporting due to the Commission each April 30th.

Baseload electric measures and appliance replacements are based upon on-site auditing and monitoring of energy use of the existing appliances. The replacement thresholds and procedures are updated periodically to reflect changes in costs and/or efficiencies.

As a result of the downturn in the economy and fluctuating energy prices, the Company is finding that more than 50 percent of WARM participants are using supplemental electric heat in the winter even though the primary source of heat in the home is something other than electric. Since this is a frequent occurrence, the Company tries to reduce the customer's supplemental electric heat use by trying to coordinate services with the State Weatherization Assistance Program and gas LIURP programs to repair gas or oil heating systems. The Company also performs Combustion Safety Testing to ensure safe use of combustion appliances/systems and provides air sealing and insulating when other programs cannot assist.

E. Energy Saving Measures

Following is a list of some of the measures that customers may receive through the WARM program. The specific measures received and actions taken are dependent on the customer's heat type, electric use, testing of appliances and diagnostic audit results. Customers have the right to refuse recommended measures. Contractors and agencies are required to install measures according to the program priority list found in the WARM Policy and Procedures Manual. Custom measures that meet the regulatory seven- to twelve-year payback requirement are also encouraged. Agencies and contractors provide one-year warranties on most measures; manufacturers may provide additional warranties.

- Blower door with pressure diagnostics to guide air sealing and duct sealing
- Attic, duct, basement, crawlspace and perimeter air sealing (caulking, foam insulation & weather-stripping)
- Attic, wall, duct, floor, crawlspace and perimeter insulation
- Sealing and insulating attic hatches
- Boxing and damming of attic heat producing fixtures
- Refrigerator replacement
- Freezer replacement
- Water heater replacement
- Heat Pump Water Heaters
- Water heater pipe insulation
- Some aerator and showerhead replacement
- Some storm and prime window and door repair or replacement
- Reflective window tint to reduce cooling use
- Reflective roof coat to reduce cooling use
- Gravity Film Exchange -- drain water heat recovery system
- Window/Wall air conditioning unit replacement
- Some heating and air conditioning system replacement
- Electric dryer venting installation, repair or replacement
- Clothes line installation
- Heated waterbed mattress replacement
- Some plumbing and electrical repairs
- Repair and replacement of exhaust fans

- Thermostat replacement/repair
- Air conditioning/heating system filter replacement
- Appliance and water heater timers
- Smart power strips
- Furnace whistle
- Energy education
- Remedial education as needed
- Compact fluorescent light bulbs
- LED night lights
- Site specific health and safety measures, such as carbon monoxide detectors
- Custom measures, (i.e., dehumidifier replacements, well pump or holding tank replacements, water leaks, etc.)

Two new energy-saving measures, heat pump water heaters and furnace whistles, were added during the last three years. In this plan, the Company will implement and study the feasibility of retaining the new measures and services listed below:

- Ductless mini split heating and cooling systems
- LED lighting
- Increasing the maximum attic R-value from R38 to R44
- Customized audit and energy education efforts for the highest electric use CAP customers

The Commission granted the Company a temporary partial waiver of the LIURP regulation of Section 58.11(a) that restricts each installed measure to a payback period of 7 or 12 years. The waiver shall apply only to heating jobs for which the audit indicates should receive comprehensive measures. The overall job must still be cost-effective and otherwise meet LIURP regulations.

The Company will coordinate with BCS on the timing and effect of this change. The Company will report full program-year findings to BCS as part of the annual LIURP reporting due April 30, 2018.

The Company will conduct a \$350,000 pilot in the West Penn Service area to repair or replace WARM customers' non-functioning fossil fuel heating systems, including electrical service upgrades as well as duct, flue and chimney repairs if required. This will be in addition to the whole-house WARM program energy conservation measures that will be provided to these homes. The Company will serve up to 50 homes through April 30, 2017, and any funds not expended by that date will be carried over to supplement the 2018 LIURP.

F. Energy Education

The Company and agencies/contractors use a proven partnership approach with the customer. The WARM program provides an energy education notebook to all auditors to engage the customer. The customer is asked to partner with the program agency/contractor in order to develop energy savings strategies designed specifically to address the highest energy use areas of that particular home and its occupants. The auditor and customer sign partnership and savings strategy agreements.

Approximately five months after the completion of WARM services, the Company sends customers congratulatory letters when usage has decreased more than 5 percent when compared to the same months before WARM services. A list of customers whose usage has increased more than 5 percent is provided to agencies/contractors for a follow-up phone call to the customer, and visit, if necessary. The agency/contractor will check if measures are working properly and whether or not the customer understands how to use them or if lifestyle or structure changes created the increased electric use.

Another education resource for WARM program participants is being implemented through the use of the Act 129 program Home Energy Reports that include customized energy education messaging. These reports will be sent to identify low-income customers, including WARM participants.

G. Company Organizational Structure

A portion of the following employees' time supports the program.

Manager – Compliance and Human Services
 Administrative Assistant
 Supervisor – Human Services – Energy Conservation
 Business Analyst (3) – Various Levels
 Administrative Technician

(Note that due to periodic staffing level changes as a result of promotions, retirements, or new employees, the designation for the level of the positions is excluded.)

West Penn contracts with Dollar Energy Fund to support program administration such as, customer intake, data entry into the WARM3 system, answering customer inquiries, scanning customer applications, reviewing contractor invoices, etc. Each agency/contractor implementing energy conservation services will be required to sign a contract with West Penn or Dollar Energy Fund.

Dollar Energy Fund - Director of Programs
 Supervisor of Programs
 Customer Service Representatives (4)

H. Program Delivery Community Partnership

Dollar Energy Fund or the Company contracts with a network of community-based organizations and energy conservation contractors referenced in Attachment B of this plan to perform program intake and installation of measures. Some of these agencies/contractors subcontract part of their work to specialists, such as electrical, plumbing and HVAC contractors.

Program auditors or crew members who make decisions about what measures will be installed in the home and who perform the combustion safety testing procedures must be Building Performance Institute (BPI) certified as Building Analyst Professionals. BPI is a

national standards development and credentialing organization for residential energy efficiency retrofit work. It is a non-profit organization that also provides training through a network of training affiliate organizations. FirstEnergy sponsors agency and contractor attendance at national and regional ACI Home Performance Conferences so agencies/contractors can obtain continuing education credits needed to retain their BPI certification. The Company also holds WARM program training specific to procedural issues or to meet the training needs of auditors and crew members.

I. Quality Assurance Provisions

The Company plans to maintain the same level of third-party quality assurance inspections; however it will base it on 35 percent of total production. Previously, inspections were based on percent of job type (50 percent inspections on homes classified as electric heat and 15 percent inspections on water heat and baseload homes). The Company is finding a substantial increase in homes using supplemental and de facto electric heat that would have previously fallen under the former 15 percent category. This new process will allow quality assurance contractors to focus the majority of their inspections on homes that have electric heat as well as supplemental electric heating or air conditioning. Greater oversight is needed in these homes because of the installation of comprehensive measures and combustion safety testing.

These quality assurance contractors also provide or coordinate auditor, crew, and group training as needed, as well as BPI training/testing.

The Company has a WARM Advisory Panel that meets two to three times per year and is on call year round. The panel members consist of agency and contractor auditors, program managers, and quality assurance inspectors from across Pennsylvania. The members have direct contact with customers and other assistance programs in other states. They provide suggestions for program improvement, research new technologies, and test new measures and products. Their recommendations are part of the enhancements to the WARM program included in this plan.

Company program managers meet with all agencies and contractors annually to share specific energy saving results, program changes, and solicit feedback. Company program managers also meet with individual agencies and contractors to observe audits and crew work in the field.

The Company will strive to defer to the Department of Energy National Standard Work Specifications-based quality control inspection protocols on jobs coordinated with the Weatherization Assistance Program where possible and practical.

J. Coordination of Services

As recommended by the Commission, the Company will continue to direct agencies and contractors to coordinate delivery of WARM benefits with other programs. The Company will work with other State Weatherization Assistance Program (WAP) and gas company program managers to coordinate delivery. The Company has implemented this directive with contractors/agencies because it makes good business sense. However, coordination might impact the program's overall electric energy savings, because the customers identified

by gas companies or WAP might not be the highest electric users targeted for participation in the WARM program. As per regulations, when a surplus of low-income customers exists, the Company prioritizes customers by highest energy use first. The Company will continue to monitor results of coordination as energy savings studies are conducted.

The energy savings might be positively impacted because of additional funding sources working to address the entire home. The Company will also strive to minimize duplicated costs, such as audits and inspections.

The Company will continue to provide energy usage data to the Department of Community and Economic Development (DCED) to assist in their Weatherization Assistance Program energy saving studies.

K. Funding and Enrollment Goals

| Year | Budget | Participant Goals |
|-------------|---------------|--------------------------|
| 2015 | \$ 4,422,000 | 935 |
| 2016 | \$ 4,573,000 | 970 |
| 2017 | \$ 4,573,000 | 970 |
| 2018 | \$ 4,649,000 | 1,020 |

West Penn homes have had substantially higher pre-use consumption compared to the other FirstEnergy companies and, therefore, the average spending per home is higher. In addition to allowing higher spending on higher use homes, the average investment in West Penn homes increased since 2011 when the Company adopted additional measures that were installed in the other FirstEnergy companies, such as freezer replacement.

In general the average cost of serving WARM participants' homes has increased over the years due to measure price increases and additional measures being installed in homes now using electric space heaters in lieu of fossil fuel heaters. Homes normally classified as water heat or baseload jobs that typically received lighting, refrigerator replacements and water heat reduction measures in the past now require attic air sealing, insulation and combustion safety tests. It also takes more days to serve these homes so agencies and contractors cannot serve as many homes in a year.

Some PCAP participants do not qualify for WARM because their electricity use does not meet the annual minimum energy use. Some customers cannot participate because their landlords will not agree to program services at their properties.

In addition to the WARM program, the Company has five low-income programs as part of PA Act 129 Phase II with funding of more than \$30 million over the next three years across the Pennsylvania operating companies. Some of the programs address low-income customers with low electric use that do not qualify for WARM.

The Commission, in its final Order, acknowledged that the Companies may have to slightly reduce the overall anticipated number of jobs to accommodate an increase in comprehensive heating jobs that may include measures that do not meet the current payback period. The Company increased goals due to increased funding resulting from the approved West Penn Power USC Rider. The Company will strive to meet these new participant goals and shall coordinate with BCS if a change is needed to future-year goals and the timing and effect of the change.

L. Reporting

The Company is required to submit the following reports to the PUC or Department of Human Services on an annual basis:

- LIURP Production, Expenditures, Cost of Jobs and Goals Report: March 1
- Universal Service Program (LIURP Section): April 1
- Conservation Economics and Energy Planning Bureau Report: April 30
- LIURP Annual Energy Savings Impact Evaluation: April 30
- LIHEAP Leveraging Report: October 31

M. LIURP Needs Assessment

West Penn Power LIURP Needs Assessment - January 2015

| | |
|--|---------------|
| Total Residential Customers (November 2014) | 621,365 |
| Number of Customers Below 150% of Federal Poverty Income Guidelines (FPIG) | 172,091 |
| Percent of Residential Customers Below 150% of FPIG | 27.7% |
| Number Needing LIURP* | 115,422 |
| Estimated Number of Potential Program Participants** | 92,103 |
| Cost to Serve the Number Needing LIURP*** | \$404,516,376 |

* Excludes customers not expected to meet the 6,500 kWh LIURP annual usage threshold

* Excludes customers or homes already served by LIURP

** Assumes revised stay-out provision (5 vs. 7 years)

** Excludes a percentage of customers unwilling or unable to participate in LIURP

** Excludes customers expected to be served by Act 129

** Assumes Act 129 will be in place through 2018

*** Uses average cost per job throughout four-year plan period

West Penn currently projects there are about 92,103 potential LIURP participants, excluding lower- kWh energy users and previously served customers or homes. Also factored into the potential estimate of participants are the following as noted in general above:

- Some customers are unwilling or unable to participate in LIURP for a number of reasons, but the most common is landlords who don't return the WARM landlord agreement form.
- Other customers have or will receive energy conservation services through Act 129.
- A relatively small number of homes have structural problems where energy conservation service cannot be provided, because of pest infestations, other health and safety related problems or issues that are beyond the scope of the program.
- Some customers cite privacy concerns about having outsiders in their home, and others are reluctant to share documentation related to income.
- It is difficult for some low-income customers who work to make arrangements to be at home so services can be provided.
- While the Company contracts with a language translation firm for customer phone calls, language barriers can still make the provision of services by agencies and contractors more difficult.

- There are customers who simply do not endorse the concept of energy conservation, including some who are able to pay their bill in full and on time without participating in LIURP.

Note: A more complete Needs Assessment with estimates of low-income customers by county appears on page 31.

Summary of Proposed Program Additions and Modifications

Customer Assistance and Referral Evaluation Services (“CARES”)

Addition of CARES projections.

Dollar Energy Fund

The income level for grant eligibility has been increased from 200% to 250% of the Federal Poverty Income Guidelines.

Expense information will no longer be required.

Addition of Hardship Needs Assessment.

Gatekeeper

Implement Gatekeeper Program

Pennsylvania Customer Assistance Program (“PCAP”)

The following program modifications are included in this Plan for PCAP:

1. Changed name of Customer Assistance Program from LIPURP (Low Income Payment and Usage Reduction Program) to PCAP, Page 8.

2. Continued outreach to LIHEAP recipients and community agencies to increase participation.
3. Eliminated the need to be payment troubled with a delinquent account balance of at least \$50.
4. Increased maximum bill subsidy credit limits for electric and non-electric heat types, Page 10.
5. Eliminated the security deposit requirement, Page 16.
6. Included payment requirements for reentry into PCAP, Page 13.
7. Acknowledged retroactive debt forgiveness credits, Page 12.
8. Explained application and recertification process for customers reporting zero income at enrollment, Page 9.
9. Included Needs Assessment for Hardship Programs, Page 7.
10. Revised customer's energy bill burden, Page 10.
11. Revised bill subsidy credits to apply at time of billing, Page 10.
12. Implemented quarterly recalculations of bill subsidy credits, Page 10.
13. Required PCAP participants to participate in the Equal Payment Plan (EPP), Page 9.
14. Implemented payment counseling, Page 12.
15. Changed calculation of the monthly ask-to-pay amount. Page 10.
16. Eliminated the co-payment requirement for Debt Forgiveness component, Page 12.
17. Outlined payment settlement rules for excess customer payments. Page 15.

WARM Program

The following program modifications are included in this Plan for WARM:

1. The minimum threshold for customer participation will be lowered from 7,200 kWh annually to 6,500 kWh. See Section B, Page 18.
2. No minimum usage will be required for customer participation if agency/contractor is coordinating with Natural Gas Distribution Company (NGDC) LIURP or PA Weatherization Assistance Program. See Section B, Page 18.

3. Homes can be served again after five years with significant electric usage use or at FirstEnergy's discretion. Continuance of this policy will be dependent on positive annual evaluation results. See Section B, Page 18.
4. Increasing the Seasonal Allowance to align with contractor price increases. See Section D, Page 19.
5. Increasing the health and safety measure spending up to 50 percent of the seasonal allowance in order to proceed with air sealing and insulation. Continuance of this policy will be dependent on positive annual evaluation results. See Section D, Pages 19 & 20.
6. Implementing new technologies and services as they become more cost-effective and meet the regulatory-required seven- to twelve-year payback in energy savings. See Section E, Page 21.
7. As part of PA Act 129 programs, Home Energy Reports with customized messaging will be sent to identify low-income customers, including WARM participants. See Section F, Page 22.
8. The Company plans to change the focus of independent third-party inspections to a method based on 35 percent of total production. This method will result in the majority of inspections completed on homes that have electric heat, supplemental electric heating or air conditioning. See Section I, Page 23.
9. Continuing extensive computer system enhancements to make program administrative processes more efficient, including a complete rewrite of the main WARM tracking system. See Page 30.
10. Conducting a pilot for West Penn WARM customers to repair or replace their non-functioning fossil fuel heating systems, including electrical service upgrades as well as duct, flue and chimney repairs if required. The Company will serve up to 50 homes through this pilot by April 30, 2017. See Page 21.

Applied Technologies in Support of Universal Service Programs

The Company employs various technologies in the delivery of its Universal Service Programs, which greatly enhance their accessibility and effectiveness. Some of the more significant technologies are described below:

C-Net On-line Help System¹¹

C-Net provides the Company Customer Information Center ("CIC"), the Company's Collection Center Vendor, Expert Global Solutions, and the Human Services Department employees with detailed on-line information on Federal, State and Company Universal Service Programs.

Chronicles Case Management Software

Chronicles is an on-line, web-based case management tool that has been provided to a wide network of Community-Based Organizations, WARM contractors, the Dollar Energy Fund and the Company's Human Services Department employees. The software supports a holistic approach in the delivery of Company Universal Service Programs and Energy Conservation Programs by automatically matching household member demographic and financial information with available Federal, State and utility human services programs. Within this process, the Company's Universal Service and Energy Conservation Program application forms and the LIHEAP application form are automatically produced by Chronicles.

SAP

SAP is the Company's host computer system containing the customer master file.

Human Services Web Site

The Human Services Web Site allows community-based organizations administering the Company's low-income programs to easily obtain current customer billing, payment, energy use and other information without Customer Information Center or Human Services involvement. Entry to the site is password protected. Approximately 2,600 individuals representing almost 300 different organizations across FirstEnergy service territories take advantage of this tool.

WARM3

WARM3 is a web-based system used to assist inspectors, contractors and Company administrators in their management of WARM. Some of WARM3's features include:

- The ability to run in various Windows operating systems and browsers;
- User friendly screens that facilitate data entry;
- An invoice tool that allows contractors to invoice the Company electronically;
- Numerous reports and date fields to assist with job tracking, invoice payment, job inspections, and annual Commission-required program evaluation, etc.;
- A demographics panel where Commission-required demographics are housed;
- An automated post-completion customer survey letter;

¹¹ C-Net On-Line Help System is a Microsoft Office application called Sharepoint.

- Liberal text fields for documentation and communication among contractors, inspectors and the Company program managers; and
- The ability to attach audit, applications, material receipts, etc. and photos. This allows contractors, inspectors and the program managers to see and discuss the work (existing condition, best practices, missed opportunities, etc.) without inconveniencing the customer with future visits.

A complete rewrite of the WARM3 tracking system is being implemented to allow for more efficient program administration.

West Penn Power Company Universal Service Needs Assessment

Statistics Based Upon 2007 – 2011 and 2010 – 2012 American Community Surveys
 – U.S. Census Bureau

Estimated Residential Customers <150% of Poverty % to Total = 27.697%

Estimated Eligible Customers = 171,584

| County | Total Households | Households Under 150% of Poverty | Percent of Households Under 150% of Poverty | Res. Cust. | Estimated Residential Customers <150% of Poverty | Estimated Res. Cust. <150% of Poverty % to Total |
|--------------|------------------|----------------------------------|---|----------------|--|--|
| Adams | 37,919 | 8,775 | 23.14% | 1,533 | 355 | |
| Allegheny | 522,238 | 133,459 | 25.56% | 68,115 | 17,410 | |
| Armstrong | 26,735 | 6,469 | 29.47% | 30,041 | 8,853 | |
| Bedford | 20,570 | 6,661 | 32.38% | 4,107 | 1,330 | |
| Butler | 73,147 | 15,537 | 21.24% | 43,191 | 9,174 | |
| Cameron | 2,133 | 672 | 31.50% | 3,501 | 1,103 | |
| Centre | 57,266 | 19,766 | 34.55% | 51,620 | 17,835 | |
| Clarion | 16,027 | 5,978 | 37.30% | 9,003 | 3,358 | |
| Clinton | 16,287 | 5,124 | 33.52% | 2,580 | 865 | |
| Elk | 13,596 | 2,745 | 20.19% | 16,202 | 3,271 | |
| Fayette | 54,372 | 21,026 | 38.67% | 61,727 | 23,870 | |
| Franklin | 57,739 | 14,729 | 25.51% | 46,963 | 11,960 | |
| Fulton | 5,929 | 1,758 | 29.65% | 5,197 | 1,541 | |
| Greene | 14,222 | 4,499 | 31.63% | 16,550 | 5,235 | |
| Indiana | 34,652 | 12,754 | 36.83% | 1,372 | 505 | |
| Jefferson | 16,637 | 6,395 | 34.31% | 41 | 14 | |
| Lycoming | 45,933 | 14,661 | 31.92% | 484 | 154 | |
| McKean | 17,373 | 6,993 | 34.50% | 4,496 | 1,552 | |
| Potter | 7,196 | 2,544 | 35.35% | 2,610 | 923 | |
| Somerset | 29,626 | 9,114 | 30.75% | 236 | 73 | |
| Washington | 83,920 | 19,866 | 23.67% | 91,709 | 21,708 | |
| Westmoreland | 152,022 | 38,885 | 25.58% | 156,226 | 40,475 | |
| Total | 1,308,539 | 359,439 | 27.47% | 619,510 | 171,584 | 27.697% |

West Penn Power Universal Service Eligibility Criteria

| Program | Income Criteria | Other Criteria |
|---------|--|--|
| CAP | At or below 150% of Federal Poverty Income Guideline (FPIG) | <p>For both Monthly Bill Subsidy Credits and Debt Forgiveness Benefits:</p> <p>Residential account with an active account status; Total energy burden (most recent 12 months) greater than 3% (non-electric heat) or 9% (electric heat) of total gross household income to qualify for monthly bill subsidy credits and debt forgiveness benefits; Applicant/Ratepayer must reside at the service address (primary residence)¹²; If eligible, must agree to participate in the WARM Program (a LIURP Program); and If eligible, must agree to participate in PA LIHEAP – regardless of heat type. Must agree to participate in Equal Payment Plan.</p> <p>For Debt Forgiveness Benefits Only:</p> <p>Residential account with an active account status; Total energy burden (most recent 12 months) less than 3% (non-electric heat) or 9% (electric heat) of total gross household income to qualify for debt forgiveness benefits; Applicant/Ratepayer must reside at the service address (primary residence)¹³; If eligible, must agree to participate in the WARM Program (a LIURP Program); and If eligible, must agree to participate in PA LIHEAP – regardless of heat type. Must agree to participate in Equal Payment Plan.</p> <p>Participants may only have one residential account (primary residence) in their name at any given time, and only one account on PCAP at any given time.¹⁴</p> |
| LIURP | At or below 150% of Federal Poverty Income Guideline (FPIG); up to 20% of budget used for special needs customers at 151%-200% FPIG. | <p>Must reside at service address and have six months of consecutive electric service.</p> <p>Provide proof of ownership or secure landlord approval if renting.</p> <p>Minimum annual use of 6,500 kWh; 0 kWh for homes coordinated with state or gas.</p> <p>Home may receive services again after 5 years with significant use.</p> |

¹² Residency exception will be made for ratepayers assigned to active military duty.

¹³ Residency exception will be made for ratepayers assigned to active military duty.

¹⁴ Multiple account exceptions will be made for ratepayers living at a premises with multiple electric meters when they are occupying the entire premises, and when ratepayers move from one premises to another and have temporary concurrent service – 1 month maximum, and ratepayers with an outdoor light metered separately.

| | | |
|----------------------|--|--|
| <p>Hardship Fund</p> | <p>Total household income (gross) must be at or below 250% of the federal poverty income guidelines (exceptions will be made based on circumstances)</p> | <p>Residential single home or apartment</p> <p>Name on account must be an adult resident¹⁵</p> <p>Must have paid a minimum of \$150 on their account within the past 90 days (minimum of \$100 if over age 62)</p> <p>Account balance must be at least \$100 (senior citizens age 62 and over may have a \$0 balance, but not a credit balance) (exceptions will be made based on circumstances)</p> <p>Must provide income information</p> |
| <p>CARES</p> | <p>None</p> | <p>Payment-troubled customer experiencing a recent hardship such as:</p> <ul style="list-style-type: none"> -Serious illness or injury to a member of a household -Death of a wage earner -Marital or family problems -Handicapped or disabled person -Sudden loss of income to the household -Any customer 60 years of age or over requiring special assistance |

¹⁵ Residency exception will be made for ratepayers assigned to active military duty.

Universal Service Participant and Budget Projections – Program Years 2015, 2016, 2017 and 2018:

Under the assumption that the program modifications would be approved by the Commission, and given the time necessary for programming changes to be completed and implemented, West Penn determined that the modification would be effective at the beginning of 2016. With this new functionality, the methodology for determining and applying benefits such as Bill Subsidy Credits and Arrears forgiveness will result in a slightly higher overall cost from 2016 onward compared to previous year costs.

- 2015** - Projected 22,500 PCAP Participants at Year End
 - Projected 50 CARES participants
 - Projected 935 WARM Jobs

| Program Name | Detail of PCAP Components | Total Budget Amount | Percent of Budget | Average Cost per Participant |
|-----------------------------------|---------------------------|----------------------|-------------------|------------------------------|
| CARES | | \$ 3,500 | | |
| PCAP Administration | \$ 585,000 | | 2.84% | \$ 30 |
| PCAP Bill Subsidy Credits | \$ 16,448,600 | | 79.80% | \$ 756 |
| PCAP Debt Forgiveness | \$ 3,577,500 | | 17.36% | \$ 329 |
| Total PCAP | | \$ 20,611,100 | 100.00% | \$ 1,115 |
| Dollar Energy Fund Administration | | \$ 45,000 | | |
| Gatekeeper | | \$ 2,000 | | |
| WARM (LIURP) | | \$ 4,422,000 | | |
| Totals | | \$ 25,083,100 | | |

- 2016** - Projected 22,500 PCAP Participants at Year End
 - Projected 50 CARES participants
 - Projected 970 WARM Jobs

| Program Name | Detail of PCAP Components | Total Budget Amount | Percent of Budget | Average Cost per Participant |
|-----------------------------------|---------------------------|----------------------|-------------------|------------------------------|
| CARES | | \$ 3,500 | | |
| PCAP Administration | \$ 675,000 | | 2.84% | \$ 30 |
| PCAP Bill Subsidy Credits | \$ 16,554,200 | | 79.80% | \$ 756 |
| PCAP Debt Forgiveness | \$ 7,845,800 | | 17.36% | \$ 329 |
| Total PCAP | | \$ 25,075,000 | 100.00% | \$ 1,115 |
| Dollar Energy Fund Administration | | \$ 45,000 | | |
| Gatekeeper | | \$ 2,000 | | |
| WARM (LIURP) | | \$ 4,573,000 | | |
| Totals | | \$ 29,698,412 | | |

- 2017 - Projected 18,500 PCAP Participants at Year End
 - Projected 50 CARES participants
 - Projected 970 WARM Jobs

| Program Name | Detail of PCAP Components | Total Budget Amount | Percent of Budget | Average Cost |
|-----------------------------------|---------------------------|----------------------|-------------------|--------------|
| CARES | | \$ 3,500 | | |
| PCAP Administration | \$ 675,000 | | 2.84% | \$ 30 |
| PCAP Bill Subsidy Credits | \$ 16,554,200 | | 79.80% | \$ 756 |
| PCAP Debt Forgiveness | \$ 7,845,800 | | 17.36% | \$ 329 |
| Total PCAP | | \$ 25,075,000 | 100.00% | \$ 1,115 |
| Dollar Energy Fund Administration | | \$ 45,000 | | |
| Gatekeeper | | \$ 2,000 | | |
| WARM (LIURP) | | \$ 4,573,000 | | |
| Totals | | \$ 29,698,412 | | |

- 2018 - Projected 18,800 PCAP Participants at Year End
 - Projected 50 CARES participants
 - Projected 1,020 WARM Jobs

| Program Name | Detail of PCAP Components | Total Budget Amount | Percent of Budget | Average Cost |
|-----------------------------------|---------------------------|----------------------|-------------------|--------------|
| CARES | | \$ 3,500 | | |
| PCAP Administration | \$ 675,000 | | 2.84% | \$ 30 |
| PCAP Bill Subsidy Credits | \$ 16,554,200 | | 79.80% | \$ 756 |
| PCAP Debt Forgiveness | \$ 7,845,800 | | 17.36% | \$ 329 |
| Total PCAP | | \$ 25,075,000 | 100.00% | \$ 1,115 |
| Dollar Energy Fund Administration | | \$ 45,000 | | |
| Gatekeeper | | \$ 2,000 | | |
| WARM (LIURP) | | \$ 4,649,000 | | |
| Totals | | \$ 29,774,437 | | |

Conclusion

With the approval of this updated plan, the Company will offer its Universal Service and Energy Conservation Programs in compliance with applicable Commission and other requirements, including the following:

- 52 Pa. Code Chapter 56 (Standards and Billing Practices for Residential Utility Service).
- 66 Pa. C. S. §1401 et seq. (Responsible Utility Customer Protection Act – Chapter 14).
- 52 Pa. Code §§54.71-54.78 (Reporting Requirements for Universal Service and Energy Conservation Programs).
- 52 Pa. Code §§58.1-18 (regarding LIURP).
- CAP Policy Statement of July 25, 1992, Docket No. M-00920345.
- 66 Pa. C. S. §§2801 et seq. (Electricity Generation Customer Choice and Competition Act).
- Commission Universal Service and Energy Conservation Programs Guidelines, Docket No. M-00960890F0010 – July 10, 1997.
- Commission Universal Service and Energy Conservation Program Reporting Requirements, Docket No. L-00970130 – April 30, 1998.
- Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923 entered December 18, 2006.
- Joint Application of West Penn Company doing business as Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp. for a Certificate of Public Convenience under Section 1102(A)(3) of the Public Utility Code approving a change of control of West Penn Company and Trans-Allegheny Interstate Line Company, Docket Nos. A-2010-2176520, A-2010-2176732.
- NOTE: Previous 3-year plan attached as a separate attachment A.

The Company has a long history of leadership in the creation, development and implementation of Universal Service and Energy Conservation Programs. Some of the leadership initiatives that have been implemented are:

- Developing a Human Services Web Site;
- Installing the Chronicles Case Management Software;
- Developing the WARM LIURP tracking system;
- Enhancing both Chronicles and WARM3 to operate as web-based systems;
- Collaborating with the Pennsylvania Department of Human Services to make LIHEAP more accessible (via Chronicles);
- Requiring WARM implementation contractors to obtain BPI Certifications and having third-party quality assurance contractors obtain BPI Trainer certifications;
- Requiring Combustion Safety Testing for WARM participants' homes to ensure customer safety when the primary heating system is not electric;
- WARM Advisory Panel in place for more than 13 years;
- Universal Service Stakeholder Meetings; and
- Since 2001, added cooling load reducing measures to the WARM program and in 2013 added Heat Pump Water Heaters.

FirstEnergy will continue its commitment toward providing customer-focused, quality-driven and results-oriented Universal Service and Energy Conservation Programs.

Inquiries regarding this Report should be directed to:

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Email: mfrederick@firstenergycorp.com

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Fairmont, West Virginia 26554

Telephone: 304-367-3228
Email: lhowell@firstenergycorp.com

Lisa Watson, Manager – Compliance and Human Services

Human Services Department
1310 Fairmont Avenue
Fairmont, West Virginia 26554

Telephone: 304-367-3248
Email: lwatson@firstenergycorp.com

Attachment A

October 29, 2012

VIA FEDEX OVERNIGHT

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: West Penn Power Company; Docket No. M-2010-2207924
Second Amended Universal Service & Energy Conservation Plan

Dear Secretary Chiavetta:

Enclosed for filing please find an original copy of West Penn Power Company's Second Amended Universal Service & Energy Conservation Plan. This filing is made pursuant to the Final Order of the Public Utility Commission entered September 27, 2012 at the above-captioned docket.

This filing is made by FEDEX delivery and is deemed filed today pursuant to 52 Pa. Code §1.11.

Very truly yours,


John L. Munsch
Attorney

Enclosures

cc: David Mick – dmick@state.pa.us
Grace McGovern – gmcgovern@state.pa.us
Cyndi Page – cypage@pa.gov
Louise Fink-Smith – finksmith@state.pa.us

**Re: West Penn Power Company; Docket No. M-2010-2207924
Second Amended Universal Service & Energy Conservation Plan**

CERTIFICATE OF SERVICE

I certify that this 29th day of October, 2012, I have served a true and correct copy of the foregoing by first-class mail, postage prepaid, upon the following:

Office of Small Business Advocate
Commerce Bldg. Suite 1102
300 North Second St.
Harrisburg, PA 17101

Christy M. Appleby
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
400 North Street, 2nd Floor
Harrisburg, PA 17120

Harry S. Geller
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101


John L. Munsch
Attorney for
WEST PENN POWER COMPANY



Second Amended

Universal Service & Energy Conservation Plan

Program Years 2011, 2012 and 2013

October 29, 2012

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**West Penn Power, a FirstEnergy Company
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INTRODUCTION

West Penn Power Company's ("West Penn Power" or "Company") amended and updated Universal Service and Energy Conservation Plan filing is being provided to the Pennsylvania Public Utility Commission ("Commission") in accordance with 52 Pa. Code Chapter 54 Reporting Requirements for Universal Service and Energy Conservation Programs as published in the Pennsylvania Bulletin on August 8, 1998.

This plan, and previous plans, describe the Company's portfolio of Universal Service and Energy Conservation programs for Calendar Years 2011, 2012 and 2013, including program enhancements or modifications which will be adopted upon Commission approval.

COMPANY GOALS

Through the Low Income Payment & Usage Reduction Program ("LIPURP") and the Low Income Usage Reduction Program ("LIURP"), West Penn Power intends to ensure cost effectively that low-income, payment-troubled customers have access to affordable energy. The Company will work with eligible customers to:

- Establish affordable payment arrangements, which maintain electric service and guide customers towards self-sufficiency in paying their electric bill; and
- Provide assistance in reducing their energy consumption to a more affordable level.

West Penn Power's portfolio of Universal Service and Energy Conservation Programs, include:

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- Customer Assistance and Referral for Evaluation Services ("CARES");
- Dollar Energy Emergency Hardship Fund;
- Low Income Payment and Usage Reduction Program ("LIPURP"); and
- Low Income Usage Reduction Program ("LIURP").

The projected program budgets and number of participants are as follows:

| Program Name | Program Year | Projected Distribution Rate and Settlement Budgets | Projected Number of Participants |
|---|---------------------|---|---|
| LIPURP Administration and Benefits | 2011 | \$5,880,000 | 20,500 |
| | 2012 | \$5,880,000 | 20,500 |
| | 2013 | \$5,880,000 | 20,500 |
| LIURP Administration and Measures | 2011 | \$2,352,000 | 1,000 |
| | 2012 | \$2,552,000 | 1,100 |
| | 2013 | \$2,702,000 | 1,200 |
| CARES Administration | 2011 | \$ 65,000 | 100 |
| | 2012 | \$ 65,000 | 100 |
| | 2013 | \$ 65,000 | 100 |
| Dollar Energy Hardship Fund Administration | 2011 | \$ 45,000 | 1,000 |
| | 2012 | \$ 45,000 | 1,000 |
| | 2013 | \$ 45,000 | 1,000 |

The Company's needs assessment was based on the poverty percentages by county obtained from the 2000 U.S. Census Data listed in The State of the Child in Pennsylvania. Percentages were applied to the number of households in each county serviced by the Company. An additional resource was a summary that listed West Penn Power customers who had actually received low-income benefits.

The Company currently recovers \$8.082 million in distribution rates to fund its Universal Service and Energy Conservation Programs. Additional funding sources included in this Plan are a LIURP commitment under spend from program years 2008-2010, and additional LIPURP funding as a result of the Commission's approval of this provision in

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the Joint Petition for Partial Settlement in the FirstEnergy Corp. – Allegheny Energy, Inc., merger at Commission Docket Nos. A-2010-2176520 and A-2010-2176732.

PROGRAM ADMINISTRATION

Company employees and Dollar Energy Fund employees are utilized to administer West Penn Power's Universal Service and Energy Conservation Programs.

Company Employees – Universal Service & Energy Conservation Programs

These Company employees are located at one of the following offices:

General Office
76 South Main Street
Akron, Ohio 44308

Customer Service Center
1310 Fairmont Avenue
Fairmont, West Virginia 26554

Human Services Department
P. O. Box 16001
Reading, Pennsylvania 19612

Director, Customer Services – Kaye Julian

Manager, Compliance and Human Services – Marybeth Smialek

Supervisor, Human Services Energy Conservation Programs – Maria Frederick

Supervisor, Human Services Universal Service Programs – Lisa Watson

Company employees will coordinate all Universal Service Program activities and assist Dollar Energy Fund employees as needed. The toll free telephone number 1-800-207-1250 will be utilized for Universal Service enrollment and related program questions.

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Dollar Energy Fund Contract Employees – LIPURP

Dollar Energy Fund contract employees are available from 8:00 a.m. to 4:30 p.m., Monday through Friday, excluding holidays. These contract employees are located at West Penn Power's Customer Service Center – 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601

Lead Representative – (1)

Universal Service Representatives Full Time – (9)

Dollar Energy Fund Contract Employees –LIURP

These employees are located at FirstEnergy's office:

Customer Service Center
800 Cabin Hill Drive
Greensburg, Pennsylvania 15601

Program Manager – (1)

Program Coordinator – (1)

Program Assistant – (1)

Customer Service Representatives – (4)

QA Inspector – (1)

Use of Community-Based Organizations (“CBOs”)

West Penn Power will continue the use of CBOs for the daily administration of Universal Service and Energy Conservation Programs. CBOs will perform weatherization services, income verification, program applications, grant making and referrals to other assistance

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programs. Agencies include, but are not limited to, the Dollar Energy Fund, Inc., Community Action Agencies, Salvation Army Corps and Catholic Charities.

West Penn Power and Dollar Energy will select contractors for the LIURP Program, and will be responsible for providing training and related materials. Each contractor providing weatherization services will be required to sign a contract with West Penn Power or Dollar Energy. West Penn Power and/or Dollar Energy have the right to terminate a contractor if contract requirements are not met.

Upon receipt of an approved participant's demographic survey, a contractor will perform an audit of the customer's home, provide energy conservation education, make recommendations for installation, and install electric space heating, electric water heating, or base load measures as outlined in the LIURP section of this Plan and in compliance with signed contracts with the weatherization contractors. For quality control and the safety of our customers, LIURP field auditors will provide inspection services. West Penn Power and Dollar Energy employees will be responsible for all other services related to LIURP, including but not limited to, prescreening, and referrals to other agencies.

Dollar Energy Contract employees located at the Greensburg Service Center will have access to West Penn Power's SAP System, Human Services Web Site, Chronicles case management system and various software applications as required to complete the tasks associated with Universal Service Programs.

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LOW INCOME PAYMENT & USAGE REDUCTION PROGRAM

The Low Income Payment and Usage Reduction Program ("LIPURP" or "CAP") will provide customers with monthly subsidy benefits and arrearage forgiveness credits. A participating low-income, payment-troubled customer will be required to make a monthly payment based on percentage of income payment plan ("PIPP"), or an established minimum payment which is based on usage and household occupancy. However, the monthly CAP payment cannot exceed a customer's projected monthly budget billing calculation. Payments applied to cover monthly customer obligation charges will be obtained from the customer, Low Income Home Energy Assistance Program ("LIHEAP") cash and crisis assistance, and Dollar Energy Fund grants. Funds to cover the monthly shortfall will be covered by monthly CAP supplemental grants. The Arrearage Forgiveness Component will provide credits for the elimination of preprogram and post-program balances ("co-payment balance"),¹ in response to customer payments. An additional \$5.00 a month payment is required to be paid by the customer toward their co-payment balance. Applicants will be provided with a detailed explanation of the Company's programs along with referrals to other applicable assistance programs.

¹ Includes pre-enrollment outstanding balances and annual consumption bill balances that exceed maximum bill subsidy limits. Does not include past-due participant payment obligations.

**West Penn Power, a FirstEnergy Company
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Eligibility

- Total gross household income at or below 150% of the federal poverty income guidelines;
- Be payment troubled with a delinquent account balance of at least \$50;
- Residential account with an active account status;
- Applicant/Ratepayer must reside at the service address (primary residence);
- If eligible, must agree to participate in the LIURP Program; and
- If eligible, must agree to participate in PA LIHEAP – regardless of heat type.

Exemptions

A household may be exempt from control features if one or more of the following conditions exist:

- The household experienced the addition of a family member;
- A member of the household experienced a serious illness;
- Energy consumption was beyond the household's ability to control;
- The household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption;
- Energy consumption estimates have been based on consumption of a previous occupant.

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Percent of Income Payment Plan

LIPURP participants will be placed on a percent of income payment plan ("PIPP") which does not exceed the individual participant's monthly budget billing calculation. Three poverty levels and related percent of income payment percentages will be established as follows:

| % Of Poverty Level | Less than 50% | 51% - 100% | 101% - 150% |
|---------------------------|----------------------|-------------------|--------------------|
| Heating | 13% | 16% | 17% |
| Water Heating | 8% | 12% | 14% |
| Base-load | 5% | 6% | 7% |

Supplemental Grants

Non-Electric Heat Accounts - Maximum Supplemental Grant = \$560 Annually

Electric Heat Accounts – Maximum Supplemental Grant = \$1,400 Annually

Participant Co-Payment

An additional \$5 monthly payment toward the co-payment balance is required in addition to the minimum monthly payment.

Minimum Monthly Payment Amounts

Minimum monthly payment amounts, regardless of income level, will be \$50 for heating, \$30 for water heating, and \$25 for base-load.

Arrearage Forgiveness

Arrearage Forgiveness Component credits will be awarded to program participants in response to in-full monthly payments. Currently when payment is made on current charges, the customer will be eligible to receive a two percent reduction to their CAP co-payment balance. Effective, September 2013, when payment is made on current

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charges, the customer will be eligible to receive a 1/36th reduction to their CAP co-payment balance.

Participant and Budget Projections

| Program Year | 2011 | 2012 | 2013 |
|---------------------------------|-------------|-------------|-------------|
| Enrollment | 20,500 | 20,500 | 20,500 |
| Distribution Rate Budget | \$5,880,000 | \$5,880,000 | \$5,880,000 |

Pending Commission approval, the CAP budgetary financial challenges created by a long standing line item budget contained within Distribution Rates and the absence of a Universal Service Cost Rider will be managed by including \$1,618,572 In Low Income Usage Reduction Program ("LIURP") under spending (2008 to 2010 Program Years) with the Distribution Rate Budget of \$5,880,000 for 2011, 2012 and 2013 as needed.

Electric Heat Customers

All eligible electric heating customers will be required to apply for and be in receipt of a LIHEAP benefit in order to participate in CAP. LIHEAP assistance grants received by the Company for customers will be applied to customers' monthly obligation amount, including past due and current charges. If LIHEAP credit remains after the customer obligation is satisfied, the remaining credit will apply to future bills. If needed, heating customers will also be encouraged to apply for Dollar Energy Fund grants and/or other benefits as available.

Base Load and Water Heat Customers

Base load and water heating customers will be strongly encouraged to apply for LIHEAP, Dollar Energy Fund grants and other benefits as available. Failure to apply for these grants is not a condition to continue participation in the CAP program.

Customer payments, LIHEAP Cash and Crisis grants and Dollar Energy Fund grants will first be applied to customers' monthly obligation amounts, including past due and current charges. Any resulting credit from overpayment of current charges will apply to

West Penn Power, a FirstEnergy Company
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future current charges. Customers will be provided with supplemental benefit amounts to cover their monthly shortfall. While maintaining electric service with an affordable payment, customers will be guided towards self-sufficiency in paying their electric bills.

Customer Responsibility

The initial application and subsequent annual recertification of customers in the program is required prior to enrollment or continued participation in the program. In addition, any missed CAP payments will also be required prior to being re-enrolled in the new program year. Customers may apply and recertify over the telephone. The benefits and requirements of the program will be provided to the customers. However, the Company reserves the right to require in-person verification at qualified agency locations when one of the following situations exists:

- Arrearage in excess of \$1,000;
- Questionable household occupancy size;
- Questionable or zero household income;
- Customer not in receipt of other eligible programs; or
- Other reasons as determined.

Customers are encouraged to call throughout the program year if their income or household size has changed. If this causes a change in the payment amount, the monthly CAP payment will be subject to change. Any outstanding payment required prior to notification/verification of a change in household income and/or household size is the responsibility of the customer and must be paid as originally required by the Company.

In addition, the participant must agree to any additional requirements or actions resulting from modifications to the program. The Company anticipates most changes or modifications will occur at recertification.

West Penn Power, a FirstEnergy Company
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Control Features

Customers will not be allowed to participate in LIPURP if they are unwilling to:

- Provide authorization for income verification or proof of income; and/or
- Make regular monthly payments.

Default Provisions

Participants will be subject to removal from the program for any of the following reasons:

- Failure to Recertify;
- Misrepresentation of Household Circumstances;
- Failure to Permit Scheduled Meter Reading;
- Refusal to Accept Weatherization (Except for Compelling Reasons);
- Refusal to Accept Program Changes;
- Meter Tampering;
- Self Reconnection of Service;
- Unreasonable and/or Increased Consumption Post LIURP Measures; or
- Failure to Make Monthly CAP Payments / Pattern of Returned Checks.

Stay-Out Provisions

A one-year stay-out provision will be in effect for the following reasons:

- Customer requests to be removed from the program to avoid termination of electric service;
- Customer requests to be removed from CAP to benefit from lower bills when a current bill for actual usage is less than the CAP payment amount;
- Customer tampers with electric meter; or
- Customer self reconnects electric service.

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Energy Conservation and Education

Energy education efforts will be directed toward high use and LIURP customers in an effort to change the participants' attitudes toward conservation and thus gain control of their energy usage and reduce their monthly bills. Depending on their needs, customers may receive an energy audit of their home and free weatherization through LIURP or PA Act 129 Low Income Programs.

Customers are encouraged to conserve electric consumption while enrolled in CAP. CAP customers may be subject to removal from the program as a result of unreasonable and/or increased usage.

Shopping With Alternate Suppliers

LIPURP participants will be allowed to shop with alternate suppliers,² but must select the consolidated EDC bill option with the electric generation supplier.

² This enhancement will require computer programming and will not be ready for implementation until the integration of Allegheny Energy companies into the FirstEnergy Computer Enterprise System, SAP.

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LOW INCOME USAGE REDUCTION PROGRAM (“LIURP”)

The goal of the LIURP program is to achieve bill reduction through usage reduction. West Penn Power has provided usage reduction measures to heating, water heating, and base load low-income customers for many years. Participants are provided energy education and usage reduction measures in an effort to reduce their consumption.

Needs Assessment

A Needs Assessment was done in order to determine a projected number of customers and associated costs for those customers who may qualify for weatherization services. Census Data was used in order to determine the percentage of low-income population in the Company's service territory. Based on census data, approximately 154,000 households in the Company's service territory are below 150% of the federal poverty income guidelines. This number includes all households as follows.

- Occupants who pay an electric bill and reside in a single family dwelling or side by side duplex (Eligible for LIURP);
- Occupants who pay an electric bill and benefited from LIURP measures within the past seven years. (Not eligible for LIURP);
- Occupants whose electric bill is included in their rent (Not eligible for LIURP); and
- Occupants who reside in an apartment building (Not eligible for LIURP).

Funding and Production

West Penn Power is required to spend \$2.202 million per year under the commitments made by West Penn Power at Commission Docket Nos. R-00973981 and R-00039022. In addition, this Plan includes incremental LIURP spending provided for as a provision

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in the Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Energy merger at Commission Docket Nos. A-2010-2176520 and A-2010-2176732 as was approved by the Commission's order in those proceedings entered March 8, 2011. Those incremental amounts are \$150,000 in 2011; \$350,000 in 2012; and \$500,000 in 2013. This Plan also addresses providing additional measures per home and the reallocation of the LIURP under spending of \$1,618,572 from the 2008 – 2010 Program Years to the LIPURP.

Past years' under spending of LIURP funds is attributed to the following:

- Department of Community and Economic Development (DCED) jobs leveraged shows American Recovery and Reinvestment Act (ARRA) funds spent to cover a majority of the installed measures in lieu of spending West Penn Power LIURP dollars;
- Minimal leveraged jobs with DCED when jobs came directly to DCED for comprehensive measures; and
- Addition of a PA Act 129 Program, namely the Joint Utility Usage Management Program (JUUMP) which also serves customers up to 150% of the federal poverty level and provides comprehensive measures.

Please note that not all factors listed above should be viewed as a negative. The sole purpose in doing so is to show that there are other funding sources available for low-income energy conservation and weatherization work.

**West Penn Power, a FirstEnergy Company
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The following Budget and Production Targets have been established for LIURP program years 2011 – 2013.

Budget

| Budget | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------|--------------------|--------------------|--------------------|
| | \$2,352,000 | \$2,552,000 | \$2,702,000 |

Production Targets

| <u>Type of Job</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------|--------------------|--------------------|--------------------|
| Heating | 500 | 550 | 600 |
| Water Heating | 400 | 450 | 500 |
| Baseload | 100 | 100 | 100 |

There are currently 11 Community Action Agencies and 4 private contractors who perform the measures.

Eligibility

Customer eligibility is determined using a number of factors including income level and usage. Customer's household income must be below 150% of the federal poverty income guidelines ("FPIG"). Customers who qualify under the income guidelines also must have an average usage of approximately 600 kWh per month or 7,200 kWh annually. Priority is given to those customers with the highest usage and arrearages. It should be noted that eligibility criteria will be periodically reviewed. All criteria will be subject to adjustment, as needed, to insure the program is as effective as possible.

PA Act 129 Low Income Programs also serves customers up to 150% of the FPIG. Upon application the customer will be enrolled in the program that provides the most energy savings benefit. The Company offers a PA Act 129 Program called the Joint Utility Usage Management Program ("JUUMP"). This program is a partnership with gas companies that also serves West Penn Power customers who would otherwise be eligible to participate in the LIURP Program. The JUUMP Program offers all measures

**West Penn Power, a FirstEnergy Company
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currently offered in LIURP as well as those measures offered by the natural gas companies.

The Company's goal is to maximize the number of customers eligible to participate in the JUUMP program thus serving those customers in JUUMP as opposed to the Company's LIURP Program. The coordination of both electric and natural gas saving measures combined in one job under JUUMP is both efficient and effective.

Special Needs

A Special Needs customer is defined as a customer experiencing a hardship who has an arrearage and/or high usage with the covered utility and whose household income is between 150% and 200% of the FPIG.

Given the inclusion of the JUUMP Program, it is expected that customers up to 150% of the FPIG will be better served in JUUMP by benefiting from both electric and gas saving measures. In addition, LIURP spending will further be reduced as it is intended to increase program leveraging with DCED. Therefore, given the effort to meet the needs of customers up to 150% of the FPIG by being able to leverage programs and other funding sources to better serve these customers a greater portion of LIURP funding will be used to serve households with incomes between 150% and 200% of the FPIG.

Control Features

Customers refusing to provide authorization for income verification will be ineligible for LIURP.

**West Penn Power, a FirstEnergy Company
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Customer Responsibility

Customers will be instructed on how to apply for all available weatherization services offered by the county or the state weatherization agency if they meet the eligibility requirements and every effort will be made to coordinate programs. It will be the customer's responsibility to apply for the free services.

Participants must accept the energy education component of the program. Energy education is expected to positively influence customers' usage and thus make electric bills more affordable. To assist the Company in tracking monthly usage, participants must agree to allow access to their electric meter for scheduled bimonthly meter readings.

Should the applicant refuse to agree to any of the components of the program, the application for LIURP will be denied.

Referral

Customers will be referred to LIURP and all available programs from the Company's Customer Service Center, Universal Service Center, Social Service Agencies, the Commission, and individuals. Targeted outreach and community presentations are also used to inform customers about the program as well as cross-marketing with Act 129 programs.

Provisions of Program Services

Once a customer is selected to receive usage reduction measures, a job complete with demographic survey will be forwarded to the contractor. Upon receipt of the approved participant demographic survey, the contractor will schedule an energy audit to evaluate

**West Penn Power, a FirstEnergy Company
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the customer's home and to determine the usage reduction measures that will be installed under LIURP. West Penn Power has a \$5,000 "soft cap," and will explore the possibility of putting guidelines in place that will link spending on the home to individual customer past electric consumption. Measures will be installed as outlined below and in compliance with signed contract references.

In addition, any reasonable repair needed to make installed measures effective will be permitted. Any repair believed necessary to prevent a hazardous or unhealthy situation will be considered an incidental repair.

LIURP is divided into three program segments:

- Electric Space Heating;
- Electric Water Heating; and
- Base Load.

Electric Space Heating - Customers residing in single-family dwellings, mobile homes and duplexes (side by side homes), which are individually metered and have electric as their primary heating source. Customer may not have participated in West Penn Power's LIURP program within the past seven years. While this list is not comprehensive, qualifying participants may receive any of the following measures:

Water Heater Jacket
Pipe Insulation
Energy Efficient Lighting
Attic, Ceiling, Floor, Duct, or Wall Insulation
Infiltration Reduction
Storm Windows
Prime Windows (mobile homes)
Exterior Doors
Water Heater Tank Replacement
Refrigerator Replacement
Energy Education

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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Electric Water Heating - Customers residing in single-family dwellings, mobile homes and duplex (side by side homes), which are individually metered and heat their water with electric and have not participated in the Company's LIURP program within the past seven years. While this list is not comprehensive, qualifying participants may receive any of the following measures:

Water Heater Jacket
Pipe Insulation
Energy Efficient Lighting
Attic, Ceiling, Floor, Duct, or Wall Insulation
Infiltration Reduction
Storm Windows
Prime Windows (mobile homes)
Exterior Doors
Water Heater Tank Replacement
Refrigerator Replacement
Energy Education

Base Load - Customers residing in single-family dwellings, mobile homes and duplex (side-by-side homes) whose primary heating and water-heating source is something other than electricity and have not participated in the Company's LIURP program within the past seven years. While this list is not comprehensive, qualifying participants may receive any of the following measures:

Compact Fluorescent Lamps
Refrigerator Replacement
Waterbed Replacement
Energy Education

Energy Conservation and Education

Energy education efforts will emphasize changing the participants' attitudes toward conservation and thus gaining control of their energy usage and reducing their monthly

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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bills. Every customer enrolled in the LIURP program will receive energy conservation education. Customers whose consumption increases post LIURP measures are subject to removal from the LIPURP Program.

Quality Control

The Universal Service Field Auditors will inspect 10% of all jobs and 50% of jobs completed by new contractors. The Company will pay for recommended measures installed based upon a preset payment schedule.

CARES PROGRAM

Overview and Objectives

The Customer Assistance and Referral for Evaluation Services ("CARES") Program is a special service for West Penn Power customers who are unable to pay their electric bills due to a temporary hardship and provides customers assistance on a short-term basis. CARES customers are afforded some time during which to have their hardship addressed by seeking assistance and other benefits. Special payment arrangements may be made to assist the customer on a temporary basis, or if eligible, the customer is enrolled into West Penn Power's LIPURP program and will not remain in CARES.

Based upon the customer's circumstances, West Penn Power's Specialist makes referrals to social agencies and provides information on appropriate Company and/or external programs to assist the customer.

In addition to providing assistance to needy customers, the Company Specialist also performs the task of strengthening and maintaining a network of community organizations and government agencies that can provide services to their customers.

West Penn Power, a FirstEnergy Company
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The program is designed to work with customers on a personal basis through phone conversations, energy education, financial management training, and/or proper social agency referrals.

Program Design

The CARES Program provides a casework approach to help customers secure energy assistance funds and other needed funding and services. Those services may include referrals to social agencies or programs. CARES Referrals are made by the Company's Customer Service Representatives, the Commission, the customer, and social service agencies. All referrals are directed to the Company's Universal Services group for review to determine if the customer needs further assistance through the CARES Program. If the customer is income eligible, the customer will be enrolled into LIPURP.

Reasons for Referral are:

- Serious Illness or Injury to Member of Household
- Death of Primary Wage Earner
- SSI or Disability Recipient
- Low Income Elderly
- Low Income Single Parent
- Loss of Income to Household
- Marital or Family Problems
- Loss of Unemployment Benefits
- High Medical Bills
- Mental Health Disability

The Company contacts the customer to further assess the customer's situation and works with the customer to alleviate the problem. The customer is made aware of the agencies and services available to assist them. Also, a customer may be referred to food banks and Tri-State Food Share, consumer credit counseling, job centers, and the

**West Penn Power, a FirstEnergy Company
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Office of Vocational Rehabilitation if unable to return to former job due to health reasons.

Each case is monitored for progress. Further assistance is offered as necessary, but the customer is expected to maintain payment obligations. When CARES has helped to minimize or eliminate the hardship, the customer is released from the program because they no longer need help.

Eligibility

There are no income guidelines to qualify for the CARES Program. The CARES eligible customer must be payment-troubled and experiencing a temporary hardship.

Networking

For the CARES program to be effective it is necessary for the Company to maintain a strong network of agencies and a strong knowledge of available assistance programs. This relationship allows the Company to help make proper referrals to meet customers' needs. Through interaction with agency personnel, through mailings and personal phone calls, the Company has established and maintained a sound relationship with social agencies and other utility companies.

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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DOLLAR ENERGY EMERGENCY HARDSHIP FUND

Overview and Objectives

West Penn Power participates in the Dollar Energy Emergency Hardship Fund to provide cash assistance to utility customers to help them pay their utility bills. The Dollar Energy Fund makes payments directly to the Company on behalf of eligible customers. Contributions from shareholders, utility employees and customers are primary sources of funding for this program. Hardship funds provide assistance grants to customers who still have a critical need for assistance after other resources have been exhausted. The Dollar Energy Fund has been helping to make basic utilities more affordable for people with fixed or limited incomes. Individuals apply once a year for each utility and are not expected to pay the grants back.

Dates of Operation

The Fund accepts applications in accordance with pre-established account status guidelines, or as long as funds remain available. Program dates are as follows:

- | | |
|----------------------------------|---|
| - October 1 through November 30 | - Service Terminated or Pending Termination |
| - December 1 through January 31 | - Service Terminated |
| - February 1 through February 28 | - Service Terminated or Pending Termination |
| - March 1 through September 30 | - Open to All Customers*; or - Service Terminated or Pending Termination; or - Service Terminated; or - Closed |

* pending availability of funds

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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Maximum Grant Amount

One maximum grant of \$500 may be awarded to a customer during a program year.

Eligibility Guidelines

- Residential single home or apartment;
- Name on account must be an adult resident;³
- Total household income (gross) must be at or below 200% of the federal poverty; income guidelines (exceptions will be made based on circumstances);
- Must have paid a minimum of \$150 on their account within the past 90 days (minimum of \$100 if over age 62);
- Account balance must be at least \$100 (senior citizens age 62 and over may have a \$0 account balance, but not a credit balance) (exceptions will be made based on circumstances);
- Must provide income and expense information.

Note: The Dollar Energy Fund is a “fund of last resort” with regard to the Pennsylvania Low Income Home Energy Assistance Program (“LIHEAP”). Customers must first apply for LIHEAP through the Pennsylvania Department of Public Welfare, when available, and must first participate in LIPURP, when eligible.

³ Residency exception will be made for ratepayers assigned to active military duty.

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ("LIHEAP")

1. LIHEAP helps eligible customers on low or limited incomes pay their heating bills through energy assistance grants. A customer does not have to have an unpaid bill to receive energy assistance. The Department of Public Welfare ("DPW") administers LIHEAP and establishes dates in which LIHEAP is available. There are two components of the LIHEAP Program – Cash grant and Crisis grant. To be eligible for a LIHEAP Cash grant a customer must be responsible for home heating costs and meet Federal Poverty Income Guidelines. To qualify for a LIHEAP Crisis grant a customer must be experiencing an energy emergency. Various efforts, such as bill inserts, letters, phone calls and customer referrals are attempted to encourage customers to pursue the LIHEAP funds when available. All LIHEAP grant dollars will be applied to customer payment obligations, including past due and current charges. If LIHEAP credit remains after the customer obligation is satisfied, the remaining credit will apply to future bills.⁴

⁴ These LIHEAP cash settlement rules were implemented prior to the 2011-2012 LIHEAP Program Year.

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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SUMMARY OF PROGRAM ENHANCEMENTS

Low Income Payment & Usage Reduction Program ("LIPURP" or "CAP")

1. Increase Percent of Income Payment Plan amount for Electric-Heat accounts for the 51% -100% of Poverty Level to 16%, which is the maximum permitted in the PA Policy statement;
2. Apply all LIHEAP grant dollars to customers' payment obligations;
3. Effective September 2013, change arrearage forgiveness component credit from 2% to 1/36th;
4. In addition to the Distribution Rate Budget of \$5,880,000, include \$1,618,572 in Low Income Usage Reduction Program ("LIURP") under spending (2008 to 2010 Program Years) to 2011, 2012 and 2013 as needed; and
5. Allow CAP participants to shop with alternate suppliers (effective April 2012).

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
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Low Income Usage Reduction Program (LIURP)

1. Move \$1,618,572 in LIURP under spending (2008 to 2010 Program Years) to the 2011 through 2013 LIURP Distribution Rate Budgets;
2. Include incremental LIURP spending of \$150,000, \$350,000 and \$500,000 in years 2011, 2012 and 2013, respectively provided for as a provision in the Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Energy merger at Docket Nos. A-2010-2176520 and A-2010-2176732 as was approved by the Commission's order in those proceedings entered March 8, 2011;
3. Decrease usage eligibility guidelines from 667 kWh per month or 8,000 kWh annually, to 600 kWh per month or 7,200 kWh annually; and
4. Provide a greater portion of the LIURP budget for customers with household incomes between 150% and 200% of the federal poverty income guidelines.

Customer Assistance and Referral Evaluation System Program (CARES)

No enhancements or modifications are planned.

Hardship Funds

No enhancements or modifications are planned.

Low Income Home Energy Assistance Program (LIHEAP)

Apply all LIHEAP grant dollars to customers' payment obligations.

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
Program Years 2011, 2012 and 2013**

CONCLUSION

Through Universal Service Programs, such as LIPURP, LIURP, CARES, Dollar Energy Fund and LIHEAP, the Company intends to ensure cost effectively that payment-troubled customers on a limited or fixed income have access to affordable energy.

With the approval of this updated plan, the Company will offer its Universal Service and Energy Conservation Programs in compliance with applicable Commission and other requirements, including the following:

- Chapter 56, Standards and Billing Practices for Residential Utility Service;
- 66 Pa. C. S. §1401 et seq. (Responsible Utility Customer Protection Act – Chapter 14);
- 52 Pa. Code §§54.71-54.78 – Reporting Requirements for Universal Service and Energy Conservation Programs;
- 52 Pa. Code §§58.1-18 (regarding LIURP);
- CAP Policy Statement of July 25, 1992, Docket No. M-0092034;
- Electricity Generation Customer Choice and Competition Act of December 3, 1996, 66 Pa. C. S. §§2801, et seq;
- Commission Universal Service and Energy Conservation Programs Guidelines, Docket No. M-00960890F0010 – July 10, 1997;
- Commission Universal Service and Energy Conservation Program Reporting Requirements, Docket No. L-00970130 – April 30, 1998;
- Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923 entered December 18, 2006; and
- Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Merger at Docket Nos. A-2020-2176520 and A-2010-2176732 as approved by the Commission order entered March 8, 2011.

**West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
Program Years 2011, 2012 and 2013**

PLAN INQUIRIES DIRECTORY

Inquiries regarding this Plan should be directed to:

Marybeth Smialek, Manager – Compliance and Human Services

FirstEnergy Customer Service
P. O. Box 16001
Reading, Pennsylvania 19612-6001
Telephone: 610-921-6023
Email: msmialek@firstenergycorp.com

John L. Munsch
Attorney

724-838-6210
Fax: 234-678-2370

January 11, 2013

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Petition of West Penn Power Company for Waiver of Regulations at 52 Pa. Code §§54.74 and 54.76 and to Establish New Due Dates for Universal Service and Energy Conservation Plan and Third-Party Impact Evaluation; Docket No.

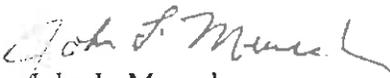
Dear Secretary Chiavetta:

Enclosed for filing please find the Petition of West Penn Power Company for Waiver of Regulations at 52. Pa. Code §§54.74 and 54.76 and to Establish New Due Dates for its Universal Service and Energy Conservation Plan and for its Third-Party Impact Evaluation.

Copies of the Petition have been served on parties in the manner indicated on the attached Certificate of Service.

Please contact me with any questions regarding this matter.

Very truly yours,


John L. Munsch
Attorney

Enclosure

cc: Grace L. McGovern – Bureau of Consumer Services
David Mick – Bureau of Consumer Services
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of West Penn Power Company :
for Waiver of Regulations at 52 Pa. :
Code §§54.74 and 54.76 and to Establish : Docket No. _____
New Due Dates for Universal Service :
and Energy Conservation Plan and :
Third-Party Impact Evaluation :**

**PETITION OF WEST PENN POWER COMPANY FOR WAIVER
OF REGULATIONS AT 52 PA. CODE §§54.74 AND 54.76 AND TO
ESTABLISH NEW DUE DATES FOR UNIVERSAL SERVICE
AND ENERGY CONSERVATION PLAN
AND THIRD-PARTY IMPACT EVALUATION**

West Penn Power Company (“West Penn”) requests that the Pennsylvania Public Utility Commission (“Commission”) approve West Penn’s request for a partial waiver of the due dates at Sections 54.74 and 57.76 of the Commission’s regulations, 52 Pa. Code §§54.74 and 54.76, to allow West Penn to file its Universal Service and Energy Conservation Plan and its Third-Party Impact Evaluation one year later than currently due to make West Penn’s reporting due dates parallel to the other three FirstEnergy Corp. operating utilities in Pennsylvania. This Petition is filed pursuant to Section 5.43 of Commission regulations, 52 Pa. Code §5.43, relating to waiver of Commission regulations. In support of its Petition West Penn submits as follows:

1. West Penn is a Pennsylvania electric distribution company (“EDC”) subject to Commission regulation. West Penn’s principal place of business is 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601. West Penn is a subsidiary of FirstEnergy Corp.

2. West Penn's attorney authorized to receive service of notices and communications on West Penn's behalf in this matter is:

John L. Munsch
PA Attorney I.D. No 31489
First Energy Service Company
800 Cabin Hill Drive
Greensburg, PA 15601
(724) 838-6210
jmunsch@firstenergycorp.com

3. Section 54.74 of the Commission's regulations, 52 Pa. Code §54.74, provides that EDCs shall submit to the Commission for approval an updated Universal Service and Energy Conservation Plan every three years. Pennsylvania EDCs are on a staggered schedule for submitting their Universal Service and Energy Conservation Plans. In the event that West Penn's Petition to extend due dates is not approved, West Penn's next Universal Service and Energy Conservation Plan would be due February 28, 2013, pursuant to Commission Order entered May 1, 1998 at Docket No. L-00970130. Consequently, West Penn requests expeditious approval of its Petition to extend due dates.

4. Section 54.76 of the Commission's regulations, 52 Pa. Code §54.74, provides that each EDC shall have an independent third-party evaluation conducted of the EDC's Universal Service and Energy Conservation programs and provide a report of findings and recommendations to the Commission. The Third-Party Impact Evaluations are to be submitted at no more than six year intervals. Pennsylvania EDCs are on a staggered schedule for submitting third-party evaluations. In the event that West Penn's Petition to extend due dates is not approved, West Penn's next Third-Party Impact

Evaluation would be due October 31, 2015, pursuant to Commission Order entered May 1, 1998, at Docket No. L-00970130.

5. The FirstEnergy Corp. EDC subsidiaries in Pennsylvania, in addition to West Penn, are Metropolitan Edison Company (“Met-Ed”), The Pennsylvania Electric Company (“Penelec”), and Pennsylvania Power Company (“Penn Power”).

6. The next Universal Service and Energy Conservation Plans of Met-Ed, Penelec and Penn Power are each due for submission to the Commission by the date of February 28, 2014.

7. The next Third-Party Impact Evaluations of Met-Ed, Penelec and Penn Power are each due for submission to the Commission by the date of October 31, 2016.

8. In order to capture cost savings and synergies among the four FirstEnergy Corp. subsidiary EDCs in the preparation and submission of their Universal Service and Energy Conservation Plans, and in the contracting of a third-party evaluator for preparation and submission of their Third-Party Impact Evaluations, West Penn submits that the due date of West Penn’s Universal Service and Energy Conservation Plan and the due date of its Third-Party Impact Evaluation be changed to run parallel to those of Met-Ed, Penelec and Penn Power. West Penn further submits that altering the due dates would allow for cost savings and employee efficiency and would be consistent with the reasoning of the Commission’s Order approving the merger of FirstEnergy Corp. and West Penn’s former parent corporation, Allegheny Energy, Inc. In that Order the Commission recognized that the merger approval “will give the combined company the operational flexibility to share best practices and to make the most productive use of all available resources” Further, the Commission stated that the merger “will generate

synergies and result in overall aggregate cost saving opportunities [t]he synergies that will accrue to the Pennsylvania over time should, at least in part, offset the increasing cost of providing regulated retail utility service and, thereby, may reduce the size of future rate increase requests.”¹

9. West Penn’s current amended Universal Service and Energy Conservation Plan was filed with the Commission on October 29, 2012, at Docket No. M-2010-2207924 and its most recent Third-Party Impact Evaluation was submitted July 29, 2010. The recent nature of West Penn’s amended Universal Service and Energy Conservation Plan and its Third-Party Impact Evaluation further supports extending the submissions for one year to make their next submission due dates parallel to those of Met-Ed, Penelec and Penn Power. Further, the parallel application of due dates will help obtain cost savings anticipated in the merger Order. For example, the next Third-Party Impact Evaluations for the four EDCs will likely be conducted by the same independent third-party evaluator. Finally, the parallel application of due dates will enhance the administrative efficiency of the Commission in reviewing the four companies’ submissions.

10. West Penn’s portfolio of universal service and energy conservation programs for 2014 – the year of the requested extension for the Plan -- will continue to include:

- Customer Assistance and Referral for Evaluation Services (“CARES”);
- Dollar Energy Emergency Hardship Fund;
- Low Income Payment and Usage Reduction Program (“LIPURP”); and
- Low Income Usage Reduction Program (“LIURP”).

¹ Opinion and Order entered March 8, 2011, at Docket Nos. A-2010-2176520 and A-2010-2176732, pp. 13 and 19.

The projected program budgets and number of participants for 2013 as previously filed and for 2014 are as follows:

| Program Name | Program Year | Projected Distribution Rate and Settlement Budgets | Projected Number of Participants |
|---|---------------------|---|---|
| LIPURP Administration and Benefits | 2013 * | \$ 5,880,000 | 20,500 |
| | 2014** | \$12,519,000 | 22,500 |
| LIURP Administration and Measures | 2013 | \$2,702,000 | 1,200 |
| | 2014*** | \$3,402,000 | 1,400 |
| CARES Administration | 2013 | \$ 65,000 | 100 |
| | 2014 | \$ 65,000 | 100 |
| Dollar Energy Hardship Fund Administration | 2013 | \$ 45,000 | 1,000 |
| | 2014 | \$ 45,000 | 1,000 |

* 2013 projections of existing plan reflect amounts in base rates.

** 2014 projections reflect actual costs and participation levels as agreed upon in the Joint Petition for partial settlement of the merger of FirstEnergy Corp. and Allegheny Energy, Inc. entered March 8, 2011, at Docket Nos. A-2010-2176520, A-2010-2176732

*** For 2014, as agreed upon in the Joint Petition for partial settlement of the merger at Docket Nos. A-2010-2176520 and A-2010-2176732 West Penn's LIURP weatherization program will utilize increased merger funding of \$1.2 million above the \$2.202 million annual level of spending.

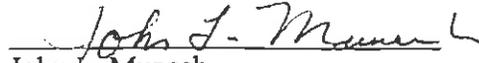
WHEREFORE, West Penn Power Company respectfully requests that the Pennsylvania Public Utility Commission waive the due dates contained in Sections 54.74 and 57.76 of the Commission's regulations, 52 Pa. Code §§54.74 and 54.76, for the submission of West Penn Power Company's next Universal Service and Energy Conservation Plan and next Third-Party Impact Evaluation. Further, West Penn Power Company requests that the Commission enter an Order approving this Petition and directing that the due date for the submission of West Penn Power Company's next

Universal Service and Energy Conservation Plan shall be February 28, 2014, and that the due date of West Penn Power Company's next independent Third-Party Impact Evaluation shall be October 31, 2016.

Respectfully submitted,

January 11, 2013

By:


John L. Munsch
PA Attorney I.D. No 31489
First Energy Service Company
800 Cabin Hill Drive
Greensburg, PA 15601
(724) 838-6210
jmunsch@firstenergycorp.com

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of West Penn Power Company :
for Waiver of Regulations at 52 Pa. :
Code §§54.74 and 54.76 and to Establish : Docket No. _____
New Due Dates for Universal Service :
and Energy Conservation Plan and :
Third-Party Impact Evaluation :**

VERIFICATION

I, John L. Munsch, hereby state that I am an Attorney representing West Penn Power Company, I am authorized to submit this Verification on behalf of West Penn Power Company, that the facts set forth above in the Petition for Waiver are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsifications to authorities.

Date: January 11, 2013



John L. Munsch

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of West Penn Power Company :
for Waiver of Regulations at 52 Pa. :
Code §§54.74 and 54.76 and to Establish : Docket No. _____
New Due Dates for Universal Service :
and Energy Conservation Plan and :
Third-Party Impact Evaluation :**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code §§1.54 (relating to service by a participant) and 5.43.

Service by First Class Mail, as follows:

Bureau of Consumer Services
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Tanya J. McCloskey, Esq.
Acting Consumer Advocate
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120

Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Dated: January 11, 2013


John L. Munsch
PA Attorney I.D. No 31489
FirstEnergy Service Company
800 Cabin Hill Drive
Greensburg, PA 15601
(724) 838-6210
jmunsch@firstenergycorp.com



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE REFER
TO OUR FILE

P-2013-2342756

February 14, 2013

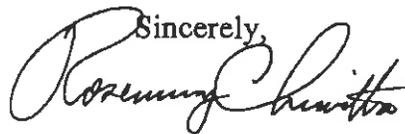
John L. Munsch
FirstEnergy Service Company
800 Cabin Hill Drive
Greensburg, PA 15601

RE: Petition of West Penn Power Company for Waiver of Regulations at 52 Pa. Code §§ 54.74 and 54.76 and to Establish New Due Dates for Universal Service and Energy Conservation Plan and Third-Party Impact Evaluation; Docket No. P-2013-2342756

Dear Mr. Munsch

The Commission has received West Penn Power Company's (WPP) January 11, 2013 petition for waiver of Sections 54.74 and 54.76 of Commission regulations, 52 Pa. Code §§ 54.74 and 54.75, and the accompanying request to establish new due dates for WPP's Universal Service and Energy Conservation Plan and its Third-Party Impact Evaluation (Plan and Evaluation). The Commission will act on the petition at a later date. Please do not file WPP's Plan or its Evaluation until the Commission acts on the petition and establishes new due dates for the filings.

If you have any questions, please contact either Grace McGovern in the Commission's Bureau of Consumer Services, gmcgovern@pa.gov 717-783-2067, or Louise Fink Smith, in the Commission's Law Bureau, finksmith@pa.gov or 717-787-5000.

Sincerely,


Rosemary Chiavetta

cc: Louise Fink Smith, Law Bureau
Certificate of service

FEB 19 2013

**Community-Based Organizations
Attachment B**

| West Penn Community Based Organizations | | | | |
|---|------------|--------------------------|-------------|--|
| Name | CAP | CAP County Served | WARM | WARM County Served |
| ACTION-Housing | | | X | Allegheny, Greene, Washington |
| Armstrong County Community Action Agency | | | X | Armstrong |
| C. Driscoll Positive Energy Consulting | | | X | Fayette, Greene, Washington, Westmoreland |
| Center for Community Action | | | X | Bedford, Fulton, Somerset |
| Central PA Community Action, Inc. | | | X | Centre, Clinton |
| Dollar Energy Fund | X | All Counties | | |
| EIC/Comfort Home | | | X | All Counties |
| Housing Authority of the County of Butler | | | X | Butler |
| Hranec Insulation Corporation | | | X | Allegheny, Fayette, Greene, Washington, Westmoreland |
| Mincin Insulation | | | X | Allegheny, Fayette, Washington |
| Northern Tier Community Action Corporation | | | X | Cameron, Elk, McKean, Potter |
| Redevelopment Authority County of Fayette (RACF) | | | X | Fayette |
| South Central Community Action, Inc. | | | X | Adams, Franklin |
| Taylor Construction | | | X | Allegheny, Armstrong, Butler, Greene, Fayette, Washington |
| TEAZ, Inc. | | | X | Fayette, Greene, Washington |
| Westmoreland County Weatherization Program | | | X | Westmoreland |