Penelec®
A FirstEnergy Company

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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: Pennsylvania Electric Company; Docket No. M-2014-2407730
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 Pennsylvania Electric Company's Universal Service & Energy Conservation Plan for the years 2015 through 2018.

Very truly yours,

John L. Munsch
Attorney

Enclosures

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Re: Pennsylvania Electric Company; Docket No. M-2014-2407730
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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PENNSYLVANIA ELECTRIC COMPANY

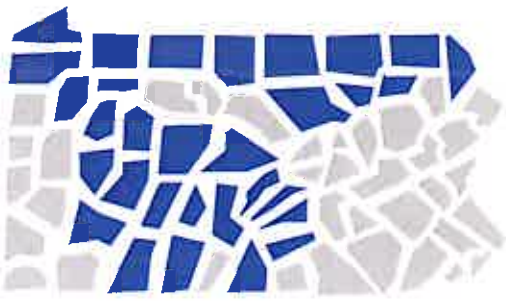
FirstEnergy®

Human Services

Universal Service & Energy Conservation Plan

Program Years 2015, 2016, 2017 and 2018

Pennsylvania Electric Company



Amended Plan
June 17, 2015

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Introduction

Pennsylvania Electric Company's ("Penelec" 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 Programs[2] 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, Inc. – Pittsburgh
2. Community Action Committee of the Lehigh Valley – Bethlehem
3. Community Action Partnership of Cambria Co. - Johnstown
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 Program - 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 as directed in the order. The Company may file for an extension of the timelines if necessary.

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, Company employees and 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:

o October 1 through November 30	- Service Terminated or Pending Termination
o December 1 through January 31	- Service Terminated
o February 1 through February 28	- Service Terminated or Pending Termination
o 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 resident[3]
- 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

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

is excluded

G. Needs Assessment for Hardship Fund:

Penelec Hardship Needs Assessment		
FPL	**2013**	**2014**
201 - 250 %	4,061	4,139
151-200%	7,434	7,466
< 150%	36,911	37,550
Total	48,406	49,155

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")

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.
  The company plans to implement this change on or before October 2016.

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.
  The company plans to implement this change on or before October 2016.

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

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.

- 1st Preference
  - CBO Interviews
    - Used for processing participant enrollments and recertifications.
- 2nd Preference
  - Telephone Interviews
    - Used for processing participant enrollments and recertifications.
- 3rd Preference
  - WARM Program Referrals
    - Customers referred to appropriate CBO.
    - Used for processing participant enrollments 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.

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[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.

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	x 3% of income
	= $ 495

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

Annual Electric Bill	$ 1,020 (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	$ 495
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	x 9% of income
	= $ 1,485

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

Annual Electric Bill	$ 2,200 (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	$ 1,485
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.

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 [7] of 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 service[8].

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

  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

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[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."

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 Re-entry into PCAP

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

1. Refusing to participate in WARM (LIURP) if eligible (re-entry is dependent on completion of WARM program in addition to payment requirement below).
2. Failing to re-certify as scheduled, or upon request (re-entry is dependent on completion of re-certification procedures in addition to payment requirement below).
3. Establishing multiple residential electric service accounts (re-entry only after all other active accounts have been closed, in addition to payment requirement below).[9]
4. Theft of service (re-entry prohibited for 6 months in addition to payment requirement below).
5. Other actions deemed to be intentional and fraudulent (re-entry prohibited for 6 months in addition to payment requirement below).
6. Failure to apply for LIHEAP and direct benefits to Penelec when main source of heating is electric (re-entry 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 failure to make monthly CAP payments/pattern of returned checks (re-entry in accordance with payment requirement below).
8. Refusal to participate in Equal Payment Plan.

[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.

Payment Requirement for re-entry:

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,

To recertify, PCAP participants will be required to submit the appropriate details of income and household members as requested by the administering agency, either verbally, in person, by U.S. Mail or by FAX, as deemed necessary by the administering agency or Company representatives.

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.

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 for the daily administration of Universal Service and Energy Conservation Programs referenced in Attachment A of this plan. CBOs will perform energy conservation 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 community-based organizations for the purposes of performing program intake and re-certification activities.

K. Quality Assurance Provisions

During each calendar year, a representative of the Company, or its designee shall audit each of the CBOs referenced in Attachment A of this Plan, for the purpose of verifying that proper administrative processes have been performed in support of Pennsylvania Customer Assistance Program (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.
- Intake Sheet Completed.
- Account Status Document Reviewed.
- Pre-Screen Performed.
- Appointments Entered Into Chronicles As Appropriate.
- 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 total of 24 for CBOs processing a large number (500 or more) of PCAP applications and recertifications, and 12 for CBOs processing a small number (500 or less).

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 (5) – 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 Penelec WARM program has expanded significantly from its inception. This is evident when comparing the first full program year spending of more than $1.1 million in 1989 to the Company's proposed spending in 2018 of over $6 million.

In addition, the Penelec WARM program has served approximately 35,700 homes since its inception. During 2014 to 2018, the Company plans to serve an additional 11,350 homes, bringing the total number of homes completed to more than 47,000.

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 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 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 community-based organizations and contractors who are already working with customers on other programs.

Since 2004, as customers have met with community-based organizations to enroll in the PA Customer Assistance Program (PCAP), WARM applications have been automatically generated by the Chronicles Case Management System for those customers who were eligible for WARM. The Chronicles System is used to match household member demographic and financial information with available assistance programs. The majority of WARM participants also participate in PCAP. 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% 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 seven- to twelve-year regulatory payback requirement are also encouraged. Agencies and contractors provide one-year warrantees on most measures; manufacturers may provide additional warrantees.

- 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, 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.

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
Customer Accounting Associate

(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

H. Program Delivery Community Partnership

The Company contracts with a network of community-based organizations and energy conservation contractors referenced in Attachment A 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 plans to 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.

For the past thirteen years, the Company has had 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 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	$5,114,000	2,255
2016	$5,536,000	2,270
2017	$5,978,000	2,285
2018	$6,387,000	2,300

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 Companies plan to strive to meet the participant goals as stated in the original plans 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

Penelec LIURP Needs Assessment - January 2015

Total Residential Customers (November 2014)	499,759
Number of Customers Below 150% of Federal Poverty Income Guidelines (FPIG)	166,193
Percent of Residential Customers Below 150% of FPIG	33.3%
Number Needing LIURP*	105,565
Estimated Number of Potential Program Participants**	85,052
Cost to Serve the Number Needing LIURP***	$214,756,300

* 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

Penelec currently projects there are about 85,052 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

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Gatekeeper Program

There are no proposed additions or modifications in this Plan for the Gatekeeper Program.

PA Customer Assistance Program ("PCAP")

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

1. PCAP participants are required to recertify annually, Page 14.

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 20.

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 22.

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 28.

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 System (Lotus Notes)[10]

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.

[10] C-Net On-Line Help System is a Microsoft Office application called Sharepoint.

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 System

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;
- 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.

Penelec Universal Service Eligibility Criteria

Program	Income Criteria	Other Criteria
CAP	At or below 150% of Federal Poverty Income Guideline (FPIG)	For both Monthly Bill Subsidy Credits and Debt Forgiveness Benefits: 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)[11]; 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 For Debt Forgiveness Benefits Only: 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 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 Participants may only have one residential account (primary residence) in their name at any given time, and only one account on LIPURP at any given time.[13]
LIURP	At or below 150% of Federal Poverty Income Guideline (FPIG); up to 20% of budget used for special needs	Must reside at service address and have six months of consecutive electric service. Provide proof of ownership or secure landlord approval if renting.

[11] Residency exception will be made for ratepayers assigned to active military duty.
[12] Residency exception will be made for ratepayers assigned to active military duty.
[13] 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.

	customers at 151%-200% FPIG.	Minimum annual use of 6,500 kWh; 0 kWh for homes coordinated with state or gas weatherization. Home may receive services again after 5 years with significant use.
Hardship Fund	Total household income (gross) must be at or below 250% of the federal poverty income guidelines (exceptions will be made based on circumstances)	Residential single home or apartment Name on account must be an adult resident[14] 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
CARES	None	Payment-troubled 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 -Any customer 60 years of age or over requiring special assistance.

[14] Residency exception will be made for ratepayers assigned to active military duty.

Pennsylvania Electric 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 = 33.265%
Estimated Eligible Customers = 166,438

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
Armstrong	28,735	8,468	18.44%	100	18	
Bedford	20,570	6,661	38.34%	9,979	3,826	
Blair	50,990	6,807	35.93%	48,451	17,408	
Bradford	24,103	8,086	33.55%	19,747	6,625	
Cambria	58,197	18,331	31.50%	56,034	17,651	
Centre	57,266	19,786	34.55%	4,409	1,523	
Clarion	16,027	5,978	37.30%	4,926	1,837	
Clearfield	32,158	10,797	33.57%	29,916	10,043	
Crawford	35,042	12,230	34.90%	22,292	7,780	
Cumberland	95,126	17,198	18.08%	5,128	927	
Erie	109,522	35,585	32.49%	105,133	34,158	
Forest	1,990	747	37.54%	3,498	1,313	
Franklin	57,739	14,729	25.51%	5,048	1,288	
Huntington	16,992	4,929	29.01%	11,552	3,351	
Indiana	34,652	12,764	36.83%	23,000	8,471	
Jefferson	18,637	6,395	34.31%	14,274	4,897	
Juniata	9,321	3,163	33.93%	716	243	
Lycoming	45,933	14,661	31.92%	749	239	
McKean	17,373	5,993	34.50%	14,318	4,940	
Mifflin	18,947	7,530	39.74%	19,121	7,599	
Perry	18,231	4,410	24.19%	990	239	
Potter	7,196	2,544	35.35%	2,550	901	
Somerset	29,626	9,114	30.76%	26,925	8,282	
Sullivan	2,438	891	36.55%	2,933	1,072	
Susquehanna	17,001	5,171	30.42%	11,912	3,624	
Tioga	17,039	5,906	34.66%	10,747	3,725	
Venango	22,956	7,774	33.86%	18,849	6,382	
Warren	17,046	5,298	31.08%	14,956	4,648	
Wayne	19,521	6,095	31.22%	3,013	941	
Westmoreland	152,022	38,885	25.58%	2,040	522	
Wyoming	10,852	3,031	27.93%	7,034	1,965	
Total	1,063,248	309,957	29.15%	500,340	166,438	33.265%

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

2015 - Projected 24,850 PCAP Participants at Year End
- Projected 50 CARES participants
- Projected 2,255 WARM Jobs

Program Name	Detail of PCAP Components	Total Budget Amount	Percent of Budget	Average Cost per Participant
CARES		$ 3,500		
PCAP Administration	$ 2,112,250		10.30%	$ 85
PCAP Bill Subsidy Credits	$ 16,276,750		79.39%	$ 655
PCAP Debt Forgiveness	$ 2,112,250		10.30%	$ 85
Total PCAP		$ 20,501,250	100.00%	$ 825
Dollar Energy Fund Administration		$ 75,000		
Gatekeeper		$ 2,000		
WARM (LIURP)		$ 5,114,000		
Totals		$ 25,695,750		

2016 - Projected 25,200 PCAP Participants at Year End
- Projected 50 CARES participants
- Projected 2,270 WARM Jobs

Program Name	Detail of PCAP Components	Total Budget Amount	Percent of Budget	Average Cost per Participant
CARES		$ 3,500		
PCAP Administration	$ 2,142,000		10.30%	$ 85
PCAP Bill Subsidy Credits	$ 16,506,000		79.39%	$ 655
PCAP Debt Forgiveness	$ 2,142,000		10.30%	$ 85
Total PCAP		$ 20,790,000	100.00%	$ 825
Dollar Energy Fund Administration		$ 75,000		
Gatekeeper		$ 2,000		
WARM (LIURP)		$ 5,536,000		
Totals		$ 26,406,500		

2017 - Projected 25,600 PCAP Participants at Year End
- Projected 50 CARES participants
- Projected 2,285 WARM Jobs

Program Name	Detail of PCAP Components	Total Budget Amount	Percent of Budget	Average Cost
CARES		$ 3,500		
PCAP Administration	$ 2,176,000		10.30%	$ 85
PCAP Bill Subsidy Credits	$ 16,768,000		79.39%	$ 655
PCAP Debt Forgiveness	$ 2,176,000		10.30%	$ 85
Total PCAP		$ 21,120,000	100.00%	$ 825
Dollar Energy Fund Administration		$ 75,000		
Gatekeeper		$ 2,000		
WARM (LIURP)		$ 5,978,000		
Totals		$ 27,178,500		

2018 - Projected 26,000 PCAP Participants at Year End
- Projected 50 CARES participants
- Projected 2,300 WARM Jobs

Program Name	Detail of PCAP Components	Total Budget Amount	Percent of Budget	Average Cost
CARES		$ 3,500		
PCAP Administration	$ 2,210,000		10.30%	$ 85
PCAP Bill Subsidy Credits	$ 17,030,000		79.39%	$ 655
PCAP Debt Forgiveness	$ 2,210,000		10.30%	$ 85
Total PCAP		$ 21,450,000	100.00%	$ 825
Dollar Energy Fund Administration		$ 75,000		
Gatekeeper		$ 2,000		
WARM (LIURP)		$ 6,387,000		
Totals		$ 27,917,500		

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.

- Cost recovery of Universal Service Program costs via the Company's tariff Rider D Universal Service Cost Rider as approved by the Commission's Order at Docket No. R-00061366 entered January 11, 2007.

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;
- Creation of Universal Service Advisory Panels; 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.

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Community-Based Organizations
Attachment A

Penelec Community Based Organizations				
Name	CAP	CAP County Served	WARM	WARM County Served
Bill Busters, Inc			X	Blair
Blair County Community Action	X	Blair	X	Blair
Catholic Charities	X	Cambria, Blair		
Center for Community Action	X	Bedford, Fulton	X	Bedford, Fulton
Central PA Community Action – Clearfield	X	Clearfield	X	Centre, Clearfield
Central PA Community Action – Houtzdale	X	Clearfield	X	Centre, Clearfield
Central PA Community Action – Philipsburg	X	Centre, Clearfield	X	Centre, Clearfield
Community Action Partnership of Mercer County	X	Crawford		
Community Action Partnership of Cambria County	X	Cambria	X	Cambria
Community Action, Incorporated	X	Clarion, Jefferson	X	Clarion, Jefferson
Dollar Energy Fund	X	All Counties		
EIC/Comfort Home			X	All Counties
Erie County Housing Authority	X	Erie (County)	X	Erie (County)
Greater Erie Community Action Committee (GECAC)	X	Erie (City)	X	Erie (City)
Indiana County Community Action Program (ICCAP)	X	Armstrong, Indiana, Westmoreland		
New Hope Ministries – Dillsburg	X	Cumberland		
New Hope Ministries – Mechanicsburg	X	Cumberland, Perry		
Northern Tier Community Action Corp.	X	McKean	X	McKean, Potter
Northwest PA Weatherization	X	Crawford	X	Crawford
SEDA-Council of Governments			X	Mifflin
Shelter Services, Inc.	X	Juniata, Mifflin		
Solair Energy, Inc.			X	Tioga, Bradford, Sullivan
South Central Community Action Programs			X	Franklin, Cumberland
St Martin's Center	X	Erie (City)		
Tableland Services, Inc.	X	Somerset	X	Somerset
TREHAB – Dushore	X	Lycoming, Sullivan	X	Lycoming, Sullivan
TREHAB – Honesdale	X	Wayne	X	Wayne
TREHAB – Mansfield	X	Lycoming	X	Lycoming
TREHAB – Montrose	X	Susquehanna	X	Susquehanna
TREHAB – Towanda	X	Bradford	X	Bradford
TREHAB – Wellsboro	X	Tioga	X	Tioga
Venango Office of Economic Opportunity – Crawford	X	Crawford		
Venango Office of Economic Opportunity - Franklin	X	Venango		
Warren Forest Counties Economic Opportunity Council	X	Forest, Warren	X	Forest, Warren
Weatherization, Inc.	X	Huntingdon, Juniata, Mifflin	X	Huntingdon