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**E-File**

October 27, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

**RE: PPL Electric Utilities Corporation's Proposed Universal Service and Energy Conservation Plan for 2017-2019, Docket Nos. M-2016-2554787 and M-2013-2367021**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is PPL Electric's Petition for Reconsideration in the above captioned proceeding. This Petition was previously submitted on October 20, 2017. The prior filing inadvertently contained an additional document that was not intended to be part of the Petition. The enclosed document is a clean version of PPL Electric's Petition.

If you have questions, please contact me directly (610/774-4254) or Melinda Stumpf, PPL Electric's Manager-Regulatory Programs & Business Services, at 484/634-3297.

Sincerely,

Amy E. Hirakis

Amy E. Hirakis

Enclosure

cc: Mr. Joe Magee
Ms. Sarah Dewey
Ms. Louise Fink-Smith
Certificate of Service

**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|---|---|---|
| PPL Electric Utilities Corporation | : | |
| Universal Service and Energy | : | Docket No. M-2016-2554787 |
| Conservation Plan for 2017-2019 | : | |
| Submitted in Compliance with 52 Pa. Code | : | |
| § 54.74 | : | |

**PETITION OF PPL ELECTRIC UTILITIES CORPORATION FOR RECONSIDERATION OF THE ORDER ENTERED OCTOBER 5, 2017**

PPL Electric Utilities Corporation ("PPL Electric" or the "Company"), pursuant to Section 703(g) of the Public Utility Code, 66 Pa.C.S. § 703(g), and Section 5.572 of the Pennsylvania Public Utility Commission's ("Commission") regulations, 52 Pa. Code § 5.572, hereby files this Petition requesting reconsideration of the Commission's Order issued October 5, 2017, at Docket No. M-2016-2554787 (hereinafter, the "*October 5, 2017 Order*"). In the *October 5, 2017 Order*, the Commission directed PPL Electric to revise its 2017-2019 Universal Service and Energy Conservation Plan ("USECP") with certain modifications and changes identified in the order. Pertinent to this Petition, the *October 5, 2017 Order* directs the Company to, among other things, file and serve a verified accounting report that explains how OnTrack arrearage co-payments have been applied since the inception of the program and the amount of arrearage co-payments paid by OnTrack customers after they have achieved full arrearage forgiveness. *See October 5, 2017 Order* at 38-39. Reconsideration of the Order is warranted and appropriate for several reasons.

First, the *October 5, 2017 Order* overlooks that these OnTrack arrearage co-payments have been part of and consistently applied since at least PPL Electric's 2004-2006 USECP approved by the Commission in 2003. *See PPL Electric Utilities Corporation 2004-2006*

*Universal Service and Energy Conservation Plan*, Docket No. M-00031698 (Order issued June 13, 2003). In that USECP approved by the Commission, it was fully disclosed that a $5 co-payment for arrearage forgiveness would be added to all OnTrack payment methods. There was nothing in PPL Electric's 2004-2006 USECP that provided that the $5 co-payments would only apply to OnTrack customers with a pre-program arrearage balance. PPL Electric has consistently followed this practice in each of its Commission-approved USECPs. These co-pay amounts have consistently been credited as a reduction to the CAP shortfall recovered through the Company's CAP Surcharge. Absent those co-pays and credits, the CAP Shortfall recovered through the CAP Surcharge would have been greater.

Second, the statement on page 36 of the Order that "PPL has never disclosed that it continues to charge this arrearage co-payment even after all pre-program arrears have been forgiven" is without record support. The Commission should grant reconsideration and reopen the record for further investigation of prior disclosures, particularly given, as noted above, the original USECP placed no condition on continued collection of the $5 co-payment.

Third, the *October 5, 2017 Order* seeks detailed information about the OnTrack arrearage co-payments "since the inception of the program." As explained above, the OnTrack arrearage co-payments have consistently been applied since at least the 2004-2006 USECP approved by the Commission. The OnTrack arrearage co-payments were automatically added and included on all OnTrack customer bills. Other than the billing records, PPL Electric did not maintain a separate accounting treatment for the OnTrack arrearage co-payments. Importantly, pursuant to the Company's document retention policy, PPL Electric's billing and collection records only go back six years (i.e., as of the date of this filing, the records go to November 2011). PPL Electric simply does not have the data and accounting records to provide the requested historical information since the inception of the OnTrack program.

Fourth, the Company is unable to provide a verified accounting report on the amount of co-payments paid by OnTrack customers after they have achieved full arrearage forgiveness. A verified accounting report is a report generated from a sub-ledger system that can be tied back to the general ledger. However, PPL Electric's accounting of OnTrack customer payments does not maintain a separate sub-ledger accounting of co-pays. The $5 amount is part of a customer's total payment and is not tracked separately. However, PPL Electric is able to provide, based upon its billing records, a best estimate of the amount of co-payments billed to OnTrack customers after they have achieved full arrearage forgiveness, subject to the six-year document retention policy identified above.

These new and novel issues have not been addressed in this proceeding. For these reasons, as more fully explained below, PPL Electric respectfully requests that the Commission grant reconsideration. In support thereof, PPL Electric states as follows:

## I. INTRODUCTION

1. In compliance with Commission regulations, PPL Electric submitted its proposed 2017-2019 USECP on June 30, 2016. PPL Electric served the Office of Consumer Advocate ("OCA"), the Pennsylvania Utility Law Project ("PULP"), and the Commission's Bureau of Investigation and Enforcement ("I&E").

2. PPL Electric's proposed 2017-2019 USECP contains four major components that help low income customers maintain utility service. The four major components are as follows: (1) the OnTrack program, PPL Electric's Customer Assistance Program ("CAP"), which provides discounted rates for low-income residential customers; (2) the Winter Relief Assistance

Program ("WRAP"), PPL Electric's Low Income Usage Reduction Program ("LIURP"), which provides weatherization and usage reduction services to help low-income customers reduce their utility bills; (3) the Operation Help, PPL Electric's Hardship Fund, which provides financial assistance to customers with annual incomes at or below 200% of the FPIG who are unable to pay the full amount of their energy bills due to a temporary hardship; and (4) the Customer Assistance and Referral Evaluation Services ("CARES") Program, which provides referral services and account credits for customers experiencing a temporary hardship.

3. Pertinent to the pending Petition, prior to the proposed 2017-2019 USECP, PPL Electric's OnTrack program restricted enrollment to low-income customers with arrearages. In the 2017-2019 USECP, PPL Electric proposed to eliminate the payment arrearage requirement, which means that low-income customers may now enroll in OnTrack without a pre-program arrearage balance. *Proposed 2017-2019 USECP* at 63. However, the proposed 2017-2019 USECP proposed to continue the long-standing practice of including a monthly $5 arrearage co-payment for all OnTrack payment options. *Proposed 2017-2019 USECP* at 5.

4. On April 6, 2017, the Commission entered a Tentative Order requesting additional information. The Tentative Order indicated issues that required further attention on the record and requested comments on the proposed 2017-2019 USECP.

5. PPL Electric provided supplemental information in comments filed on April 26, 2017.

6. On May 3, 2017, the Commission issued a Secretarial Letter (May 3 Secretarial Letter) clarifying some of the information requested in the Tentative Order. Pertinent to the pending Petition, the May 3 Secretarial Letter asked PPL Electric to clarify its OnTrack arrearage co-payment policy and identify when and by what method this charge is removed from

a customer's monthly OnTrack payment when the pre-program arrearage is completely forgiven, and whether customers now newly eligible to enroll in OnTrack with no overdue balance will be charged the monthly $5 arrearage co-payment. *May 3 Secretarial Letter* at 3.

7. PPL Electric filed further comments in response on May 18, 2017, and May 25, 2017. CAUSE-PA and OCA individually filed comments on June 7, 2017. CAUSE-PA, OCA, and PPL Electric individually filed reply comments on June 22, 2017.

8. In its comments, PPL Electric explained that the $5 monthly co-payment will continue to be included in all OnTrack payment plans regardless of the existence (or non-existence) of any pre-program arrearages. The only exception would be if the customer's OnTrack payment would be capped at 16% of household income. *PPL Electric May 18 Comments* at 7-8.

9. The OCA also supported maintaining the $5 co-payment in the calculation of OnTrack bills. *OCA Reply Comments* at 4.

10. In the *October 5, 2017 Order*, the Commission directed PPL Electric to revise its 2017-2019 USECP with certain modifications and changes identified in the order. Pertinent to this Petition, the *October 5, 2017 Order* directed the Company to (1) eliminate the $5 arrearage co-payment for OnTrack accounts with no pre-program arrearage balance and (2) apply the $5 monthly arrearage co-payment only to a pre-program arrearage balance for the account for which it was paid. *October 5, 2017 Order* at 38. The *October 5, 2017 Order* also directed PPL Electric provide the following additional information related to OnTrack arrearage co-payments:

> Within 60 days of the entry date of this Order, we direct PPL to file and serve a verified accounting report at this docket which explains how arrearage co-payments have been applied since the inception of the program and how this payment works in conjunction with OnTrack monthly arrearage forgiveness. The accounting report should also identify the amount of arrearage co-

> payments paid by OnTrack customers after they have achieved full arrearage forgiveness, broken out by year and month since the inception of the program, identifying both the number of customers and the amounts paid. The data should not be customer-specific.
>
> We also direct PPL to include with this accounting report an explanation about how its $5 monthly arrearage co-payment is communicated to customers upon enrollment into OnTrack; including all relevant educational documents and letters. Further, PPL should include examples of how the arrearage co-payment and arrearage forgiveness were delineated on customer bills. Stakeholders are invited to submit comments on this information within fifteen (15) days after PPL's filing deadline. Reply comments may be filed within ten (10) days thereafter.

*October 5, 2017 Order* at 37-38 (footnotes omitted)

11. PPL Electric herein respectfully requests that the Commission reconsider and modify portions of its *October 5, 2017 Order*.

## II. <u>THE STANDARD FOR GRANT OF RECONSIDERATION HAS BEEN MET.</u>

12. The Commission's standards for granting reconsideration following final orders are set forth in *Duick v. Pennsylvania Gas and Water Co.*, 56 Pa. P.U.C. 553, 559 (1982):

> A petition for reconsideration, under the provisions of 66 Pa.C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard we agree with the Court in the Pennsylvania Railroad Company case, wherein it was said that "[p]arties ..., cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them...." What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission.

13. The Commission has cautioned that the operative language of the *Duick* standard focuses on the deliberations of the Commission, not the arguments of the parties. *See, Pa. PUC*

*v PPL Electric Utilities Corporation*, Docket No. R-2012-2290597 (Opinion and Order entered May 22, 2014).

14. As explained below, reconsideration of the *October 5, 2017 Order* is appropriate because: (1) the OnTrack arrearage co-payments referenced in the *October 5, 2017 Order* have been part of and consistently applied since PPL Electric's initial 2004-2006 USECP; (2) the Commission's Order concludes, without record support, that the Company never disclosed its process of continuing to charge the co-payment after arrearages were forgiven; (3) the request for detailed information about the OnTrack arrearage co-payments since the inception of the program is inconsistent with the Company's document retention policy, which only maintains records for six years; and (4) the Company is unable to prepare a verified accounting report of co-payment amounts received because the co-payment is not separately recorded on the Company's ledger, although an estimate can be provided from billing records retained over the past six years.

15. These new and novel issues have not been addressed in this proceeding. These issues clearly satisfy the Commission's standards for reconsideration under *Duick, supra.*

## III. ARGUMENT FOR RECONSIDERATION

### A. The *October 5, 2017 Order* Overlooks That The OnTrack Arrearage Co-Payments Were Disclosed In And Have Been Consistently Applied Since At Least The Company's 2004-2006 USECP

16. In the *October 5, 2017 Order*, the Commission found that PPL Electric "has never previously disclosed that it continues to charge this arrearage co-payment even after all pre-program arrears have been forgiven." Further, the Commission found that "practices related to charging an arrears co-pay when there is no arrears balance to be improper." *October 5, 2017 Order* at 36.

17. The *October 5, 2017 Order* overlooks that PPL Electric's practice of applying the $5 arrearage co-payment to all OnTrack customer bills was disclosed and consistently applied since at least the Company's 2004-2006 USECP approved by the Commission on June 13, 2003.

18. Although the *October 5, 2017 Order* found that PPL Electric did not previously disclose that it continues to charge the arrearage co-payment even after all pre-program arrears have been forgiven, the Commission overlooked that these OnTrack arrearage co-payments have been part of and consistently applied since at least PPL Electric's 2004-2006 USECP approved by the Commission in 2003. A true and correct copy of PPL Electric 2004-2006 USECP filing is attached as "Appendix A."

19. In its 2004-2006 USECP filed with the Commission, PPL Electric advised that the OnTrack arrearage co-payments would be applied to all OnTrack payment methods. Indeed, the 2004-2006 USECP clearly states that the $5 arrearage co-payment (or $60 annual payment) would be applied to each OnTrack payment method without restriction or condition. There is nothing in the 2004-2006 USECP that indicates or otherwise suggests that the $5 arrearage co-payment would discontinue after all the pre-program arrears had been forgiven. *See* Appendix A at 3-4.

20. The Company's 2004-2006 USECP, including the OnTrack arrearage co-payments applied to all OnTrack payment methods, was approved by the Commission on June 13, 2003. *See PPL Electric Utilities Corporation 2004-2006 Universal Service and Energy Conservation Plan*, Docket No. M-00031698 (Order issued June 13, 2003). Thus, at least as early as the 2004-2006 USECP approved by the Commission, it was disclosed that a $5 co-payment for arrearage forgiveness would be added to all OnTrack payment methods. There was nothing in PPL Electric's 2004-2006 USECP that suggested that the arrearage co-payments

would only apply to OnTrack customers with a pre-program arrearage balance. PPL Electric has consistently followed this practice in each of its Commission-approved USECPs.

21. Prior to the proposed 2017-2019 USECP, PPL Electric's OnTrack program was restricted to low-income customers with arrearages, meaning that to be eligible to be enrolled in the OnTrack program, a customer had to be payment troubled and been in arrears. Indeed, a low-income customer without an initial arrearage balance was not eligible to participate in the OnTrack program.[1]

22. To reduce the amount of the forgiveness recovered from all other residential ratepayers through the Universal Service Rider ("USR"), PPL Electric's prior USECP applied a $5 arrearage co-payment to all OnTrack payment methods. These arrearage co-payments were used to reduce the overall CAP credit offset recovered through the USR.

23. By continuing the co-pay after arrearages are completely forgiven, the CAP Shortfall costs borne by non-CAP customers were reduced. The co-pay amounts recovered were credited to the USR to reduce CAP Shortfall. If the co-pay were not applied to all OnTrack customers, the effect would have been to increase the CAP Shortfall, and thus the USR amount, that non-CAP customers would have been required to pay.

24. Reconsideration should be granted to revise the Commission's Order to eliminate the finding that PPL Electric's OnTrack program was not designed to charge the $5 co-pay after pre-program arrearages were forgiven, and that this design was not approved by the Commission since the Company's first USECP filing made in 2003.[2]

---

[1] In the 2017-2109 USECP, PPL Electric proposed for the very first time to eliminate the payment arrearage requirement, which means that low-income customers may now enroll in OnTrack without a pre-program arrearage balance. *See Proposed 2017-2019 USECP* at 63.

[2] PPL Electric is not challenging the *October 5, 2017 Order's* directive to eliminate the $5 arrearage co-payment for OnTrack accounts with no pre-program arrearage balance and apply the co-payment only to a pre-program arrearage balance for the account for which it was paid. *October 5, 2017 Order* at 38. As ordered, the Company will revise its 2017-2019 USECP to reflect the Commission's directive.

### B. The Commission's Order Reaches a Conclusion That Is Not Based Upon Evidence of Record.

25. As explained in Subsection III.A above, the Commission's *October 5, 2017 Order* asserts that PPL Electric "has never previously disclosed that it continues to charge this arrearage co-payment even after all pre-program arrears have been forgiven." This conclusion is contrary to the plan description set forth in the Company's 2004-2006 USECP filing.

26. Furthermore, there is no evidence of record concerning plan descriptions in subsequent USECP filings, or in the pilot program that pre-dated the 2004-2006 USECP filing. Nor is there evidence of record related to Commission audits of the Company's USECP program.

27. Before the Commission reaches any conclusion about what has been disclosed over the past 20+ years of CAP designs, the Commission must provide PPL Electric an opportunity to research prior filings, data requests and plan audits. Failure to provide PPL Electric with an opportunity to examine and provide further evidence would be a denial of due process. *Duquesne Light Co. v. Pa. Pub. Util. Comm'n*, 643 A.2d 130, 134-135 (Pa. Cmwlth. Ct. 1994).

28. Therefore, the Commission should grant reconsideration to allow PPL Electric to investigate and provide evidence concerning disclosure of CAP co-payment provisions in prior filings, audits and responses to data requests.

### C. The *October 5, 2017 Order* Overlooks PPL Electric's Record Retention Policy

29. In the *October 5, 2017 Order*, the Commission requests that PPL Electric provide detailed information about the OnTrack arrearage co-payments "since the inception of the program." *October 5, 2017 Order* at 38. This request for detailed information overlooks PPL Electric's record retention policy.

30. As explained above, the OnTrack arrearage co-payments have consistently been applied since at least the 2004-2006 USECP approved by the Commission.

31. Further, the OnTrack arrearage co-payments were automatically added and included on all OnTrack customer bills. Other than the billing records, PPL Electric did not maintain a separate accounting treatment for the OnTrack arrearage co-payments.

32. Importantly, pursuant to the Company's document retention policy, PPL Electric's customer billing records only go back six years (i.e., November 2011).

33. PPL Electric simply does not have the data and accounting records to provide the requested historical information since the inception of the OnTrack program. Therefore, to the extent that PPL Electric is directed to provide additional historical information regarding the OnTrack arrearage co-payments, PPL Electric respectfully requests that such data be limited to the actual information available consistent with the Company's document retention policy for customer bills.

34. Granting reconsideration to limit the scope of requested historic billing records is reasonable. Therefore, the Commission should grant reconsideration to limit any accounting of co-pays to a six-year period.

### D. The *October 5, 2017 Order* Directs PPL Electric to Prepare a Verified Accounting Report That It Cannot Provide

35. The *October 5, 2017 Order* directs PPL Electric, within 60 days of the entry date of the Order, to file and serve a "verified accounting report" that identifies the amount of arrearage co-payments paid by OnTrack customers after they achieved full arrearage forgiveness, broken out by year and month since the inception of the OnTrack program, identifying number of customers and amounts paid. The Order should be reconsidered because the Company cannot provide the requested "verified accounting report," as PPL Electric understands that term. PPL

Electric can provide information similar to that requested, in a different format and limited to the past six years.

36. PPL Electric understands a "verified accounting report" to be a report generated from a sub-ledger system that can be tied back to the general ledger and has been reviewed by an officer of the company. PPL Electric's accounting for arrearage co-payments does not maintain a separate ledger of those co-payments to prepare the report in the format requested.

37. The arrearage co-payment is a $5 add-on within the OnTrack installment amount formula and it is not tracked separately. For example, if a $45 payment is calculated for an OnTrack customer, the $5 co-payment is automatically added and a $50 required payment amount would be placed in the Company's records. Because the co-payment is part of the overall amount the customer is charged, the Company's accounting system cannot isolate the co-payment payments made by customers. In other words, the $5 is not identified as a specific credit/debit type or recorded in a way that would enable exact tracking. Thus, the Company cannot produce a verified accounting report.

38. Although PPL Electric cannot provide the requested verified accounting report of co-payments as requested, the Company can provide substantially similar estimated information. PPL Electric is able to produce a report based on its billing records that identifies within the Company's best estimate the amount of co-payments billed to OnTrack customers after they achieved full arrearage forgiveness. This report, based upon billing records, is constrained by the six-year period for reasons explained in Subsection III.C. above.

39. Therefore, PPL Electric requests that the Commission grant reconsideration of the *October 5, 2017 Order*, remove the requirement of a "verified accounting report," and direct

PPL Electric to provide its best estimate of the amount of co-payments billed to OnTrack customers after they achieved full arrearage forgiveness, for the past six years.

## IV. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Commission reconsideration the *October 5, 2017 Order* and modify the Order as described above.

Respectfully submitted,

Kimberly A. Klock (ID #89716)
Amy E. Hirakis (ID #310094)
PPL Services Corporation
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Voice: 610-774-4254
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E-mail: kklock@pplweb.com
E-mail: aehirakis@pplweb.com

Date: October 20, 2017

*Counsel for PPL Electric Utilities Corporation*

**VERIFICATION**

COMMONWEALTH OF PENNSYLVANIA )
: SS
COUNTY OF LEHIGH )

I, Christopher Cardenas, hereby state that the facts above set forth are true and correct (or 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 falsification to authorities).

**Paul E. Russell**
Associate General Counsel

**PPL**
Two North Ninth Street
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perussell@pplweb.com

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**FEDERAL EXPRESS**

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FEB 28 2003

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

February 28, 2003

James J. McNulty, Esquire
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

**Re: PPL Electric Utilities Corporation**
**2004-2006 Universal Service and**
**Energy Conservation Plan**
**Docket No.** M-00031698

Dear Mr. McNulty:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are three (3) copies of PPL Electric's 2004-2006 Universal Service and Energy Conservation Plan. This filing is being made pursuant to the Commission's regulations at 52 Pa. Code § 54.71, et seq.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on February 28, 2003, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding the enclosed document, please call me.

Very truly yours,

Paul E. Russell

DOCUMENT FOLDER

DOCKETED
MAR 04 2003

Enclosures

cc: Mr. Mitchell A. Miller

# Universal Service

# &

# Energy Conservation

# Plan

# 2004 - 2006



**PPL Electric Utilities Corporation**

# OnTrack

## PPL Electric Utilities Corporation
## OnTrack Payment Program

### 1. Program Description

**Overview**

OnTrack is a special payment program for low-income households at or below 150 percent of the poverty level who have overdue balances. Funded by customers and administered by community-based organizations (CBOs), this universal service program started as a pilot in 1993.

The primary features of OnTrack include:

- A reduced payment arrangement based on ability to pay
- Arrearage forgiveness over a specified period of time
- Protection against shutoff of electric service
- Referrals to other community programs and services

The two major benefits to customers who faithfully meet their monthly OnTrack payment arrangements are the complete eradication of their indebtedness to PPL Electric Utilities Corporation ("PPL" or "Company") and protection against shutoffs. PPL uses the amount of their outstanding balance at the time of enrollment to establish the following debt forgiveness timetable.

| Overdue Amount at Enrollment | Timeframe to Clear Debt |
|---|---|
| Less than $1,000 | 12 Months |
| $1,001 -- $2,000 | 18 Months |
| $2,001 -- $3,000 | 24 Months |

**Background**

In July 1992, the Public Utility Commission (PUC) adopted a Policy Statement that established guidelines for customer assistance programs (CAPs). CAP is the generic term for assistance programs like OnTrack. The Commission encouraged all electric and gas utilities to implement CAP pilots.

After receiving approval from the Commission for its pilot proposal, PPL implemented OnTrack in December 1993. The pilot began in one region and expanded to all regions by June 1994. The Company agreed to enroll 2,000 low-income customers in OnTrack. PPL stopped the pilot program enrollments on July 31, 1995.

On December 3, 1996, Governor Tom Ridge signed a law that increased competition in the electric utility industry. The new law gave consumers the opportunity to choose their electric generation supplier. The legislation urged the electric distribution companies to continue their various assistance programs (e.g., CARES, Operation HELP, OnTrack, and WRAP).

As a result of its August 12, 1998 Settlement Agreement with all interested parties, PPL agreed to significantly expand OnTrack expenditures from 1999 through 2002. During this four-year period, the program's annual budget increased from $5.875 million in 1999 to $11.7 million in 2002.

**Key Objectives**

Given the CAP funding levels established in PPL's Settlement Agreement (a maximum of $11.7 million), the Company hopes to increase the number of active OnTrack participants. PPL has developed an effective strategy to increase the Company's effectiveness in targeting low-income customers that are overdue and payment troubled. PPL will attempt to enroll as many customers as allowed under its annual funding level. The key objectives for OnTrack are:

- Comply with the spirit and intent of PPL's Settlement Agreement
- Administer a cost-effective program
- Provide expanded services to low-income households
- Attempt to enroll as many customers as allowed under an established annual budget amount
- Adhere to all PUC reporting requirements and policies
- Identify and implement improvements to strengthen the effectiveness of OnTrack

**Statement of Purpose**

In performing the collection function, PPL gives careful attention to the wide variety of circumstances that can affect customers. Financial hardships, physical disabilities, family problems, and poor money management are but a few of the factors that can lead to non-payment of electric bills and, ultimately, overdue receivables and write-offs. The Company considers each customer's situation in determining the appropriate collection action. PPL has structured and implemented

OnTrack in ways that address the needs of low-income customers while balancing business, financial, regulatory, and social interests.

The four primary objectives of the OnTrack Program are:

- Improve customers' bill-payment habits and attitudes.
- Stabilize or reduce customers' energy usage.
- Lower uncollectible balances for program participants.
- Determine overall impact on PPL's overdue accounts receivable.

Other ancillary objectives and areas of interest for PPL include: learning more about the reasons why some customers cannot pay their bills, comparing OnTrack procedures to traditional collection methods, and improving coordination with other assistance programs.

**Payment Plan Proposal**

A key feature of the OnTrack Program is establishing payment plans based on customers' ability to pay. In order to provide sufficient flexibility in selection and an appropriate payment plan, four payment options are calculated for each OnTrack participant:

- Minimum Payment
- Percent of Bill Payment
- Percent of Income Payment
- Annualized Average Payment

The minimum payment is calculated by taking the customer's estimated monthly budget billing amount and subtracting the billing deficiency (i.e., $117/month for electric heat and $46/month for non-electric heat) and adding the $5 arrearage co-payment. The percent of bill and percent of income are based on the following:

| Income Categories | Percent of Bill Payment | Percent of Income Payment |
|---|---|---|
| 0 - 50% Poverty | 50% | 5% |
| 51 - 100% Poverty | 70% | 7% |
| 101 - 150% Poverty | 80% | 9% |

PPL calculates the percent of bill payment by multiplying the estimated annual bill by the applicable percent of bill amount, adding the $60 annual arrearage co-payment, and dividing the total by 12 months. The

Company calculates the percent of income payment by multiplying the annual gross income by the applicable percent of income, adding the $60 annual arrearage co-payment and dividing the total by 12 months.

Each payment calculation for the approaches includes an annualized average payment amount as a point of reference. This amount shows what the OnTrack applicant had paid to PPL over the past 12 months. The total excludes energy assistance payment such as LIHEAP.

To improve accuracy and efficiency, a computer automatically completes all OnTrack payment calculations. The computer suggests a recommended payment amount. It looks for the payment calculations (i.e., minimum payment, percent of bill, and percent of income) that is closest to the annualized average payment calculation. However, with permission from PPL, OnTrack agency representatives have the flexibility to choose another payment amount based on customers' needs and circumstances.

CAP evaluation work done by the RETEC Group, New Haven, Connecticut, demonstrated that the best predictor of customers' success or failure is the difference between their CAP payment amounts and what they managed to pay prior to joining the program. In other words, if CAP payment plans are set too high, even though they are within the percentage of income guidelines, customers default because they cannot make the payments. This is particularly true for electric heat customers. Compared with other electric utilities in Pennsylvania, PPL has the highest saturation of electrically heated homes.

PPL analyzed the annual electric bills of low-income customers who had received assistance through CARES, Operation HELP, WRAP, LIHEAP, and public welfare. Their average monthly bills for heating and non-heating customers were $125 and $75 respectively. When these customers made payments, the average payments were $87 for heating customers and $48 for non-heating customers. PPL believes the four payment options keep OnTrack customers' payment plans affordable.

PPL chose a four-tiered payment plan approach for several reasons:

1. A broader payment plan methodology is likely to expand the eligible population for the program. For example, a strict percentage of income plans would exclude many electric heat customers because their monthly OnTrack payments would be unaffordable.

2. A multi-payment plan approach gives the OnTrack agencies more flexibility in selecting appropriate payment agreements.

3. One of the primary objectives of OnTrack is to improve customers' bill-payment habits. The ability to offer options that fit customers' circumstances result in more affordable payment plans.

4. The use of different payment plans allows PPL to evaluate which options work best.

## 2. Control Features

### Minimum Payment Terms

Minimum monthly payment levels are $30 - $40 for heating customers and $12 – $18 for non-heating customers. Annual revenue shortfall contributions for heating customers and non-heating customers are restricted to $1,400 and $560, respectively. In addition, PPL waives all late payment charges for OnTrack participants.

### Consumption Limits

The maximum kWh consumption limit for OnTrack participants is 110 percent of the estimated annual levelized billing amount. All OnTrack customers are responsible for paying the full energy costs above the 110 percent level. Unless there are extenuating circumstances, participants are required to reduce their energy usage to the levelized billing amount. Failure to reduce kWh consumption could lead to dismissal from the program.

Household kWh consumption limits for OnTrack participants could be adjusted for extenuating circumstances including, but not limited to, the following:

- Addition of a family member
- Serious illness or medical condition
- Consumption increase beyond control of customer
- Severe weather conditions
- Structural damage to home

The OnTrack administering agencies are responsible for analyzing the individual situations and for recommending changes to consumption limits if warranted by the circumstances. Agency representatives explain the customer's responsibility related to annual kWh usage restrictions at the time of enrollment. If appropriate, the caseworkers review energy usage during re-certification interviews.

PPL will conduct an analysis of at least 20 high usage OnTrack customers to determine the reasons for their usage. The Company will use the results of this study to make appropriate changes in policies, procedures, and training. PPL will complete the evaluation in the third quarter of 2003.

**Customer Education**

Energy conservation education could play an important role in helping OnTrack customers control their energy usage. Through the OnTrack Program, PPL attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Customers receive consumer education in the following areas:

- Low-cost/no-cost energy conservation tips
- Explanation of weatherization measures installed
- Home heating and cooling systems
- Electric bill and analysis of usage

To eliminate redundant service, PPL channels this aspect of the program through its Winter Relief Assistance Program (WRAP). This program provides free weatherization services to qualified homeowners and renters.

**Weatherization**

If applicable, the CBOs and PPL refer OnTrack participants whose annual energy usage exceeds 6,000 kWh to WRAP[1]. PPL offers WRAP to OnTrack customers who have electric heat or electric water heating, as well as baseload customers whose annual consumption is at least 6,000 kWh. Under the umbrella of universal service programs, the Company provides weatherization measures, specifically approved appliance replacements, and energy conservation education services to qualified customers. All installed measures must meet PUC's payback criteria. Weatherization activities for WRAP include energy audits, infiltration control, insulation measures, water heating treatment, appliance replacement, and energy education.

Enrollment in OnTrack does not automatically qualify an applicant for WRAP measures. However, the Company gives preference to OnTrack applicants who have high usage and large overdue balances. It is not PPL's intent to make WRAP services available only to OnTrack customers at the expense of other deserving customers.

[1] Customers who have received WRAP services within the last seven years are ineligible.

## 3. Default and Appeal Process

### Default Process

The OnTrack Payment Plan cannot function properly without the commitment and cooperation of customers, social services agencies, and PPL. Customers' non-compliance with any of the primary OnTrack components could lead to dismissal from the program. Failure to perform one or more of the following OnTrack customer responsibilities could result in dismissal from the program.

1. Customers are responsible to submit their OnTrack payment and arrearage co-payment during the current billing period. The consequence for non-payment is immediate initiation of termination procedures.

2. Participants must maintain historic electric consumption limits to remain in the program.

3. OnTrack program participants must provide access to their electric meters for monthly readings.

   It is important for PPL to obtain accurate meter readings in order to track participants' consumption levels. Failure to provide meter reading access in four consecutive months could lead to dismissal from the program. Non-access to meter situations are evaluated on a case-by-case basis. The Company will eliminate this concern when it completes the system-wide installation of automatic meter reading equipment by the third quarter of 2004.

4. OnTrack participants must provide verification of household income at least annually and report changes in household immediately.

   Failure to provide income verification data when requested can result in dismissal from the program. OnTrack customers have two opportunities to provide verification of income. The first is at the initial intake and the second is at recertification. A failure to report an increase in income or a decrease in family size could lead to dismissal from the program if there are no extenuating circumstances or conditions.

5. The CBOs urge OnTrack participants to apply for LIHEAP benefits at the time of enrollment, if applicable[2]. PPL annually initiates LIHEAP outreach efforts to encourage OnTrack customers to apply for benefits. See Appendix 1 for a copy of the Company's outreach plan.

   Since applicants can choose where to sent their LIHEAP payments (primary or secondary fuel vendor), eligible OnTrack participants are encourage who apply for LIHEAP and to direct the grant to their electric bill. The Company will conduct outreach mailings to eligible participants to encourage increase awareness of LIHEAP.

   The Company will continue to have the Customer Programs Directors meet with LIHEAP agencies to encourage OnTrack eligible customers to direct their grants to their electric bills.

6. Participation in programs such as weatherization, energy conservation education, budget counseling and other related service are requirements for OnTrack customers.

The case management approach for the OnTrack Program requires the coordination of both internal and external resources. These resources allow OnTrack customers to have a greater degree of control over their lives. The CBOs explain all of the program referrals in advance to OnTrack participants and include them in the OnTrack Certification Agreement.

PPL extends every reasonable consideration to OnTrack participants to avoid dismissal from the program. The CBOs explain program requirements and benefits up front; they communicate regularly with participants if problems arise; and they carefully evaluate extenuating circumstances. Customers can be dismissed from OnTrack for other reasons such as voluntary withdrawal or they are no longer a PPL customer. The Company returns customers who voluntarily withdraw to the normal collection process.

**Appeal Process**

OnTrack participants maintain all their dispute and informal/formal complaint rights outlined in Chapter 56. Clearly, PPL does not accept all applicants, and it dismisses others for defaulting on OnTrack requirements. For those who believe they were unfairly treated, the following appeal procedures are available:

[2] The income guidelines for OnTrack and LIHEAP are 150 percent and 135 percent, respectively, of the federal poverty level. In Pennsylvania, LIHEAP normally runs from November through March.

Step 1: The applicant discusses his or her rejection/dismissal from the program with the regional Customer Programs Director, who investigates the reasons for rejection or dismissal.

Step 2: If the customer is dissatisfied with the results of the discussion with the regional Customer Programs Director, he/she can file an Informal Complaint with the PUC.

### 4. Reinstatement Policy

Reinstatement occurs when a customer has made up his or her missed CAP payments and is still eligible to meet the enrollment criteria. PPL has no stay-out policy (e.g., no reinstatement for 12 months after dismissal) provided customers pay their OnTrack catch-up amounts.

### 5. Eligibility Criteria

OnTrack offers qualified customers payments less than current bills, arrearage forgiveness, and a chance to get a fresh start with PPL. In addition, referrals are coordinated with the other low-income assistance programs such as WRAP, Operation HELP, and LIHEAP, as well as other programs administered by the community-based organizations that administer OnTrack for PPL.

OnTrack is designed specifically for low-income customers with household income at or below 150 percent of the poverty level who are unable to pay their electric service bills in full.

Eligibility criteria for OnTrack include:

- Households at or below 150 percent of the poverty level
- Overdue balance of $150 or greater
- Payment troubled – defaulted one or more payment agreements in a 12-month period
- Must pay $150 or greater rent per month, if subsidized housing

PPL's reasoning for the additional eligibility criteria, including customers who live in subsidized housing units is threefold:

- To keep consistent with the Company's credit and collections termination threshold, which starts at $150.
- To lower administrative costs for OnTrack and to maximize enrollments within the $11.7 million annual budget.

- To assist customers with the most need while leveraging OnTrack dollars. PPL finds that most of the customers livings in subsidized housing units have a utility allowance, food stamps, the benefits of LIHEAP, in addition to paying little or zero rent. On the other hand, the same target populations, who are renters and homeowners, are faced with out-of-pocket payments for high utility bills, in addition to paying high rent and/or mortgage payments.

## 6. Projected Needs Assessment

### Potential Participants

Matching the proper assistance program with each potential applicant is an overriding objective in PPL's administration of the universal service programs. PPL personnel, as well as the community-based organizations that cooperate with the Company in administering these programs, seek to ensure that eligible residential customers have an opportunity to successfully maximize the benefits available to them via OnTrack, WRAP, Operation HELP, LIHEAP, and other related programs.

According to the 2000 U. S. Census, approximately 17.6 percent (200,250) of PPL's customers have annual incomes at or below 150 percent of the federal poverty level. As of December 31, 2002, approximately 19 percent of residential customers (214,773) had overdue balances. Over half of these customers report income at or below 150 percent of the poverty level. From April through November 2002, PPL's Revenue Collection group received nearly 3,000 phone calls daily from residential customers with overdue balances. These customers are calling to establish payment agreements. Approximately half of these customers indicate that their household income falls below the poverty level. In addition, the Company has 27,154 active payment plans for residential customers. Of this total, nearly 60 percent (16,170) are considered low income.

To assist the most needy, PPL regularly identifies and contacts residential customers, who meet the income guidelines, and have overdue balances. Depending on factors such ability to pay, payment history, and extenuating circumstances, the Company routinely refers these customers to OnTrack.

### Referrals

PPL has found that the primary source of potential OnTrack participants is referrals from the Company's Revenue Collection group. Revenue

Collection representatives have daily contacts with low-income, payment-troubled customers with overdue balances and routinely refer these customers to the community-based organizations who administer the program. During 2002, for example, Revenue Collection personnel made over 23,000 referrals to administering organizations. In addition, other sources of potential participants include:

- Lists of low-income customers who currently have overdue balances
- Referrals from OnTrack administering agencies
- Referrals from other community-based organizations
- Referrals from other universal service programs such as WRAP, CARES, and Operation HELP
- Department of Public Welfare and LIHEAP

**Income Eligible Customers with Overdue Balances**

PPL seeks to identify and enroll the most qualified customers in the OnTrack Program, whose income meets the poverty guidelines and who have overdue balances. For example, special efforts are conducted during the year to reach these customers before they might be subject to service termination:

- Revenue Collection periodically screens income eligible low-income customers with overdue balances enrolled in OnTrack. In 2002, PPL representatives reviewed 15,000 accounts, which generated approximately 5,500 referrals.

- As needed, the Company advertises in local newspapers, and runs promotional articles for OnTrack, WRAP, and Operation HELP through bill inserts in an effort to generate referrals.

- As needed, presentations to community-based organizations by the Customer Programs Directors.

PPL repeats this approach on periodic bases to identify and refer other customers who meet similar profiles. The Company provides periodic training and distributes OnTrack materials to its customer service representatives.

**Program Enhancements**

PPL continually seeks effective methods and systems to help achieve the OnTrack Payment Program goals. PPL will attempt to enroll as many customers as allowed under its annual budget. Through process improvements and a reduction in administrative costs, the Company hopes to increase the number of active OnTrack participants in 2004 and beyond.

In addition, the PUC's Bureau of Consumer Services and PPL discussed recommendations and findings submitted by the RETEC Group regarding the Company's evaluation of its universal service programs. PPL agreed to implement key findings that will add value to the program.

While the eleven OnTrack CBOs have demonstrated an effective capacity to administer the program, it is evident that PPL must employ additional means to meet the present and future production requirements and keep administrative costs within the program guidelines. PPL plans to implement or has already implemented the following changes:

- Reduce administrative costs by using PPL's customer service representatives to work missed payments by OnTrack participants instead of caseworkers from the agencies[3].

- Start the termination process after one missed OnTrack payment, rather than after default from OnTrack for missed payments. The Company believes this new process will lower costs and increase the retention rate for OnTrack. PPL will implement the new process in March 2004 after the completion of computer programming work.

- Continue having the administering agencies automatically re-certify participants helped through LIHEAP, Supplemental Security Income, or other appropriate assistance programs.

- Continue tracking the number of re-certifications completed by phone and mail. In 2002, the CBOs completed by phone 404 or 13.5 percent and 1,208 or 40.5 percent of re-certifications by mail.

- Continue using streamlined approaches for enrollment and re-certification (e.g., phone, mail, and automatic re-certification).

- Implement a new method for the CBOs to access PPL's customer information system for OnTrack enrollments. The Company completed a pilot with one OnTrack agency using an electronic method (Internet access via Virtual Private Network) to access PPL's Customer Service System (CSS). The agencies use the CSS to enroll OnTrack customers and maintain their

[3] PPL tracks these missed payments through an electronic tool called Work Flow Manager (WFM).

accounts. The current method of dial-in is slow and costly. This switch will connect the agencies to PPL's CSS faster and reduce costs as well. The Company plans to complete this enhancement by fourth quarter 2003.

- Use a monitoring tool that tracks agency caseworker performance. In addition, PPL has established performance benchmarks that are part of the administrating agencies' contracts.

- Continue using a specialized one-page bill presentation that quickly and easily alerts customers of the OnTrack payment, catch-up amount (if applicable), and program-related messages.

- Adopt eligibility guidelines to include households at or below 150 percent of the poverty level, one or more broken payment agreement, and an overdue balance of $150 or greater.

- Implement a variety of activities to increase the number of referrals from PPL's Customer Contact Center (CCC). These actions include, but are not limited to, increased training for CCC phone reps, closer monitoring of the number of OnTrack referrals by rep, incentive awards for making quality referrals, and special outreach efforts (e.g., targeted mailings or phone calls). PPL will continue to use bill inserts and other public information approaches to inform customers about the availability of OnTrack and other universal service programs.

**7. Projected Enrollment Levels**

PPL will attempt to increase enrollments to include as many customers as allowed under its annual budget and through process improvements that result in reductions in administrative costs. The projected enrollment levels are as follows:

| Year | OnTrack Enrollment Level |
|---|---|
| 2004 | 13,500 |
| 2005 | 14,500 |
| 2006 | 15,500 |

## 8. Program Budget

The annual OnTrack funding level established in PPL's Settlement Agreement (maximum of $11.7 million) will remain for the next three years:

| Year | Funding Level |
|---|---|
| 2004 | $11.7 Million |
| 2005 | $11.7 Million |
| 2006 | $11.7 Million |

## 9. Plans to Use Community-Based Organizations

PPL plans to continue using community-based organizations (CBOs) to administer PPL's OnTrack Payment Program. Presently, these 11 CBOs have 55 caseworkers at 27 sites (main office locations and satellite offices), utilizing 53 PPL provided personal computers to administer the program.

OnTrack administering agencies have the responsibility to take referrals from the various sources, contact the customers to conduct initial screening for potential program participation, and arrange personal interviews at agency locations to determine eligibility and finalize enrollment. Thereafter, the administering agency serves as the primary OnTrack contact with the customer and works with customers throughout participation in OnTrack.

Administering agencies enroll and maintain customers on-line in real time through direct connections with PPL's Customer Service System (CSS). PPL has provided appropriate letters to aid in customer contact, along with the necessary training in the use of CSS and the administration of OnTrack. The Company has given this information to each agency and their caseworkers in a comprehensive manual entitled <u>OnTrack Payment Program Procedures and Processes</u>.

The list of OnTrack agencies, phone numbers, and counties served follows:

## OnTrack Agencies – Counties Served

| Organization | Telephone | Served Counties |
|---|---|---|
| Community Action Committee of the Lehigh Valley<br>651 East Broad Street<br>Bethlehem, PA 18108 | 610/691-5620 | Lehigh, Monroe Northampton, Bucks, Montgomery |
| Community Action Commission of the Capital Region<br>1514 Derry Street<br>Harrisburg, PA 17104 | 717/232-9757 | Dauphin, Juniata, Perry, Cumberland, Northern York |
| Economic Opportunity Cabinet of Schuylkill County<br>225 North Centre Street<br>Pottsville, PA 17901 | 570/622-1995 | Schuylkill |
| The TREHAB Center<br>232 Sunrise Avenue Suite A2<br>Honesdale, PA 18434 | 570/622-1995 | Susquehanna, Pike, Wayne, Wyoming |
| Scranton-Lackawanna Human Development Agency<br>200 Adams Avenue 2nd Fl<br>Scranton, PA 18503 | 570/963-6836 | Lackawanna |
| Community Action Program of Lancaster County<br>601 South Queen Street<br>P. O. Box 599<br>Lancaster, PA 17608 | 717/299-7301 | Lancaster, Lebanon, Berks, Chester, Southern York |
| STEP, Inc.<br>2138 Lincoln Street<br>Box 3568<br>Willamsport, PA 17701 | 570/327-5485 | Clinton, Lycoming |
| Union-Snyder Office of Human Resources<br>713 Bridge Street, Suite 10<br>Selinsgrove, PA 17870 | 570/374-0181 | Union-Snyder, Northumberland |

| Organization | Telephone | Served Counties |
|---|---|---|
| Columbia County Department of Human Services<br>700 Sawmill Road Suite 102<br>Bloomsburg, PA 17815 | 570/387/6501 | Columbia |
| Commission on Economic Opportunity-Wilkes Barre<br>165 Amber Lane, PO Box 1127<br>Wilkes Barre, PA 18702 | 570/826-0510 | Luzerne, Carbon |
| Montour County Department of Human Services<br>112 Woodbine Lane, Suite 3<br>Danville, PA 17821-9118 | 570/271-3028 | Montour |

## 10. Organizational Structure of PPL Staff

Corporate administration of PPL's OnTrack Payment Program is the responsibility of the Regulatory Programs & Business Services group of the Customer Services Department. The staff provides program oversight and field personnel are responsible for the day-to-day administration of OnTrack. The key personnel include:

**General Office Staff:**

- Robert M. Geneczko – Vice President-Customer Services
- Timothy R. Dahl – Mgr.-Reg. Progs. & Business Services
- Evelyn Soto – Customer Relations Specialist

**Regional Customer Programs Directors:**

- Judith A. Grant – Lehigh Region
- Gladys T. Malone – Southwest Region - Lancaster
- Florence M. McNelis – Northeast Region - Hazleton
- Joy E. Schmalzle – Northeast Region - Scranton
- Angela R. Tracy – Susquehanna - Harrisburg

**Regional Administrative Support:**

- Thomas R. Day – Southwest Region
- Andrea Walsh – Northeast Region

## 11. Differences Between Approved Plan and Subsequent Implementation of the Plan

For the most part, PPL is conducting the OnTrack Payment Program consistent with the guidelines and procedures of the PUC-approved plan and those changes that emanated from the Commission's CAP Policy Statement adopted May 8, 1999. All major policies regarding intake, payment plans, account monitoring, and program referrals remain the same except for the following:

1. The Company plans to change the method agencies use when accessing PPL's Customer Service System for OnTrack enrollments and account maintenance. The Company intends to switch to an electronic method (Internet access via Virtual Private Network).

2. PPL revised its eligibility criteria to include households at or below 150 percent of the poverty level, one or more broken payment agreement, and an overdue balance of $150 or greater.

   PPL's reasoning for the additional eligibility criteria and the threshold of $150 overdue and $150 threshold for customers who live in subsidized housing units is threefold:

   - To keep consistent with the Company's credit and collections termination threshold, which starts at $150.

   - To lower administrative costs for OnTrack and to maximize enrollments within the $11.7 million annual budget.

   - To allow the OnTrack program to assist customers with the most need while leveraging OnTrack dollars, PPL has placed a threshold of $150 for subsidized housing. We find that most of the customers livings in subsidized housing units have the benefit of a utility allowance, food stamps, the benefits of LIHEAP, in addition to paying little or zero rent. On other the hand, the same target populations who are renters and homeowners are faced with out-of-pocket payments for high utility bills, in addition to paying high rent and/or mortgage payments.

3. Currently, OnTrack administering agencies automatically re-certify LIHEAP, Supplement Security Income, or those with third party verified income.

4. One of the considerations PPL will initiate is to reduce administrative costs by using PPL's customer service reps to work the payment deficit WFMs instead of caseworkers from the OnTrack agencies.

   An additional step that PPL agreed to initiate was to start the termination process after one missed OnTrack payment. Previously, PPL defaulted the customer from the program and did not initiate the termination process immediately. The customer will have the opportunity to avoid loss of service by making up missed OnTrack payments. Because of programming requirements for this change, PPL agreed to an implementation timeline of March 2004.

5. PPL will take steps to automate the mailing of routine letters as much as practical.

6. In addition, in 2002, PPL reduced the number of OnTrack CBOs from 12 to 11. The Schuylkill Community Action and the Union-Snyder Office of Human Resources replaced Northumberland County Human Services as OnTrack CBOs for Northumberland County. Also, PPL reduced the number of Customer Programs Directors from six to five through an internal operational improvement initiative.

<table>
<tr><th colspan="2">USP Outreach Strategies</th></tr>
<tr><th>Activity</th><th>Timeline</th></tr>
<tr><td>Develop outreach queries by operating area</td><td>As needed</td></tr>
<tr><td>Monitor volume of referral pre-cut and post-cut season</td><td>March, April, July, September, October, November</td></tr>
<tr><td>Internal process to increase referrals<br>• Initiate a “blitz” for specific areas in need of referrals<br>•</td><td>Ongoing</td></tr>
<tr><td>Review, monitor, and track<br>• Monthly report activity<br>• Referral WFM activity<br>• Budget activity</td><td>Ongoing</td></tr>
<tr><td>Advertising:<br>• Newspapers<br>• Presentations at non-USP agencies</td><td>As Needed</td></tr>
<tr><td>Outreach mailings:<br>• To customers identified by various queries<br>• To non-USP agencies</td><td>As Needed</td></tr>
<tr><td>Internal presentations:<br>• To the collection group to encourage referrals to OnTrack, Operation HELP, WRAP and LIHEAP</td><td>Pre-cut season</td></tr>
<tr><td>OnTrack/WRAP referrals:<br>• Enhancements<br>• Training of CSRs/CAs</td><td>Pre-cut season and 4th Quarter</td></tr>
<tr><td>Bill Insert:<br>• To help promote OnTrack, WRAP, Operation HELP, and LIHEAP</td><td>Pre-cut season</td></tr>
</table>

# WRAP

**PPL Electric Utilities Corporation**
**Winter Relief Assistance Program (WRAP)**

## 1. Program Description

### Overview

The Winter Relief Assistance Program (WRAP) reduces electric bills and improves living comfort for low-income customers. PPL Electric Utilities Corporation ("PPL" or "Company") has funded and administered the program since 1985. Contractors install weatherization measures and provide energy education services.

There are three classifications of WRAP job types:

> Full Cost – The customer has installed electric heat or uses a minimum of 3,600 seasonal (heating and cooling) kWh usage per year.
>
> Low Cost – The customer has an electric water heater and there is the potential to install water heating measures.
>
> Baseload – The customer uses a minimum of 6,000 annual kWh.

The WRAP services and measures installed by contractors depend on the customer's use of electricity and the result of a home energy audit. PPL encourages customers to participate as "partners" in the audit and energy education session(s) so that they can maximize their savings' success.

### Background

WRAP was started in 1984 when the Pennsylvania Public Utility Commission (PUC) ordered the Company to design a $2,000,000 weatherization program for customers at or below 150 percent of poverty level who had electric heat and/or electric water heating. Prior to the order, PPL had submitted a proposal to the PUC to start a weatherization program for senior citizens. The PUC approved funding for the program as part of PPL's base rate increase in 1985. WRAP offered insulation, storm windows, caulking and weather-stripping, and water heating measures to qualified customers.

In 1988, the PUC required that all covered electric and gas utilities in Pennsylvania establish a low-income usage reduction program (LIURP) for customers in their service territories. WRAP became PPL's "LIURP" program and the Company agreed to expand program funding to $3,023,000. PPL also added energy education as part of WRAP.

In 1992, PPL incorporated blower door testing and associated air infiltration measures as part of WRAP. In 1995, baseload customers began to receive energy education and compact fluorescent lights. In 1998, PPL conducted a refrigerator replacement pilot that included the expansion of services for baseload customers.

In 1999, PPL expanded its universal service programs for low-income customers as part of the Settlement Agreement associated with utility deregulation. Universal service programs include WRAP (LIURP), OnTrack (CAP), CARES, and Operation HELP. PPL agreed to make the following changes to WRAP as part of its Settlement Agreement with the PUC:

- Expand annual funding from $3,023,000 to $4,700,000
- Serve "an appropriate" amount of non-heating customers
- Implement and evaluate Solar Water Heating and Photovoltaic Pilots

In addition to WRAP, PPL started the "Keep Warm" program for customers that had annual incomes between 150-200 percent of the federal poverty level in 1996. Keep Warm was originally part of PPL's Community Partnership Program and was designed to assist the "working poor" in reducing their electric bills. In 2000, the PUC granted approval for the Company to incorporate the Keep Warm program as part of WRAP. As a result, PPL's total annual funding level for weatherization is $5,700,000.

**Funding and Enrollment Levels**

PPL based the enrollment levels for years 2004-2006 on annual funding amounts of $5,700,000. The projected completed jobs are shown below:

| Year | Expenditures | Full Cost | Low Cost | Baseload |
|---|---|---|---|---|
| 2004 | $5,700,000 | 1,850 | 175 | 975 |
| 2005 | $5,700,000 | 1,850 | 175 | 975 |
| 2006 | $5,700,000 | 1,850 | 175 | 975 |

PPL projects it will complete 3,000 WRAP jobs per year. The amount of actual jobs completed will vary with the cost per job and the types of homes (heating or non-heating).

## Objectives

The primary objectives for WRAP are to:

1. Reduce the energy usage and electric bills of low-income customers.
2. Increase the ability to pay/decrease arrearages of low-income customers.

Secondary objectives include:

1. Improve comfort for low-income customers.
2. Promote safer living conditions of low-income customers through the reduction of secondary heating devices.
3. Maintain/establish partnerships with social service agencies, community based organizations (CBOs), and local contractors to ensure maximum and timely assistance.
4. Make tailored referrals to Company and other assistance programs such as OnTrack, Operation HELP, LIHEAP, and other weatherization programs.

## Organizational Structure

The Regulatory Programs & Business Services section of PPL's Customer Services Department manages WRAP. A Customer Relations Specialist (CRS) provides field support and is responsible for regulatory reporting. The CRS also administers the Solar Water Heating and Photovoltaic Pilots.

Customer Programs Directors (CPDs) oversee the implementation of all universal service programs in their respective areas. A CPD is located in Allentown, Hazleton, Scranton, Harrisburg/Montoursville, and Lancaster (five in total).

Each area has one or more support people who assign work to contractors, handles customer calls, and enters information into the WRAP V database system.

## Promoting WRAP

Comprehensive and well-planned outreach is an essential component of WRAP. Depending on the availability of funding and the customers' response, PPL will use some or all of the following efforts to promote WRAP.

- Presentations and special mailings to agencies that administer PPL's other universal service programs. PPL requires all customers who apply for OnTrack to apply for WRAP.
- Presentations and special mailings to agencies, senior citizen groups, and low-income audiences.
- Presentations to employee groups such as Customer Service Representatives (CSRs), Collection Assistants, Customer Contact Representatives, and Servicemen.
- Telephone contact of payment-troubled customers and/or customers who live in low-income neighborhoods.
- PPL bill inserts (minimum once per year)
- Newspaper, magazine, radio, and TV advertising
- "Word of mouth"

PPL tracks the number of WRAP applicants and "how they heard about WRAP" through the WRAP database system. Outreach efforts should be planned, when possible, to avoid a huge backlog of eligible customers.

**<u>Intake</u>**

Customers are usually referred for WRAP services in four ways:

1. Customer Contact Center (CCC) referrals – Customer Service Reps and Collection Assistants are trained to refer payment-troubled customers or customers experiencing hardships to WRAP. The WRAP support person in the appropriate area follows up with a letter and/or phone call.

2. OnTrack Agency referrals – Customers who apply for OnTrack are required to apply for WRAP if they meet the usage criteria. The customer completes the WRAP application while at the agency or the agency sends a referral to the appropriate area in PPL for follow-up.

3. Advertising – Customers call a designated call center in response to WRAP outreach or advertising. The representative usually completes the application with the customer over the phone. PPL also uses call centers to do outbound calling for customers at or below 150 percent of poverty level with high electric usage.

4. Direct referrals – The customer or a caseworker calls the WRAP toll-free number (1-877-342-5972). A PPL employee responds to inquiries and completes the application with the customer over the phone.

**Eligibility**

Customers must meet the criteria listed below to qualify for WRAP.

- The household gross income is at or below 200 percent of poverty level.
- The primary customer is at least eighteen years old.
- The customer's home is individually metered.
- The customer's home is a primary home, not a "second" or vacation home.
- The home has not received WRAP services in the past seven years.*
- The customer has lived in the home for at least nine months.*
- The customer has installed electric heat or uses a minimum of 6000 kWh per year.*

*Exceptions can be made with PPL's approval.

Homeowners and renters are eligible for WRAP. However, the landlord must sign a Consent Form before a customer receives any major weatherization measures. If an apartment building contains at least three units, and at least two-thirds of the tenants qualify for WRAP, PPL may provide weatherization measures and services to all tenants in the building.

A customer does not need to have an overdue amount with PPL to be eligible for WRAP. If there is a surplus of customers eligible for WRAP, the Company gives priority to customers who have the highest electric usage history, greatest arrearages, and lowest income.

**Customer Ineligibility**

PPL refers "ineligible" customers that apply for WRAP to other Company and weatherization programs as appropriate.

Customers without electric heat that use less than 6,000 kWh receive an Energy Education Packet by mail. Customers who meet the criteria for WRAP, but do not get landlord approval for WRAP work, will receive energy education upon request.

**Customer Partnership Agreement**

PPL requires customers who apply for WRAP to sign a Customer Partnership Agreement/Consent Form. In addition to authorizing WRAP work, the agreement encourages customers to be actively involved in the WRAP processes.

Customers who refuse to participate in the WRAP partnership process will receive WRAP measures and services; however, the Company separately tracks their kWh savings.

**Energy Survey**

PPL uses the energy survey or "audit" to identify what measures and services the contractor will install in the customer's home. Decisions made during the audit are based on:

1. Customer interview
2. Electric usage history
3. Site-specific diagnosis
4. Prioritization of measures
5. PUC payback criteria

In 2002, PPL implemented Audit & Diagnostics Priority Lists for baseload, low cost, and full cost (with and without combustion appliances) job types. The objectives of the Priority Lists are:

1. To achieve an average kWh savings of 10 percent between the pre- and post-WRAP period.
2. To comply with PA State Weatherization Health & Safety standards.
3. To provide customers in PPL's service area with an equal opportunity for receiving WRAP services and measures.

The content on the Priority Lists may change based on PPL's savings' results, changes in state regulations, the implementation of new measures/technologies, and changes in customer demographics and housing stock. PPL will meet with WRAP contractors on a regular basis to review and possibly modify audit criteria.

**Installation of Measures – Baseload**

All WRAP customers are eligible for baseload measures. Standard measures and services include:

- Energy education
- Installation of Compact Fluorescent Lights (CFLs)
- Refrigerator replacement
- Air conditioner replacement

- Waterbed replacement with a foam mattress
- Changing or cleaning of heating/cooling filters
- (Electric) Dryer venting
- Water heater set-back
- Other measures that meet PUC payback criteria

PPL has no limit on the amount of money spent on baseload measures in a home. However, measures must meet the PUC's payback criteria. PPL approves exceptions on a case-by-case basis.

**Refrigerator Replacement** – PPL currently spends approximately $600,000 in annual WRAP funding on refrigerator replacement. The Company anticipates that this trend will continue in 2004-2006.

If a refrigerator manufactured prior to 1992 uses a certain amount of kWh per day as determined during the audit, the customer is eligible for a replacement refrigerator of the same or smaller size. If the customer has two refrigerators and is willing to give up both of them, he or she may upgrade to a larger refrigerator.

**Installation of Measures – Low Cost**

If a baseload customer has an electric water heater and has the potential for major water heating measures, PPL may upgrade the WRAP job to "low cost" at the time of the audit.

Low cost measures include:

- Water heater replacement
- Gravity Film Exchange (GFX)
- Repair of water leaks
- Water pipe insulation
- Showerheads/aerators, if done in conjunction with other measures
- All baseload measures

PPL has no limit on the amount of money spent on low cost measures. With the exception of water heater replacement as a "repair" measure, low cost measures must adhere to PUC payback criteria.

**Water Heater Replacement** – PPL replaces electric water heaters that are broken, leaky, or corroded as a standard WRAP measure. In 2001, PPL replaced 58 water heaters manufactured before 1992 as a pilot "usage reduction" measure. The Company will analyze the savings' results of these cases 2001 Narrative Report (4/30/2003).

**GFX** – PPL installed eleven GFX units with good savings' success in 1998-99. Despite training efforts, contractors have been reluctant to install the GFX or have been unable to identify suitable installation sites. Also, several contractors have channeled their resources into learning Solar Water Heater and Photovoltaic technologies. Now that the solar pilot is near completion, the Company is going to encourage more GFX installations.

**Installation of Measures: Full Cost**

Customers with installed electric heat or who use 3600 annual seasonal kWh are eligible for full cost WRAP. Standard full cost measures include, but are not limited to:

- Blower door testing and associated air sealing
- Attic, wall, and floor insulation
- Ceiling of attic bypasses
- Attic vents and hatches
- Crawl space and header insulation
- Heating equipment repair/retrofit/replacement
- Central cooling system repair and replacement
- Duct insulation and repair
- Caulking and weather-stripping
- Door sweeps
- Storm windows
- Window replacement (rare)
- Thermostat replacement/programmable thermostats (rare)
- Water heating measures, if customer has an electric water heater
- Baseload measures

The Company is also phasing in Zonal Pressure Diagnostics (ZPD) in areas with newer housing stock and a high concentration of electric heat.

The PUC LIURP guidelines suggest a seven or twelve-year payback for most measures. In 2002, PPL implemented an aggregate payback formula based on the customer's electric usage. The Company assigns a "shell allowance" for each full cost job based on the payback formula. The "shell allowance" serves as a spending guideline for full cost measures that are intended to reduce electric usage such as insulation and storm windows.

In 2004-2006, PPL proposes that all full cost customers receive three or four prescribed measures (when applicable) that yield the best savings' results. This would help compensate for increased contractor and material costs and fluctuations in customers' electric usage. The shell allowance would continue to serve as a guideline for other usage-reduction measures.

**Incidental Repairs** – Contractors can make small incidental repairs needed for the installation of other weatherization measures. As a general guideline, the suggested spending allowance for incidental repairs is 20 percent of the shell allowance.

**Comfort Repairs** – Contractors can repair, replace or add (rare) electric heating equipment in homes where there is inadequate heat to maintain comfort. These cases will usually result in an increase in electric usage. As a result, PPL may not analyze them in the pre- to post-usage evaluation of WRAP.

**Health & Safety** – Contractors are required to conduct combustion safety testing before installing any measures that will affect the air change per hour in a home (e.g., insulation, caulking and weather-stripping). Contractors may spend up to $250 in diagnostic health and safety measures.

If a home "fails" combustion and safety tests, contractors are required to fix any combustion problems before installing full cost measures. Contractors should use funds from the state weatherization program, gas utilities, or CRISES wherever possible. If other funding sources are not possible, PPL may approve the replacement or repair of combustion equipment.

**Indoor Air Quality** – Contractors may choose to do air-sealing measures in homes where there are comfort and/or moisture problems, even if the home is below the minimum ventilation guidelines (MVG). If the home is below MVG before or after the installation of WRAP measures, contractors should add mechanical ventilation to ensure proper indoor air quality.

**<u>Inspections</u>**

PPL requires a site inspection for at least 80 percent of all WRAP jobs that receive at least $750 of measures, excluding appliance replacement. Contractors use phone inspections for jobs that are less than $750, or when the customer refuses to cooperate with the site inspection.

The objectives of the inspection are:

1. To ensure the installation to PPL's standards of all measures listed on the WRAP job ticket/invoice.

2. To identify major missed opportunities and adherence to the Priority Lists.
3. To gather customer satisfaction data.

The inspector records any customer concerns or problems on an inspection action sheet. The contractor has 30 days to respond to the customer.

## Energy Education

Energy education is a critical component of WRAP. All WRAP customers are eligible for at least one site energy education session. There are three types of sessions:

**Initial** – The educator works with the customer to influence choices that will save energy and improve comfort and safety. For baseload/low-cost customers, the educator conducts the initial energy education session during the audit or the installation of measures. The educator conducts the initial session for full-cost customers before the audit (phone), during the audit, or during the inspection.

**Follow-up Session** – The educator offers the follow-up session to full cost customers in conjunction with the inspection or within six months after the installation of measures (phone). The educator reviews the installed measures, discusses any changes in electric usage with the customer, and continues to work with the customer to influence good choices.

**Remedial Energy Education** – Remedial energy education is offered to customers whose usage has increased by at least 10 percent after six months of the installation of measures. The educator conducts remedial sessions by phone. The goals of the session are to identify reason(s) for the usage increase, and to influence energy habits where feasible.

## "Incomplete" WRAP Jobs

PPL considers a job complete after the inspection is completed or waived. A job is closed as "incomplete" for the following reasons:

1. The customer moved, died, or dropped out of WRAP before the installation of major measures.
2. The customer did not get landlord approval to do WRAP work.
3. The customer received energy education but no measures. This usually applies to customers that use less than 6,000 annual kWh.

4. The customer received an energy survey (audit) and refused any offered measures.

The Company records the demographic information and costs of incomplete jobs in the WRAP database. PPL does not include these jobs in the billing and usage evaluations.

**Reporting**

PPL is required to submit the following reports to the PUC on an annual basis:

1. LIURP Status Report – February 28
2. USP Report (LIURP Section) – April 1
3. LIURP Report – April 30
4. LIURP Narrative Report – April 30

The reports due on April 30 reflect jobs completed in the calendar year two years prior to the due date. In other words, PPL will submit jobs completed in 2003 in the 2005 LIURP report. This gives the Company the opportunity to collect twelve months of post-WRAP data for analysis.

Information in the reports includes, but is not limited to:

1. Number of homes weatherized by job type
2. Annual expenditures
3. Annual household income and source of income
4. Number of household members by USP age categories
5. Payment status when applying for WRAP
6. Cost per job
7. Name of WRAP contractor(s) for each job
8. Measures installed and their associated material and labor costs
9. Costs for administration, field support, inspection, and energy education
10. Twelve months pre and-post electric usage and billing amounts
11. Customers who are on OnTrack (CAP) or receive fuel assistance during the pre and post-periods
12. Outreach efforts
13. Customer satisfaction information
14. Program goals and future enhancements

The Company analyzes trends and patterns of electric savings' results in the narrative report.

The information for the reports comes from the WRAP V database and reporting system, Company accounting reports, and customer postcards and phone calls.

## 2. Contractor Requirements and Training

### <u>Contractor Selection and Requirements</u>

PPL uses contractors to install weatherization measures and conduct audits inspections, and energy education sessions. The Company's Customer Programs Directors select contractors from qualified and reputable weatherization agencies/CBOs and local private contractors. Weatherization contractors may choose to use sub-contractors for specialized work (e.g., electrical, plumbing, heating equipment repair).

PPL issues WRAP contracts on an annual calendar basis. PPL allows exceptions when a contractor is hired mid-year. The Company expects contractors to conform to all federal, state, and local requirements. Materials and the installation of materials must comply with PPL's standards.

In addition, contractors must meet the following requirements:

1. Complete and invoice all work within a specified time mutually agreed upon by PPL and the contractor.
2. Complete an approved WRAP assessment (audit) form and adhere to the audit priority lists as a guideline for each job.
3. Submit an approved job ticket that includes itemized material and labor costs for each job.
4. Submit invoices in accordance with the policies issued by PPL's Corporate Disbursements department.
5. Provide a one-year warranty on all labor and materials.
6. Correct problems upon notification and no later than thirty days.
7. Correct problems identified by PPL as emergencies within 24 hours. Contractors should provide customers with their names and phone numbers upon completion of work.
8. Attend required meetings and training provided by PPL.
9. Adhere to a performance review (minimum once per year).

PPL assigns work to contractors based on customer need, location, skill sets, experience, and ability to handle increased workload. Habitual delays may result in the assignment of work to another contractor(s).

## Training

PPL provides specialized training for WRAP contractors on an ongoing basis. In 2004-2006, the Company will reserve at least $50,000 of the annual WRAP budget for contractor training. PPL applies any unspent training budget to WRAP measures and services.

Over the next three years, PPL will continue to offer sponsorships to the annual Affordable Comfort Conference and will pay for contractors to attend training courses/events on a situational basis. In addition, the Company will work with outside consultants to develop and conduct the following training:

- Combustion and back draft testing
- Mold/mildew/indoor air quality
- Zonal pressure diagnostics, in areas where there is high concentration of electric heat customers
- Pressure pan testing in areas where there is a high concentration of electric heat or central cooling customers
- Mobile home measures
- Side-wall insulation
- New measures/pilot measures, as needed
- New weatherization techniques, as needed
- Changes in Company policies and procedures, as needed

In order to help offset productivity losses associated with training time, PPL will offer a training honorarium to appropriate contractors for mandatory training that is not conducted on the job site. The funding for honorariums will not come out of the training portion of the WRAP budget.

## Equipment

The weatherization contractors purchase the majority of tools and equipment used for WRAP. However, there are situations when PPL purchases equipment for contractor use to implement new and pilot technologies, or to support a sudden increase in workflow.

In 2004-2006, PPL will reserve $40,000 per year for the purchase of contractor equipment. Funding will be used for the following:

- Purchase of at least one infrared camera as a pilot measure in an area where there is a high concentration of electric heat customers (2004)

- Purchase of specialized diagnostic and monitoring equipment, as needed
- Purchase of carbon monoxide testing equipment, as needed
- Upgrade of PPL-owned computers and printers, as needed

The contractor must agree to store and care for the equipment and return any loaned equipment to the Company upon termination of the contract. PPL will use any unspent money from the equipment budget for direct measures and services.

**Performance**

PPL will conduct a performance review with individual WRAP contractors at least once per year. The Company evaluates contractors on their ability to complete assigned work on time, quality of their work, cost-effectiveness, and customer satisfaction. The performance review also gives contractors the opportunity to express any problems and concerns and to make suggestions for improvement.

PPL may request additional meetings and/or training for contractors that do not meet WRAP requirements. If performance does not improve, PPL may terminate the WRAP contract.

## 3. Needs Assessment

WRAP targets customers that are at or below 200 percent of the federal poverty level and have installed electric heat or use a minimum of 6,000 annual kWh. PPL can provide WRAP services again to a premise every seven years if the customer meets income and usage criteria. Renters must obtain landlord approval. A customer need not have an overdue balance with PPL.

According to the U.S. Census, approximately 17.6 percent or 200,250 people in PPL's service area are at or below 150 percent of poverty level. Approximately 20 percent of WRAP customers are between 150-200 percent of poverty level. This brings the current potential amount of WRAP customers to 240,300.

Based on PPL's historical data, 33 percent of the customers who apply and meet the income guidelines for WRAP do not meet the usage criteria or cannot get landlord approval.

Therefore, the Company estimates the potential need for WRAP services as shown below:

| | |
|---|---|
| 200,250 | Income eligible customers |
| +40,450 | Customers between 150-200 percent of poverty level |
| **240,300** | **Sub Total** |
| -79,299 | Customers that do not meet usage criteria or cannot obtain landlord consent |
| -28,233 | Customers wrapped within the past seven years |
| -97,532 | Sub Total |
| **142,768** | **Total Eligible Customers** |

The above number reflects the total number of potentially eligible customers. The actual number of customers who "need" WRAP is lower for the following reasons:

1. The customer does not have an account with PPL (e.g., living in a homeless shelter).
2. The customer's home is in such poor condition that it is not safe to provide WRAP measures.
3. The customer's religious or cultural beliefs prohibit him or her from applying for "social" programs.
4. The customer is satisfied with his or her electric bills and comfort.

Approximately 5,000 customers inquire about WRAP every year. PPL attempts to educate customers about WRAP through bill inserts, training of customer service and field employees, contacts with agencies and churches, and personal contacts during the Winter Survey.

**4. Pilots and Enhancements**

As part of its efforts to expand the benefits of WRAP, PPL will continue to pilot new technologies in 2004-2006. The Company plans on initiating two pilots in 2003-2004:

1. Horizontal-axis washing machines
2. Cooling measures

**Horizontal-axis washing machines** – As part of its efforts to expand services for non-heating customers, PPL is planning on installing 75 horizontal-axis washing machines in targeted areas. The estimated cost for the pilot will be $31,200 in 2003 and $36,400 in 2004.

Horizontal-axis washers clean with tumble-action washing instead of a vertical tub. As a result, the horizontal models use less than half the water and electricity of a conventional washing machine. Some models also come with an enhanced spin cycle to reduce drying time.

The projected kWh savings for a family that does eight loads of warm-water wash per week is $100 per year (11-year payback). The Company plans on targeting non-electric heating customers with electric hot water heaters, washing machines and clothes dryers for the pilot.

For monitoring purposes, PPL will compare the kWh change between the pre- to post-WRAP period of customers that receive a horizontal washing machine with a control group. The Company will submit pilot results to the PUC in 2005.

**Cooling Measures**

Air conditioner replacement is currently a standard baseload measure of WRAP. In addition, customers that use at least 3,600 kWh for cooling may receive insulation, air- sealing measures, duct insulation, window fans, and central air conditioner repair/replacement.

The Company plans to pilot cooling measures such as tinted windows and roof coating to customers that use at least 1,000 annual kWh cooling usage. Customers in the Lehigh and Lancaster areas will be eligible to receive the cooling measures in 2003-2004. As with the washing machine pilot, PPL will compare the kWh usage with a control group and submit the results to the PUC in 2005.

**Additional Pilots**

PPL is receptive to implementing new measures and technologies as part of WRAP. Suggestions and ideas for pilots come from the PUC, other utilities, WRAP contractors, and PPL employees.

The Company will continue to investigate potential pilot measures in 2005 and 2006, and if feasible, seek approval from the PUC to implement.

**Enhancements**

During the past three years, PPL developed and implemented the WRAP V database and reporting system. This system accommodates the expansion of WRAP and meet regulatory reporting requirements. The Company also provided WRAP contractors with computers and gave them access to PPL's web mail and CSS so that contractors could view customers' electric usage history.

PPL worked with contractors, employees of FirstEnergy Corporation, and an outside consultant to redesign the audit and diagnostics process.

Contractors received training on auditing, pressure diagnostics, combustion testing, prioritizing measures, analyzing electric consumption, and integrating customer education into all phases of WRAP. The Company will reinforce these training concepts over the next three years.

In 2004-2006, PPL will continue to work with WRAP contractors and internal departments to streamline processes and improve the cost-efficiency of WRAP. The Company also plans on offering WRAP V to energy educators to view weather-normalized electric consumption and record changes in usage history.

In 2002, PPL underwent a USP evaluation by a third party. Although the evaluation focused primarily on the OnTrack program, the authors recommended that PPL conduct an extensive WRAP evaluation to determine opportunities for cost investment. The Company agreed with this recommendation and plans to implement a process/impact evaluation in 2005-2006. Additional major enhancements will be contingent upon the results of the evaluation.

### 5. Evaluation

#### Scope

PPL will hire a third party to evaluate the cost benefits of WRAP. The Company will consult with the PUC's Bureau of Consumer Services (BCS) to define the evaluation criteria and review the Request for Proposal (RFP). The successful candidate will meet with BCS before conducting the evaluation.

#### Timetable

The bulk of the evaluation will take place in 2005 and the first quarter of 2006. This will enable PPL to provide at last one year of post-WRAP data with the new audit/diagnostic process and any changes that take place on the prioritization of measures in 2004.

The proposed timeline is as follows:

| | |
|---|---|
| Meet with BCS to define evaluation criteria | 2004, 3rd Qtr |
| Issue RFP to prospective candidates | 2004, 4th Qtr |
| Select candidate | 2005, 1st Qtr |
| Meet with BCS and successful candidate | 2005, 1st Qtr |

| | |
|---|---|
| Conduct evaluation including cost-benefit analysis, interviews with PPL personnel and WRAP contractors, customer interviews, etc. Provide periodic status reports to PPL. | 2005, 2nd – 4th, Qtrs 2006, 1st Qtr |
| Submit evaluation report to BCS | April 30, 2006 |
| Meet with BCS to discuss findings | 2006, 2nd Qtr |

**Funding**

Funding for the evaluation will come out of the WRAP budget and should not exceed $90,000. Payment to the evaluator should be made in three installments:

- One-third before commencement of work - April 2005
- One-third upon completion of fourth status report - December 2005
- One-third upon completion of evaluation report - May 2006

Payments to the evaluator will be disbursed over a thirteen-month period to minimize the impact on the WRAP budget. The $90,000 ceiling does not include any internal costs needed for compiling and formatting statistical information.

**Conclusion**

Since PPL is required to submit its next USP plan to the PUC before completion of the evaluation, the Company may need to submit an addendum to the plan to implement any major changes proposed by the evaluation. It has been over ten years since WRAP was the subject of a major evaluation and the Company looks forward to working with an outside party to improve the cost benefits and quality of WRAP.

**PPL Electric Utilities Corporation**
**Winter Relief Assistance Program (WRAP)**
**Contractor List - 2003**

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**Weatherization Installer/Auditor (subcontractor to CACLV)**
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**Lancaster Area**

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**Baseload Contractor/Inspector**
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02/20/03

# WRAP Contact List (Internal)

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| | | |
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## Northeast Area

| | | |
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## Susquehanna Area

| | | |
|---|---|---|
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## Harrisburg Area

| | | |
|---|---|---|
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## Lancaster Area

| | | |
|---|---|---|
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## Staff

| | | |
|---|---|---|
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## ISD Support

| | | |
|---|---|---|
| Pete Gennaro | ISD Support Person | 484-634-3955 |
| John Csencsits | ISD Support Person | 484-634-3953 |

**WRAP Contractors**
**Scope of Services**

| Company | Coordination | Audit | Full Cost | Low Cost | Baseload | Energy Education | Inspection |
|---|---|---|---|---|---|---|---|
| John Adams | | X | | | | | |
| Kathy Barnes | | | | | | X | X |
| John Billiard | | | | | X | X | X |
| Carbon County Action Committee | | X | X | X | X | X | |
| Commission on Economic Opportunity | | X | X | X | X | X | |
| Community Action Committee of the Lehigh Valley | X | | | | | X | X |
| Dauphin County Weatherization | | X | X | X | X | X | |
| The Energy Conservation Center (Lancaster CAP) | | | X | X | | | |
| Housewarmers | | X | X | X | | | |
| Kinslow's Windows | | X | X | X | | | |
| Clyde Kreider | | | | | | X | X |
| Ohm Wx and Building Science | | X | X | X | | | |
| Ohm Wx and Renewable Energy | | X | X | X | | | |
| Pillar Contracting | | X | X | X | | | |
| Pure Energy | | | | | X | X | X |
| The Redevelopment Authority of Wayne County | | X | X | X | X | X | |
| Rovegno's of Carlisle | | X | X | X | X | X | |
| Schuylkill Community Action | | X | X | X | X | X | |
| Scranton-Lackawanna Human Development Agency | | X | X | X | X | X | |
| SEDA – Council of Governments | | X | X | X | X | X | |
| John Smith | | | | | | X | X |
| Solair Energy | | | | | X | X | X |
| STEP | | X | X | X | X | X | |

# Operation HELP

**PPL Electric Utilities Corporation**
**Operation HELP**

## 1. Program Description

### Overview

Operation HELP is a hardship fund supported by donations from PPL Electric Utilities Corporation ("PPL" or "Company"), its employees, retirees, and customers. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. Operation HELP defines low income as households that have annual incomes at or below 200 percent of the federal poverty level.

The primary features of Operation HELP include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs
- Referrals to other programs and services

A key feature of Operation HELP is that the program operates year-round throughout the Company's service area. As a result of ongoing donations from contributors, PPL disburses funding monthly to the 14 community-based organizations (CBOs) that administer Operation HELP. Funding for the program pays for any type of home energy bill (e.g., gas, coal, oil, and electric).

### Background

Begun in March 1983, Operation HELP was one of the first utility-sponsored hardship funds in the nation. Through its annual promotional campaign, PPL encourages customers to contribute by adding an extra $1, $2, or $5 to their monthly electric bill or by sending in one-time, lump-sum checks. Over 25,000 customers give to Operation HELP via their electric bill payments. PPL's customer information system has the flexibility to allow customers to give any amount to the program (up to $10 monthly) and to choose a specific period of time (over the winter months).

Employees may support Operation HELP as customers or through payroll deduction. Over 30 percent of employees (approximately 1,900) give to the program via payroll deduction. In addition, PPL encourages retirees to give in two ways: pension deduction or a one-time separate check donation.

## Key Objectives

The overall objectives of Operation HELP are as follows:

- Provide financial assistance to qualified low-income families who are having difficulty paying the full amount of their energy bills.

- Offer financial assistance to low-income households that are ineligible for the federally funded Low Income Home Energy Assistance Program (LIHEAP).

- Coordinate and expand the activities of CBOs that provide energy-related assistance.

- Administer a year-round cost-effective program.

## General Administration

PPL works with 14 CBOs that have solid reputations and experience in delivering services to administer Operation HELP. The administration of the program is a collaboration between these organizations and PPL. The primary duties include the following:

**PPL:**

- Collect and disburse contributions monthly to the CBOs.
- Provide corporate funding to support the effective administration of the program.
- Process Operation HELP payments.
- Solicit donations annually from customers, employees, and retirees.
- Maintain close working relationships with the CBOs.
- Conduct procedural audits to review performance.

**Operation HELP CBOs:**

- Conduct intake and verify applicants' eligibility.
- Process Operation HELP authorization forms.
- Send timely payments directly to energy vendors.
- Refer applicants to other assistance programs.
- Establish a separate account for processing donations and disbursements.
- Maintain detailed program records and arrange for an annual financial audit of Operation HELP.

**Control Features**

The decision to donate to any charitable cause involves several factors. One of the most important is the belief by contributors that the charitable organization uses their funds prudently. PPL requires that the Operation HELP administering organizations have a Certified Public Accounting (CPA) firm conduct an annual financial audit of the program. Since most of the CBOs are audited annually for their other federal and state-funded programs, they complete the Operation HELP audit in conjunction their normal program audits.

To supplement the CPA audit, PPL conducts annual procedural audits of the CBOs that administer Operation HELP. The primary purposes of the audit include:

- Review the CBOs' record keeping procedures.
- Identify problem areas.
- Discuss the findings with the CBOs and implement corrective action where necessary.
- Monitor the CBOs adherence to Operation HELP guidelines and procedures.
- Ensure the proper expenditure of Operation HELP donations.

PPL prepares monthly reports that monitor and track the CBOs' performance. The Company provides monthly feedback (e.g., electronic copy of reports) to the agencies regarding Operation HELP results. PPL also conducts an annual meeting with the CBOs to discuss Operation HELP and the Company's other universal service programs.

The Company uses its outside auditor to review internal procedures and records regarding Operation HELP. The audit includes, among other things, a review of record-keeping procedures and a reconciliation of donations from a sampling of customers.

PPL has registered Operation HELP with the Pennsylvania Department of State's Bureau of Charitable Organizations. The Company provides a report (e.g., projected receipts) to the Bureau as part of the annual registration process.

**2. Eligibility Criteria**

PPL established the eligibility criteria in cooperation with the Operation HELP administering organizations. As a general rule, customers with limited incomes and other hardships are eligible for assistance.

The Company defines limited income as total household income at or below 200 percent of the federal poverty level. The income guidelines for 2003 are as follows:

| Family Size | Annual Income |
|---|---|
| 1 | $17,960 |
| 2 | $24,240 |
| 3 | $30,520 |
| 4 | $36,800 |
| 5 | $43,080 |
| 6 | $49,360 |
| Each Additional Person | $6,280 |

On a case-by-case basis, the CBOs may exceed these income guidelines if customers have compelling and extenuating circumstances. However, the Operation HELP organizations must consult with PPL's Customer Programs Directors (CPDs) to discuss the individual cases. Although the percentage of customers assisted with incomes up to 200 percent of poverty is very low (under two percent), the CBOs appreciate the flexibility to address individual needs.

Operation HELP applicants are not automatically eligible for assistance by virtue of their income, age, or family circumstances. The Company targets program funds for income-eligible customers confronted with hardships and an inability to pay the full amount of their energy bills. PPL uses no customer, employee, or retiree donations for administrative expenses, weatherization measures, food, winter clothing, or promotional activities.

When interviewing applicants for Operation HELP, the CBOs generally consider the following factors:

- Death of primary wage earner
- Serious injury or illness to primary wage earner
- Life-threatening or health-threatening situations
- Families with infants
- Households with elderly or disabled occupants
- Eligibility for LIHEAP
- PPL overdue amount and payment history

### 3. Projected Needs Assessment

The need for energy assistance clearly exceeds the resources currently available through Operation HELP. Although donations have increased almost every year, the program cannot serve all eligible households. PPL started Operation HELP to address customers' needs and to supplement LIHEAP's efforts. Nevertheless, PPL is committed to increasing donations and to improving implementation processes.

According to the 2000 U. S. Census, approximately 17.6 percent of PPL's residential customers (200,250) have annual household incomes at or below 150 percent of the federal poverty level. However, a large majority of these customers are not payment troubled (e.g., overdue balances and broken payment agreements). The remaining customers would probably benefit from programs like Operation HELP and LIHEAP.

On average, approximately 19 percent of PPL's residential customers (214,773) have some type of overdue balance. The Company estimates that 31 percent of these customers report total household income at or below 150 percent of the federal poverty level. Since the income data is self-reported, some customer may not be low income. However, many are and would benefit from various assistance programs.

PPL has just over 27,154 active payment agreements for residential customers. Of this total, nearly 60 percent (16,170) are considered low-income customers. Depending on factors such as overdue amount, payment history, extenuating circumstances, the Company's customer service reps refer these customers to programs like OnTrack, WRAP, and Operation HELP. A recent analysis (October 31, 2002) of PPL's universal service programs by a third-party evaluator showed that at least 30,000 low-income customers could benefit from OnTrack, which is a special payment program for low-income customers.

### 4. Projected Enrollment Levels

PPL based its projected enrollment levels for 2004 through 2006 on estimated funding amounts for Operation HELP from all donation sources (e.g., PPL, customers, and employees) and the average grant amount. Historically, the average Operation HELP grant is about $200 per customer. The projected enrollment levels are as follows:

| Year | Enrollment Level |
|---|---|
| 2004 | 2,800 |
| 2005 | 3,000 |
| 2006 | 3,200 |

## 5. Program Budget

The projected level of donations from PPL, its customers, employees, and retirees determines the number of customers assisted annually. The Company will continue to actively solicit donations from these groups from 2004 through 2006. Solicitation activities will include, but are not limited to, the following:

| Method | Timeframe | Audience |
| --- | --- | --- |
| Bill Insert | December | All Customers |
| Enrollment Form | December | All Customers |
| Return Postcard | December | EFT Customers[1] |
| PPL President Letter | December | Employees and Retirees |
| News Release | December | General Public |
| TV Ad | December | General Public |

In addition, PPL conducts other fund-raising activities (e.g., golf tournament) for the program. The Company's tariff has a provision that directs all final bills with balances under one dollar to the Operation HELP fund.

The projected budget for Operation HELP for 2004 through 2006 is shown below.

| Year | Funding Level |
| --- | --- |
| 2004 | $900,000 |
| 2005 | $922,500 |
| 2006 | $945,500 |

## 6. Plans to Use Community-Based Organizations

PPL uses 14 community-based organizations (CBOs) to administer Operation HELP throughout its 10,000 square mile service area in central and eastern Pennsylvania. Almost all of these CBOs have administered the program since its inception in March 1983. Many of them were involved in the planning meetings PPL conducted in 1982 to develop the guidelines and procedures for Operation HELP. The CBOs use approximately 33 caseworkers at 32 sites (main and satellite offices) to administer the program.

[1] EFT (electronic fund transfer) pertains to customers who have given PPL permission to deduct their bill payments and donations automatically from their bank accounts.

The Operation HELP CBOs process referrals, schedule and conduct interviews, determine eligibility, refer applicants to other assistance programs, and send payments to energy vendors. In addition, the CBOs send authorization forms to PPL for record keeping and analysis of program performance. The authorization forms include demographic and funding data for every customer assisted by Operation HELP. PPL enters the information into a database that produces various reports. The Company will implement a process improvement whereby the CBOs would enter the information directly into a database.

The following table includes the 14 current Operation HELP administering organizations and the counties they serve.

| Organization | Phone | Counties Served |
|---|---|---|
| Community Action Committee of the Lehigh Valley | 610/691-5620 | Bucks, Lehigh, Northampton |
| Open Line, Inc. | 215/679-4112 | Montgomery |
| The Salvation Army | 570/421-3050 | Monroe |
| TREHAB, Inc. | 570/253-8941 | Pike, Wayne, Wyoming, Susquehanna |
| Carbon County Action Committee | 610/377-6400 | Carbon |
| Commission on Economic Opportunity | 570/826-0510 | Luzerne |
| The Salvation Army | 570/969-6399 | Lackawanna |
| Schuylkill Community Action | 570/622-1995 | Schuylkill |
| STEP, Inc. | 570/327-5485 | Lycoming, Clinton |
| Montour County Human Services | 570/271-3028 | Montour |
| Columbia County Human Services | 570/387-6501 | Columbia |
| Union-Snyder Office of Human Resources | 570/374-0181 | Union, Snyder |
| Christian Churches United | 717/230-9550 | Dauphin, Perry, York, Juniata, Cumberland |
| Community Action Program of Lancaster County | 717/299-7301 | Lancaster |

## 7. Organizational Structure of PPL Staff

The Regulatory Programs & Business Services (RP&BS) group oversees the administration of Operation HELP. RP&BS is part of the Customer Services Department. RP&BS staff provides program oversight and field personnel manage the day-to-day administration of Operation HELP.

**General Office Staff:**

- Robert M. Geneczko – Vice President-Customer Services
- Timothy R. Dahl – Mgr.-Regulatory Progs. & Business Services
- Evelyn Soto – Customer Relations Specialist

**Regional Customer Programs Directors:**

- Judith A. Grant – Lehigh Region
- Florence M. McNelis – Northeast Region – Hazleton
- Joy Schmalzle – Northeast Region – Scranton
- Angela Tracy – Susquehanna Region
- Gladys Malone – Southwest Region

**General Office Administrative Support**

- Cynthia A. Focht – Steno/Clerk
- Sharon L. Gallagher – Steno/Clerk
- Jacqueline Jacob - Steno/Clerk

**Regional Administrative Support**

- Thomas R. Day – Southwest Region – Harrisburg
- Andrea Walsh – Northeast Region – Scranton

The five regional Customer Programs Directors and the Customer Relations Specialist report to the Manager-Regulatory Programs & Business Services. This manager reports directly to the Vice President-Customer Services.

## 8. Differences Between Approved Plan and Subsequent Implementation of the Plan

PPL has consistently administered Operation HELP according to long-established guidelines and procedures. There have been no major changes in the program since the approval of the Company's first universal service and energy conservation plan for the years 2000-2002. PPL has made two changes over the past several years. First, in 2001 the Company increased the income guidelines for Operation HELP from 150 percent to 200 of the federal poverty level. Second, in 2002 Schuylkill Community Action and Union-Snyder Office of Human Resources replaced Northumberland County Human Services as the Operation HELP CBOs for Northumberland County.

# CARES

**PPL Electric Utilities Corporation**
**CARES**

## 1. Program Description

### Overview

The Customer Assistance and Referral Evaluation Services (CARES) program is a special outreach and referral service for customers who are confronted with temporary hardships and have no where else to turn. The program recognizes that people are sometimes victims of circumstances beyond their control. These conditions create hardships that are difficult to address without some type of assistance. CARES helps play in role in responding to customers who have special circumstances.

The primary features of CARES include:

- Protection against shutoff of electric service
- Payment plans based on ability to pay
- Referrals to other programs and services
- Direct financial assistance for overdue electric bills

The program is available to any residential customer, regardless of income level, who faces a temporary hardship that could result in the loss of electric service. PPL Electric Utilities Corporation ("PPL" or "Company") defines temporary hardship as a time period of six months or less. Customers with long-term problems, particularly low-income households, participate in special payment programs like OnTrack.

### Background

PPL started CARES as a six-month pilot program in 1980-81. The Company conducted the pilot in three regions: Lancaster, Southwest (Harrisburg), and Northeast (Hazleton). Following an extensive evaluation of the pilot, the Company implemented CARES as a system-wide program in February 1982. PPL appointed CARES Representatives in each region, and they reported to the Consumer Affairs Directors.

In April 1995, PPL merged the positions of Consumer Affairs Director and CARES Representative into a new position called Customer Assistance Representative. PPL renamed this position as the Customer Programs Director (CPD) in March 1997. The CPD provides the day-to-day administration of the Company's four major universal service programs:

WRAP, OnTrack, Operation HELP, and CARES. In addition, the CPD develops and maintains effective working relationships with a variety of community-based organizations (CBOs).

## Objectives

The primary objectives of the CARES program are as follows:

- Help customers experiencing temporary hardships to manage their overdue electric bills by providing them with information and resources.

- Make tailored referrals to Company and/or community assistance programs.

- Maintain and/or establish partnerships with community-based organizations to ensure maximum and timely assistance for CARES customers.

- Act as an internal advocate for payment-troubled customers.

## Program Design

### Referrals/Assistance Coordination

PPL's Customer Programs Directors (CPDs) oversee the implementation of CARES. They attempt to match customers' needs with existing Company and/or community programs. The CPDs or other support staff analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services offered various agencies or PPL.

### Home Visits

The CPDs do not normally conduct home visits for CARES participants. Given the breadth of the CPDs' responsibilities regarding all of PPL's universal service programs, it is impractical for them to conduct home visits. If there were a particularly difficult and compelling situation, they would attempt to schedule a home visit. However, these types of situations are rare. The CPDs do help coordinate home visits conducted by caseworkers from CBOs like the Area Agency on Aging (AAA). The frail elderly are vulnerable, and the AAA caseworkers have the appropriate skill set and ability to conduct effective home visits.

## Payment Arrangements

Because of the unusual and often complicated situations affecting customers' ability to pay, the CPDs have latitude and flexibility in establishing payment agreements. As a result, they can set up payment plans that reflect customers' ability to pay and hardship circumstances. The CPDs monitor the status of payment plan and intervene when required.

## Networking

Another key responsibility of the CPDs is to establish close working relationships with community-based organizations (CBOs) and departments at PPL. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The CPDs have established a strong network of agencies throughout PPL's service area. PPL has nearly 25 years of experience in working effectively with CBOs.

## CARES Credits

A unique feature of PPL's CARES program is a provision for CARES Credits. The CPDs use these credits to help pay electric bills for customers who have run out of options. There are circumstances where neither PPL nor social service agencies can provide sufficient and/or timely assistance to customers. Programs may have closed (e.g., LIHEAP) or the customer is ineligible for services because his or her household income is above program guidelines.

The CPDs have a maximum of $60,000 annually in CARES Credits ($12,000 per CPD). No formal guidelines exist for the use of CARES Credits because PPL applies the funds on a case-by-case basis. Often times, the CPDs use the credits for customers confronted with high medical bills or the death of the primary wage earner. In 2002, the Company applied $56,617 in CARES Credits to 252 accounts, with an average grant of $225.

## Eligibility Criteria

Referrals to CARES come from three primary sources: PPL's Customer Contact Center (CCC), social agency caseworkers, and self-referrals. Since the Customer Programs Directors cannot work with all payment-troubled customers, PPL established referral criteria for CCC employees and CBO caseworkers. They use the criteria as a screening device to ensure appropriate referrals to CARES services. In practice, the CCC reps refer most customers to CARES.

CCC customer contact employees and CBO caseworkers refer customers to CARES when the following conditions exist:

- Illness, injury, or medical bills significantly reduce household income
- Previously good-paying customers with temporary hardship situation
- Recent loss of job or major reduction in household income
- Abandoned spouse
- Low-income elderly
- Confused and disoriented customer

The above referral criteria cannot, of course, cover every customer situation or hardship. The CCC reps and agency caseworkers use their judgment and discretion in referring customers to CARES who do precisely match the referral criteria. If unusual conditions exist, the Customer Programs Directors might have a solution because of their past experience with CARES and their extensive knowledge of available resources.

## 2. Projected Needs Assessment

Given the special emphasis and focus of CARES, it is difficult to determine need with any degree of accuracy. The program is a specialized service that addresses customers' individual concerns and needs. In addition, CARES is available to any residential customer, regardless of income, and it targets households with temporary hardships.

However, many CARES customers generally have overdue balances and tend to be low income. As such, several conclusions can be drawn:

- The 2000 U. S. Census shows that an estimated 17.6 percent of PPL's residential customers have annual household incomes at or below 150 percent of the federal poverty level.

- Approximately 19 percent of PPL's residential customers (214,773) have an overdue balance, and 31 percent of this total report annual income at or below 150 percent of the federal poverty level.

- Approximately 27,154 customers have active payment plans with PPL, and nearly 60 percent of this total are low-income households.

Although it is difficult to identify the CARES population, the number of low-income households with overdue balances and other hardships will certainly provide a sufficient number of referrals to CARES. In addition, PPL's 20 years of experience with the program supports the conclusion that CARES will continue to serve the needs of a specific segment of residential customers.

### 3. Projected Enrollment Levels

PPL bases the projected enrollment levels for 2004 through 2006 on its historical experience with CARES. In 2002, for example, there were approximately 828 referrals to the program. Of this total, 252 (30.4 percent) were enrolled in CARES. The Company projects that the number of CARES referrals will remain at about 1,000 annually for several reasons.

First, PPL now refers some customers to OnTrack, which is a special payment program, instead of CARES. For these customers, OnTrack may be a better solution than CARES. Second, through an operational improvement assessment completed in 2002, PPL reduced the number of Customer Programs Directors (CPDs) from six to five. Third, the CPDs have expanded day-to-day responsibilities regarding the Company's other universal service programs.

The projected enrollment levels are as follows:

| Year | Enrollment Level |
|---|---|
| 2004 | 600 |
| 2005 | 600 |
| 2006 | 600 |

### 4. Program Budget

The annual expenditure for CARES is approximately $110,000: $50,000 for staff support and $60,000 for CARES Credit. There is no specific operating and maintenance budget for CARES. PPL estimates that the time spent by the CPDs and other staff in support of the program is valued at $50,000 annually. As noted earlier, the CPDs use the remaining $60,000 of CARES Credits to assist customers who need help and have run out of options.

The projected budget amounts shown below for 2004 through 2006 will remain relatively flat.

| Year | Funding Level |
|---|---|
| 2004 | $110,000 |
| 2005 | $112,000 |
| 2006 | $114,000 |

## 5. Plans to Use Community-Based Organizations

PPL recognizes the importance of establishing and expanding its network of contacts and working relationships with the CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. Public-private partnerships can best provide services and programs to residential customers and particularly low-income households. Given the significant expansion of funding for universal service programs at PPL and the increase responsibilities of the CPDs, the role of CBOs has become even more important.

Although the total number of agency contacts is more extensive, the following list is a fair representation of agencies that the CPDs work with regularly to address customer problems.

**Lehigh Region**

- Children and Youth Protective Services
- Second Harvest Food Bank
- Community Action Committee of the Lehigh Valley
- Conference of Churches
- Consumer Credit Counseling Service
- Lehigh County Office of Adult Services
- Area Agencies on Aging
- The Salvation Army – Stroudsburg
- Open Line, Inc.
- Pathways
- Lehigh Valley Hospital Center
- Lehigh County Assistance Office
- Northampton County Assistance Office
- Monroe County Assistance Office
- Carbon County Action Committee

**Northeast Region**

- County Assistance Offices
- Commission on Economic Opportunity
- Scranton/Lackawanna Human Development Agency

- TREHAB, Inc.
- Schuylkill Community Action
- The Salvation Army
- Consumer Credit Counseling Service
- Penn State Cooperative Extension
- Area Office of Aging
- Columbia County Human Services
- Montour County Human Services
- Area Agencies on Aging

**Susquehanna Region**

- STEP, Inc.
- Union/Snyder Office of Human Resources
- County Assistance Offices
- Area Agencies on Aging
- Interdiscipline Human Resource Council

**Southwest Region – Lancaster**

- Central Pennsylvania Legal Services
- Community Action Program of Lancaster County
- Tabor Community Services
- Consumer Credit Counseling Service
- Catholic Charities
- Council of Churches
- Hospice of Lancaster
- Spanish-American Civic Association
- United Way LINC

**Southwest Region – Harrisburg**

- The Salvation Army
- Christian Churches United
- Tri-County Commission on Community Action
- County Assistance Offices
- Area Agencies on Aging
- New Hope Ministries
- Cumberland County Human Services
- Dauphin County Food Bank
- Consumer Credit Counseling Service
- Urban League of Metropolitan Harrisburg
- Cumberland County Community Services

## 6. Organizational Structure of PPL Staff

Regulatory Programs & Business Services (RP&BS) has oversight responsibility for CARES. RP&BS is part of the Customer Services Department and provides direction for the program. The Customer Programs Directors conduct the day-to-day administration of CARES.

### General Office Staff:

- Robert M. Geneczko -- Vice President-Customer Services
- Timothy R. Dahl -- Mgr.-Reg. Progs. & Business Services
- Evelyn Soto -- Customer Relations Specialist

### General Office Administrative Support:

- Cynthia A. Focht -- Steno/Clerk
- Sharon L. Gallagher -- Steno/Clerk
- Jacqueline Jacob - Steno/Clerk

### Regional Customer Programs Directors:

- Judith A. Grant -- Lehigh Region
- Angela Tracy -- Susquehanna Region
- Florence M. McNelis -- Northeast – Hazleton
- Joy E. Schmalzle -- Northeast – Scranton
- Gladys Malone -- Southwest Region

### Regional Administrative Support:

- Andrea Walsh – Northeast – Scranton
- Thomas R. Day – Southwest – Harrisburg

## 7. Differences Between Approved Plan and Subsequent Implementation of the Plan

PPL is conducting CARES consistent with long-established guidelines and procedures. All major policies regarding eligibility, payment plans, referrals to other assistance programs, and CARES Credits remain the same. The only difference, as noted above, is the reduction in the number of Customer Programs Directors from six to five.

**CERTIFICATE OF SERVICE**
**(Docket No. M-2016-2554787)**

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**VIA FIRST CLASS MAIL & EMAIL**

| | |
|---|---|
| Patrick Cicero, Esquire<br>Elizabeth R. Marx, Esquire<br>Joline Price, Esquire<br>Pennsylvania Utility Law Project<br>118 Locust Street<br>Harrisburg, PA 17101<br>*Representing CAUSE-PA* | Christy Appleby<br>Office of Consumer Advocate<br>555 Walnut Street<br>$5^{th}$ Floor<br>Forum Place<br>Harrisburg, PA 18101 |

Date: October 27, 2017

Amy E. Hirakis

Amy E. Hirakis