



**PREPARED REBUTTAL TESTIMONY OF  
RITA BLACK**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Rita Black and my business address is 375 North Shore Drive, Suite 600, Pittsburgh,  
3 PA 15212.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Peoples Natural Gas Company LLC (“Peoples” or “Company”) as Director,  
7 Customer Relations.

8

9 **Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS**  
10 **PROCEEDING?**

11 A. No.

12

13 **Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

14 A. I will respond to recommendations made by Susan Moore, on behalf of Community  
15 Action Association of Pennsylvania (“CAAP”), Roger Colton, on behalf of the Office of  
16 Consumer Advocate (“OCA”), and Harry Geller, on behalf of The Coalition for  
17 Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”)  
18 regarding Peoples’ low-income programs.

19

20 **Q. HOW HAVE YOU ARRANGED YOUR REBUTTAL TESTIMONY?**

21 A. I have arranged my rebuttal testimony by subject matter. Where more than one witness  
22 has addressed the same subject matter with testimony that I wish to rebut, I address all of

1 that testimony in the same section. I will address the following issues: (1) the impact of  
2 the proposed increase on low-income customers; (2) the confirmed low-income  
3 classification; (3) the Company's Customer Assistance Program ("CAP"); (4) third party  
4 notification for agencies; (5) the Low Income Usage Reduction Program ("LIURP"); (6)  
5 integration of the Universal Service Rider; and (7) the Hardship Fund.

6  
7 Impact of Increase on Low-Income Customers

8 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE PARTIES'**  
9 **CONCERNS REGARDING THE IMPACT OF THE PROPOSED RATE**  
10 **INCREASE ON LOW-INCOME CUSTOMERS.**

11 A. Ms. Moore, on behalf of CAAP, Mr. Colton, on behalf of OCA, and Mr. Geller, on behalf  
12 of CAUSE-PA, discussed the impact of the proposed rate increase on low-income  
13 consumers. In particular, they are concerned that the proposed change to the monthly  
14 customer service charge would have a significant impact to the affordability of natural  
15 gas service for low-income consumers.

16  
17 **Q WHAT IS YOUR RESPONSE TO THIS CONCERN?**

18 A. In my role at Peoples, I am engaged on a daily basis with affordability issues for low-  
19 income consumers. The Company has developed a wide-ranging suite of programs and  
20 processes to help ensure that low-income households have access to resources to make  
21 utility service more affordable. Peoples strives to maintain affordable utility service for  
22 all consumers by diligently managing its assets and operations. Investment in the natural

1 gas pipeline system is necessary to ensure that the Company's customers will have safe  
2 and reliable gas service well into the future. Those investments bear a cost to consumers.

3 The particular rate design proposed in this proceeding includes an increase to the  
4 monthly customer charge as noted by the parties. Mr. Geller suggests in his testimony  
5 that, "To the extent that any of the proposed rate increase is found to be just and  
6 reasonable, I believe that the entirety of any resulting rate increase should be added to the  
7 volumetric charge, and not the fixed charge portion of the bill."<sup>1</sup> He asserts that an  
8 increase to the monthly fixed customer charge undermines energy efficiency efforts and,  
9 therefore, is more harmful to low-income customers who may attempt to mitigate a rate  
10 increase impact by lowering their gas usage. Mr. Colton raises similar concerns and  
11 notes in his testimony that, based on regional usage pattern data, low-use customers tend  
12 to be low-income customers. Both witnesses appear to recommend that the proposed rate  
13 increase would have less impact on low-income consumers if it were proportioned less to  
14 the monthly customer charge and more to the usage based delivery charge.

15 I disagree. Low-income consumers are less likely to have newer, highly efficient  
16 heating equipment and gas appliances. Low-income consumers are more likely to live in  
17 housing that is older and less efficient due to aging housing stock that often lacks  
18 sufficient insulation or inefficient windows and doors. Further, low-income consumers  
19 are less likely to be homeowners and, therefore, have less control over the energy usage  
20 of their residence because they are unable to make changes to the heating equipment,  
21 insulation and implement other weather saving measures such as sealing windows.  
22 Consistently, average usage for CAP participants is higher than that of the residential  
23 class on the Peoples system. Therefore, if the proposed increase were more heavily

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<sup>1</sup> See CAUSE-PA Statement No. 1, p. 5, lines 9-11.

1 weighted to the delivery charge rather than the monthly customer charge, CAP  
2 participants and other low-income customers with similar usage profiles would be more  
3 negatively impacted by the proposed increase than an average residential customer.  
4

5 Confirmed Low-Income Classification

6 **Q. MR. COLTON STATES THAT THE COMPANY FAILS TO COMPLY WITH**  
7 **THE PENNSYLVANIA PUBLIC UTILITY COMMISSION’S (“PUC”)**  
8 **DEFINITION OF “CONFIRMED LOW-INCOME CUSTOMER.” PLEASE**  
9 **RESPOND.**

10 A. I disagree. According to the 2017 Report on Universal Service Programs and Collections  
11 Performance published by the Pennsylvania Public Utility Commission,  
12 ([http://www.puc.state.pa.us/General/publications\\_reports/pdf/EDC\\_NGDC\\_UniServ\\_R](http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Report2017.pdf)  
13 [pt2017.pdf](http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Report2017.pdf)) , “A confirmed low-income (CLI) customer is a customer whose gross  
14 household income has been verified as meeting the FPIG [federal poverty income  
15 guidelines].”<sup>2</sup> Verified would indicate that the Company has validated the customer’s  
16 low-income status. Validation can occur through methods such as: (1) the receipt of Low  
17 Income Home Energy Assistance Program (“LIHEAP”) grants, which indicate that the  
18 Department of Human Services validated income documentation in order to issue a grant;  
19 and (2) the receipt of income documentation from the customer. For the purposes of  
20 responding to discovery in this and other proceedings in which specific data was  
21 requested of customers identified as “confirmed low-income,” the Company used both of  
22 these validation methods to identify the population. There are limitations to the data in  
23 the Company’s billing system that led the Company to choose these methods of

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<sup>2</sup> Page 3

1 identification for discovery. For example, if a customer contacted the Company 10 years  
2 ago to apply for gas service and indicated verbally that he or she was low-income at that  
3 time, the customer would have been included in the low-income population if Peoples  
4 used low-income indicators, even though there is no recent contact to indicate the  
5 customer remains a low-income customer. The decision to respond to discovery under  
6 this definition was made in order to provide a more accurate representation of the low-  
7 income population at Peoples.

8 I would like to note, however, that in practice, to ensure that customers who self-  
9 identify as low-income receive appropriate treatment, the Company accepts verbal  
10 income information to classify customers as low-income in compliance with the PUC's  
11 regulation. For example, Peoples waives connection fees for customers with incomes  
12 less than 150% of Federal Poverty Level. When a customer contacts the Company to  
13 begin service, the connection fee is waived if the customer self-identifies as meeting this  
14 income guideline. The customer is not required to submit documentation to verify  
15 income status. The same is true of waiving security deposits, negotiating payment  
16 arrangements, and determining amounts for restoration. The Company only requires  
17 verified income for a customer to enroll in Peoples' Universal Service programs, such as  
18 CAP, LIURP or Emergency Furnace and Line Repair, because these programs use  
19 ratepayer dollars to provide benefits to participants and it is the Company's obligation to  
20 ensure those benefits are provided to qualified households.

1 Customer Assistance Program (CAP)

2 **Q. IN HIS TESTIMONY, MR. COLTON NOTES THE CAP ENROLLMENT**  
3 **LEVELS AND RECOMMENDS THAT IMPROVEMENTS SHOULD BE MADE**  
4 **TO CAP OUTREACH. PLEASE DESCRIBE HIS RECOMMENDATIONS AND**  
5 **RESPOND TO HIS SUGGESTIONS.**

6 A. On page 23 of his testimony, Mr. Colton utilizes a chart to illustrate CAP enrollment  
7 levels from October of 2016 through February of 2019. He describes this illustration as  
8 being reflecting of “declining enrollment.” While CAP enrollment has not increased  
9 overall, it would be more accurate to describe the CAP enrollment trend as flat. Mr.  
10 Colton recommends that the Company be required to engage with low-income  
11 stakeholders to develop a specific plan detailing outreach efforts for low-income  
12 customers in arrears. He further suggests that Peoples develop a Plain English notice that  
13 describes the arrearage forgiveness benefit of CAP participation in order to encourage  
14 enrollment.

15 Enrollment levels for CAP are affected by many things including collections  
16 activities, rates and overall financial need trends. Anecdotally, other utilities in the  
17 Commonwealth have commented their CAP enrollment levels are either stagnant or  
18 slightly declining. Peoples utilizes several methods of outreach, particularly focusing on  
19 those customers with arrears. One such effort is the identification of low-income  
20 customers who establish payment plans through the Company’s online e-account.  
21 Weekly, a list of accounts that appear to meet income guidelines and were the subject of  
22 online payment arrangements is provided to the Company’s CAP administrator, Dollar  
23 Energy Fund, for outreach efforts. The Company additionally generates lists of

1 customers who received LIHEAP payments and have arrearages for outreach by Dollar  
2 Energy Fund. The Company's Universal Service Advisory Group ("USAG") is an  
3 engaged group of low-income advocates, regulatory parties, and community based  
4 organizations. This group has provided very valuable input into issues such as CAP  
5 enrollment. I believe working with the USAG in an informal manner to continually  
6 improve CAP and the other Universal Service programs that Peoples offers is the right  
7 format to identify additional outreach methods and opportunities. I do not think a formal  
8 outreach plan submitted to the PUC is necessary.

9 Mr. Colton's suggestion regarding developing a Plain English notice regarding  
10 arrearage forgiveness benefits is a good one. I believe the Company can take this idea a  
11 step further and develop a Plain English notice that describes all of the benefits of CAP  
12 including CAP credits and affordable payments. This is a good topic for a USAG  
13 meeting, and Peoples will commit to incorporating this into either the July or October  
14 meeting scheduled this year.

15  
16 **Q. MR. GELLER, ON BEHALF OF CAUSE-PA, MADE SEVERAL**  
17 **RECOMMENDATIONS REGARDING PEOPLES' CAP DESIGN. PLEASE**  
18 **DESCRIBE THESE RECOMMENDATIONS.**

19 A. First, Mr. Geller raised concerns similar to Mr. Colton regarding Peoples' CAP  
20 enrollment levels and the impact of the proposed rate increase on CAP participants. I  
21 have addressed these earlier in my testimony. He also makes several specific  
22 recommendations regarding Peoples' CAP design. These recommendations are:



- 1           1. The CAP minimum payment, currently \$25, should be reduced to an amount no higher  
2           than the current fixed monthly charge for residential customers.
- 3           2. Customers in CAP Group A, which is defined as households with incomes less than  
4           50% of the Federal Poverty Level, should be exempt from the CAP Plus charge.
- 5           3. The Arrearage Forgiveness copay, currently \$5, should be eliminated for all customers  
6           with incomes up to 150% of Federal Poverty Level. Only those participants with  
7           incomes between 151 and 200% of FPL should receive this copay.
- 8           4. The Company should actively recruit customers with existing debt into CAP,  
9           implement a warm-transfer referral process to Dollar Energy Fund, its CAP  
10          administrator, and make LIHEAP recipients automatically eligible for CAP.
- 11          5. The Company should improve recertification by allowing for electric recertification,  
12          requiring Dollar Energy Fund to make reminder calls to customers undergoing  
13          recertification, and sending post-paid envelopes with recertification forms.

14  
15   **Q. PLEASE RESPOND TO THESE RECOMMENDATIONS.**

16   A. I would first like to describe the Company's processes and planned improvements for  
17   over the next few months, which already align with some of the recommendations.  
18   Peoples actively recruits customers with existing debt and those who have received  
19   LIHEAP, as I described earlier in my testimony. LIHEAP recipients are automatically  
20   eligible and are not required to produce any income documentation to enroll in CAP.  
21   Further, Peoples has a warm transfer process by which a call center agent can send the  
22   customer directly to Dollar Energy Fund to enroll in CAP via the telephone. Peoples  
23   does not require customers to go to an agency to sign up for CAP. In addition to the

1 current processes that are designed to reduce barriers to enrollment, the Company  
2 actively pursues additional uses of technology to allow customers to more easily enroll in  
3 CAP or recertify. In late May, Dollar Energy Fund will implement an email address that  
4 will be used by Peoples' customers to upload their income documents. This will allow  
5 customers to take a picture of their documents and send them electronically, avoiding the  
6 time and costs associated with sending the documents via fax or mail. Once this email  
7 process has been successfully implemented, the next step in the Company's work with  
8 Dollar Energy Fund is to use the email process to contact customers that have yet to  
9 complete enrollment or those who need to recertify by sending an email to the customer  
10 that includes a link for the easy upload of income documentation. Peoples hopes this  
11 implementation will increase current participants' retention in CAP and accelerate  
12 enrollment for new participants. Dollar Energy Fund has historically provided outreach  
13 phone calls to customers that are due for recertification in an effort to keep those  
14 customers from dropping from CAP. The Company initiated this this process at Dollar  
15 Energy Fund last December and will continue to use it when time is available for the  
16 agents to make those outbound calls.

17 The remaining recommendations made by Mr. Geller are focused on affordability.  
18 His recommendations include reducing the minimum CAP payment, eliminating the CAP  
19 Plus charge for those in the lowest income bracket, and eliminating the Arrearage  
20 Forgiveness copay for all participants with incomes below 150% of Federal Poverty  
21 Level. Two of these recommendations, the elimination of the CAP Plus charge for some  
22 customers and the elimination of the Arrearage Forgiveness copay for others, would  
23 require significant IT resources and expense. With the exception of the CAP payment

1 guidelines which are based on income bracket as shown in the table below, all other  
2 aspects of CAP are the same for all participants.

Federal Poverty Level	CAP Group/Income Based Payment
0 to 50% FPL	Group A/8%
51 to 100% FPL	Group B/9%
101 to 150% FPL	Group C/10%
151 to 200% FPL	Group D/11%

4  
5 Any changes that would differentiate between different groups of CAP participants  
6 would require a wholesale change to CAP functionality in the Company's billing system.  
7 Further, the Company notes that any changes to current CAP design should be considered  
8 in light of the PUC's ongoing proceeding regarding affordability, which may result in  
9 specific CAP design requirements with which the Company would be required to  
10 comply.

11 The recommendation that the CAP minimum payment be reduced from \$25 to an  
12 amount no higher than the current monthly service charge would not require significant  
13 IT resources and could have a direct and immediate impact on affordability for the lowest  
14 income group of CAP participants. On that basis, this particular proposed change  
15 appears to be reasonable.

1 Low Income Usage Reduction Program (LIURP)

2 **Q. PLEASE DESCRIBE THE TESTIMONY PROVIDED BY PARTIES’**  
3 **WITNESSES CONCERNING LIURP.**

4 A. There were two recommendations made regarding LIURP. Both Mr. Geller and Ms.  
5 Moore recommended increases to the annual LIURP budget. Ms. Moore also  
6 recommended that Peoples partner with CAAP member agencies and the Pennsylvania  
7 Weatherization Providers Task Force in the administration and implementation of  
8 LIURP.

9  
10 **Q. WHAT WERE THE RECOMMENDED LIURP BUDGET INCREASES**  
11 **PROPOSED BY THESE WITNESSES?**

12 A. Mr. Geller proposed an increase to LIURP of \$1,050,000. Ms. Moore proposed an  
13 increase of \$675,000.

14  
15 **Q. PLEASE RESPOND TO THESE PROPOSED INCREASE AMOUNTS.**

16 A. In his testimony, Mr. Geller, on behalf of CAUSE-PA, notes that the annual LIURP  
17 budgets of Columbia Gas of Pennsylvania, Inc. (“Columbia”) and Philadelphia Gas  
18 Works (“PGW”) are significantly higher than the current budget for Peoples. He also  
19 raises concern that Peoples’ current budget limits the number of weatherization jobs  
20 completed annually, and that based on the level of low income customers in the Peoples  
21 service territory, a sufficient number of jobs cannot be completed annually. The  
22 testimony of Ms. Moore was similar in nature.

1           In 2017, Peoples underwent an independent evaluation of its Universal Service  
2 programs, administered by Applied Public Policy Research Institute for Study and  
3 Evaluation (“APPRISE”). The report prepared by APPRISE, which is provided as  
4 Peoples Exhibit RB-1R, contains an evaluation of LIURP, which begins on page 27 and  
5 continues through page 37. On page 36, the section regarding ‘Challenges and  
6 Successes’ notes that the greatest challenge the Company faces is obtaining customer  
7 response and agreement for services. There are no recommendations or findings related  
8 to funding for LIURP.

9           In his comparison of Peoples’ budget to the budgets of Columbia and PGW, Mr.  
10 Geller does not identify if those annual budgets are fully utilized by these utilities. When  
11 funding levels exceed the need and/or the ability of the utility’s contractors to complete a  
12 high level of weatherization jobs in a given year, the ratepayers who fund this program do  
13 not receive services commensurate with the costs. Unused dollars are carried over into  
14 subsequent years and can snowball into continuous over-funding levels.

15           Further, through partnership with electric efficiency programs and state  
16 weatherization projects, Peoples seeks to maximize the energy efficiency benefits to  
17 consumers in an efficient, lower cost manner. I do not believe an increase to the LIURP  
18 budget is necessary. If the Company and its future independent evaluation find that the  
19 dollars allocated to the program are not sufficient to serve the needs of customers and are  
20 exhausted before year-end, it would be appropriate at that stage for the Company to seek  
21 an expansion of its LIURP budget through the Universal Service and Energy  
22 Conservation Plan process. Peoples commits to proposing an increase at a future date in  
23 this instance.

1 **Q. MS. MOORE RECOMMENDED THAT PEOPLES PARTNER WITH CAAP**  
2 **MEMBER AGENCIES TO ADMINISTER AND IMPLEMENT LIURP**  
3 **PROJECTS. WHAT IS YOUR RESPONSE TO THIS RECOMMENDATION?**

4 A. Peoples already works closely with Community Action agencies in the implementation of  
5 its LIURP program. The Company values this partnership that allows customers to  
6 receive the maximum benefits in efficiency. Peoples will continue to work closely with  
7 these member agencies on the implementation of LIURP.

8 Ms. Moore’s testimony included the following recommendation: “3. That the  
9 Company partner with member agencies of the Community Action Association of  
10 Pennsylvania and Pennsylvania Weatherization Providers Task Force in the development,  
11 implementation and administration of its LIURP program.”<sup>3</sup> In discovery, the Company  
12 asked CAAP to provide further information regarding its member agencies including a  
13 description of their specific LIURP administrative experience and information regarding  
14 other utilities for which CAAP administers LIURP. The response, provided as Peoples  
15 Exhibit RB-2R, demonstrates that the member agencies of CAAP are focused on  
16 completing weatherization work, rather than developing and administering LIURP  
17 programs. Therefore, Peoples commits to continuing its work in partnership with  
18 member agencies to implement LIURP projects, but will not utilize these member  
19 agencies for development or administrative functions. Indeed, beginning January 1,  
20 2019, Peoples has hired CLEAResult, a weatherization administrator, to manage its  
21 LIURP and its Emergency Furnace and Line Repair programs. CLEAResult was chosen  
22 through a Request for Proposal Process in 2018.

23

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<sup>3</sup> CAAP Statement No. 1, p. 8, lines 1-3.

1 Third Party Notification for Agencies

2 **Q. IN HIS TESTIMONY, MR. COLTON DISCUSSES THIRD PARTY**  
3 **NOTIFICATION IN DETAIL. WOULD YOU LIKE TO RESPOND TO A**  
4 **SPECIFIC RECOMMENDATION HE MAKES REGARDING THIRD PARTY**  
5 **NOTIFICATIONS TO AGENCIES?**

6 A. Yes. Ms. Doyle-Conley responds to most of Mr. Colton's recommendations regarding  
7 the Company's Third Party notification program in her testimony. I would like to  
8 respond to his recommendation to increase the role of community based organizations in  
9 the Third Party Notification program. The Company's USAG meets on a quarterly basis.  
10 Its members include several community based organizations including social service  
11 agencies from all areas of the service territory as well as a domestic violence  
12 organization. These organizations engage with Peoples' customers on a regular basis,  
13 helping them with utility issues and other concerns. The Company also has participants  
14 from local legal aid offices, housing authorities, and the Pennsylvania Department of  
15 Aging. To increase awareness of and participation in the Third Party Notification  
16 program as Mr. Colton recommends, Peoples will commit to including this topic as an  
17 agenda item at one of the 2019 USAG meetings. The Company will share information  
18 with these agencies about how the program works and encourage enrollment as a way to  
19 further assist customers who may be at risk of losing natural gas service.

20  
21 Integration of Universal Service Rider

22 **Q. MR. COLTON DESCRIBED HIS CONCERN REGARDING THE**  
23 **INTEGRATION OF THE TWO EXISTING RIDERS FOR THE DIVISIONS**

1           **INTO ONE UNIVERSAL SERVICE RIDER. PLEASE DESCRIBE HIS**  
2           **CONCERN AND RESPOND.**

3    A.    Mr. Colton notes that it is important for the integration of the Riders into one should be  
4           done in such a way that neither Division's customers are adversely affected. I fully agree  
5           with his vision of how the integration should be accomplished. The Company has always  
6           sought to ensure that customers of both Divisions have access to adequately funded  
7           programs. In fact, Peoples has made changes to the Dollar Energy Fund Hardship Fund  
8           and the Emergency Furnace and Line Repair programs to help ensure customers receive  
9           equitable treatment.

10                 Prior to the acquisition of the former Equitable Gas Company, each Division had  
11           its own Hardship Fund that was managed by Dollar Energy Fund, and this separation of  
12           funds remained after the completion of the acquisition. Peoples recognized that the  
13           funding for the Equitable Division was exhausted while funds remained at the Peoples  
14           Division. Customers of the Equitable Division were not permitted to access the funds of  
15           the Peoples Division and, therefore, were unable to receive grants to stop termination or  
16           restore gas service. To address this inequity, the Company combined the funds of both  
17           Divisions into one Peoples Natural Gas Hardship Fund, allowing customers of either  
18           Division to obtain assistance as long as funds remained.

19                 A similar situation existed with funding for emergency heating and gas line  
20           emergencies. The Peoples Division had an established Emergency Furnace and Line  
21           Repair fund that was recoverable under its Rider, while Equitable Division customers did  
22           not have a sustainable funding source. Peoples filed for approval of an Emergency  
23           Furnace and Line Repair fund for the Equitable Division to provide this important safety



1 net. Peoples recognized the Equitable Division fund, which was initially established at  
2 \$275,000 per year, was insufficient to meet the needs of its customers. In January 2019,  
3 Peoples filed to increase the funding of the Equitable Division's fund to equal that of the  
4 Peoples Division, *i.e.*, \$400,000 annually, and received approval in May 2019.

5 I believe these two recent examples show the Company's commitment to ensuring  
6 all eligible customers have access to programs, regardless of their Division. The  
7 integration of these two Divisions into one Rider will further improve access by those  
8 customers who need to funding and support of the Company's programs.

9  
10 Hardship Fund

11 **Q. MS. MOORE MADE A RECOMMENDATION REGARDING AN INCREASE TO**  
12 **SHAREHOLDER FUNDING FOR THE HARDSHIP FUND. PLEASE RESPOND**  
13 **TO THIS RECOMMENDATION.**

14 A. Ms. Moore makes brief mention of the Company's Hardship Fund. She notes that if a  
15 rate increase is approved in this proceeding, the Company should be required to increase  
16 its contribution to the Hardship Fund by a minimum of \$550,000 annually. She provides  
17 no specific support for the size of increase she recommends. She also does not provide  
18 any reasoning for the increase beyond it being a counter to the proposed rate increase.  
19 Peoples contributes a minimum of \$550,000 in funding for grants with another \$110,000  
20 donated for administrative expenses annually. In addition, the Company actively recruits  
21 donations to Dollar Energy Fund through outreach to customers through direct marketing  
22 in bill inserts, messaging directly on bills, information on Peoples' website, and  
23 promotions through social media channels. Further, the Company promotes Dollar

1 Energy Fund broadly through local venues and sporting events to increase the public's  
2 knowledge of and contribution to the Fund. As a result, Peoples' customers consistently  
3 donate over \$200,000 annually to support grants for customers in need. In all,  
4 \$1,100,000 is available on an annual basis to provide grants to customers of Peoples.

5

6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 A. Yes. I reserve the right to supplement my testimony as additional issues arise during the  
8 course of this proceeding. Thank you.



**Jennifer L. Petrisek, Senior Counsel**  
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**Via Overnight Delivery**

September 26, 2017

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

**Re: Peoples Natural Gas Company LLC Universal Service Program Evaluation**

Dear Secretary Chiavetta:

Pursuant to Section 62.6 of Title 52 of the Pennsylvania Code, enclosed please find the Program Evaluation conducted by Applied Public Policy Research Institute for Study and Evaluation ("APPRISE") of the Peoples Natural Gas Company LLC Universal Service and Energy Conservation Program.

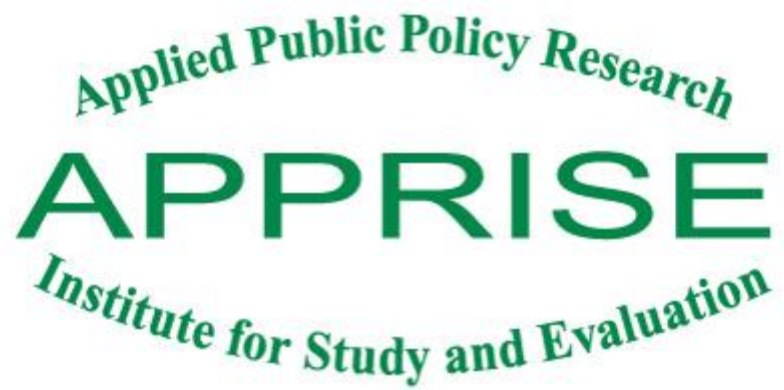
A copy of this Evaluation has been provided to the Bureau of Consumer Services, the Office of Consumer Advocate, the Bureau of Investigation and Enforcement and the Pennsylvania Utility Law Project.

Please contact the undersigned at (412) 208-6834, or Rita Black, Director of Customer Relations at (412) 208-6530, should you have any questions or concerns regarding this matter.

Very truly yours,



Jennifer Petrisek  
Senior Attorney



**Peoples Natural Gas  
2017 Universal Service Program Evaluation  
Final Report**

**August 2017**

## Table of Contents

Executive Summary .....	i
Evaluation .....	i
Evaluation Questions .....	ii
Peoples Universal Service Programs .....	x
Needs Assessment.....	xvi
Participant Feedback.....	xvii
Transactions Analysis .....	xviii
Findings and Recommendations .....	xxi
I. Introduction .....	1
A. Evaluation Activities.....	1
B. Organization of the Report.....	2
II. Peoples Universal Service Programs.....	3
A. Overview .....	3
B. Customer Assistance Program .....	4
C. Hardship Fund.....	18
D. CARES.....	23
E. LIURP.....	27
III. Needs Assessment.....	38
A. Peoples' Service Territory .....	38
B. Income Eligibility .....	39
C. Demographics .....	40
D. Energy Bills and Burden.....	41
E. Summary .....	42
IV. CAP Participant Feedback.....	44
A. Methodology .....	44
B. Findings.....	44
C. Summary and Recommendations .....	57
V. Transactions Analysis .....	59
A. Methodology.....	59

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B. CAP Participation and Discounts.....	65
C. Affordability Impacts.....	71
D. Payment Impacts.....	76
E. Arrearage Forgiveness .....	79
F. Collections Impacts.....	82
G. Summary.....	86
VI. Summary of Findings and Recommendations.....	89
A. Evaluation Questions .....	89
B. Customer Assistance Program .....	97
C. Hardship Fund.....	101
D. CARES.....	101
E. LIURP.....	101

## Executive Summary

Peoples Natural Gas offers Universal Service Programs to improve affordability and health and safety for low-income customers. The Universal Service Programs include a Customer Assistance Program (CAP) that provides a discount on the gas bill, a Low-Income Usage Reduction Program (LIURP) that provides energy efficiency services and furnace replacement, a hardship fund program that provides grants to customers in danger of service termination, and a Customer Assistance and Referral Evaluation Services Program (CARES) that provides additional case management assistance to customers with special needs. This report presents the findings from the 2017 evaluation of Peoples Natural Gas' Universal Service Programs.

### *Evaluation*

The following research activities were undertaken.

1. **Background Research:** We reviewed materials that documented Peoples Natural Gas' Universal Service Programs.
2. **Needs Assessment:** We analyzed American Community Survey (ACS) data to provide information on the number, characteristics, and needs of households in People's service territory that are eligible for the Universal Service Programs.
3. **Program Data Analysis:** We analyzed information from program databases for the CAP, LIURP, CARES, and Hardship Fund programs.
4. **Peoples Natural Gas In-Depth Interviews:** We conducted telephone interviews with Peoples managers and staff who run the Universal Service Programs.
5. **Program Administrator Interviews:** We conducted telephone interviews with managers and staff at the Dollar Energy Fund and Conservation Consultants who run the Universal Service telephone center, provide CAP enrollment and administrative services, run the hardship fund, and run the LIURP and furnace replacement programs.
6. **CAP Participant Survey:** We conducted telephone interviews with current CAP participants to assess their experiences in CAP.
7. **Transactions Data Analysis:** We analyzed the impact of CAP on affordability, bill payment behavior, arrearages, service termination, and collection costs. We also analyzed the CAP Plus mechanism to assess the impact of that charge on CAP bills and energy burden.

## Evaluation Questions

The Evaluation of Peoples Natural Gas' Universal Service Programs answered the following research questions.

1. *Is the appropriate population being served? Does the enrollment level meet the needs in the service territory? Are the participants eligible for the programs as defined in the Universal Service Plan? Is re-certification completed according to the Universal Service Plan?*

The evaluation analyzed the number of households with gas heating service who were income-eligible for CAP and calculated the number who participated in Peoples CAP at any point in 2015. The table below shows that 44 percent of eligible households participated in CAP in 2015 and that participation rates were about 60 percent for households with income below the poverty level.

Poverty Group	2015 Data		
	Eligible (American Community Survey)	CAP Participants	Participation Rate
≤ 50%	16,565	9,471	57%
51% – 100%	26,668	17,120	64%
101% – 150%	39,193	9,835	25%
<b>Total</b>	<b>82,426</b>	<b>36,426</b>	<b>44%</b>

In addition to serving income-eligible households, the program serves a high percentage of households with vulnerable members. The analysis showed that 27 percent of the 2015 participants had a senior in the home and 46 percent had a child.

Re-certification is conducted according to the program plan. CAP recertification is generally completed on an annual basis. Customers who have received LIHEAP in the past 24 months or who have certain fixed income types (pension, social security, or disability) are recertified once every two years. DEF sends customers a letter 60 days prior to their recertification date, requesting that the customer submit proof of income to remain active in the CAP program. A second letter is mailed 30 days later. If the customer does not provide the required income documentation within the 60-day period, the customer is dismissed from CAP.

2. *What is the customer distribution by CAP payment plan? Do participants' energy burdens comply with the CAP Policy Statement? How many and what percent of customers have a minimum payment?*

The table below shows that 26 percent of the 2015 CAP participants had income at or below 50 percent of the poverty level, 47 percent had income between 51 and 100



percent, and 27 percent had income between 101 and 150 percent of the poverty level. The associated payment levels of eight, nine, and ten percent of income payments are in accordance with the CAP Policy Statement. Forty-four percent of all 2015 participants had the minimum payment of \$25 per month.

Poverty Level	Percent of All 2015 Participants	Percent of Income Payment	PUC Energy Burden Target	All 2015 Participants		Treatment Group	
				Mean Payment	% with Minimum Payment	Mean Payment	% with Minimum Payment
≤50%	26%	8%	5%-8%	\$32	71%	\$34	68%
51%-100%	47%	9%	7%-10%	\$43	47%	\$47	46%
101%-150%	27%	10%	9%-10%	\$77	14%	\$77	16%
<b>All</b>	<b>100%</b>			<b>\$50</b>	<b>44%</b>	<b>\$56</b>	<b>39%</b>

While the CAP payment is designed to provide an energy burden that falls within the PUC targeted affordability level, there are several reasons why a CAP participant's energy burden would be higher than this calculated target.

- **Minimum payment:** As shown above, a large percentage of CAP participants have the minimum payment level assigned. By definition, these customers will have an energy burden that exceeds the percentage of income payment level.
- **Full year:** Customers who are not on CAP for the full year will not receive all CAP credits.
- **Did not receive all credits:** Historically, customers who did not make timely payments did not receive all CAP credits. The credit application policy has changed so that currently customers do receive a credit each month they are on CAP.
- **Arrearage forgiveness co-payment:** Customers with arrearages pay \$5 per month to reduce the arrearage while they are receiving arrearage forgiveness. This increases the monthly payment above the targeted percentage of income payment level.
- **CAP Plus co-payment:** All CAP participants have a CAP Plus co-payment which increases the monthly payment above the targeted percentage of income payment level.

The table below shows the energy burden for the treatment group before and after participating in CAP. The table shows a large reduction in average burden from 59 percent before participation to 35 percent while participating for customers with income below 50 percent of the poverty level. However, given the reasons noted above, a large percentage of these customers still have an energy burden that exceeds the PUC target.

Poverty Level	Treatment Group Mean Unadjusted Gas Energy Burden		PUC Energy Burden Target
	Pre	Post	
≤ 50%	59%	35%	5%-8%
51 – 100%	41%	25%	7%-10%
101 – 150%	24%	15%	9%-10%

Poverty Level	Treatment Group Percent with Burden Above PUC Target	
	Pre	Post
≤ 50%	96%	85%
51 – 100%	86%	71%
101 – 150%	71%	48%

The table below shows the impact that some of these factors have on energy burden. This table excludes customers with the minimum payment, excludes customers who did not participate in CAP for the full year, and excludes the arrearage forgiveness co-pay and the CAP Plus amount. When all of these adjustments are made, only ten percent of those with income below 50 percent of the poverty level have an energy burden above the target level.

Poverty Level	Treatment Group Mean Adjusted Gas Energy Burden		PUC Energy Burden Target
	Pre	Post	
≤ 50%	20%	3%	5%-8%
51 – 100%	18%	7%	7%-10%
101 – 150%	16%	7%	9%-10%

Poverty Level	Treatment Group Percent with Burden Above PUC Target	
	Pre	Post
≤ 50%	88%	10%
51 – 100%	73%	21%
101 – 150%	64%	21%

3. *What are the CAP retention rates? Why do customers leave CAP?*

The table below shows that 61 percent of the 2015 participants had enrolled on or before January 1, 2015 and had not been deactivated prior to January 1, 2016. Twenty percent did not participate for all of 2015 because they enrolled after January 2015, nine percent enrolled in January 2015 but were removed before December 2015, and ten percent enrolled after January 2015 and were removed before December 2015.

	All 2015 CAP Participants	
	#	%
Final Analysis Group	28,265	100%
Full Year in CAP	17,130	61%
Not Full Year in CAP	11,135	39%
Enrolled after January	5,693	20%
Removed before December	2,656	9%
Enrolled after Jan and removed before Dec	2,786	10%

The table below displays the CAP removal reason for customers in each group who were deactivated. The table shows that the most common removal reason was that the customer did not provide documentation.

	All 2015 CAP Participants	
	#	%
Did Not Provide Documentation	3,820	70%
Income Too High	727	13%
Customer Request	294	5%
Final Bill or Disconnected	223	4%
System Error Correction	177	3%
Set up in Error	167	3%
Annual Credit Exceeds \$1,000	34	1%
Usage Exceeds 125%	0	0%
<b>Total</b>	5,442	100%

4. *Is there an effective link between CAP and energy assistance programs (LIHEAP, hardship, and other grants)?*

There is an effective link between CAP and energy assistance programs. Peoples encourages customers to apply for LIHEAP with bill inserts, posters, outreach, community events, and application assistance. If requested, Peoples will hand write the LIHEAP application for the customer and mail it to the customer to be signed and submitted. Dollar Energy asks customers if they applied for LIHEAP/Crisis if they are eligible. Customers must apply for LIHEAP/Crisis prior to receiving the Dollar Energy grant.

The table below shows that 38 percent of the CAP treatment group received LIHEAP in the year before CAP enrollment and 42 percent received LIHEAP in the year following CAP enrollment.

	Treatment Group		
	Pre	Post	Change
<b>Number of Customers</b>	3,516		
<b>Percent Received LIHEAP</b>	38%	42%	4%**
<b>Mean LIHEAP Grant – All Customers</b>	\$82	\$102	\$19**
<b>Mean LIHEAP Grant –Received LIHEAP</b>	\$219	\$242	\$23**
<b>Percent Received LIHEAP Crisis</b>	16%	11%	-5%**
<b>Mean LIHEAP Crisis Grant – All Customers</b>	\$68	\$38	-\$30**
<b>Mean LIHEAP Crisis Grant – Received Crisis</b>	\$425	\$357	-\$68**

5. *How effective are the CAP control features at limiting program costs? What are the number and percent of customers with minimum payments? What are the number and percent of customers who exceed the maximum CAP credits?*

The table below shows that approximately 40 percent of the CAP participants had the minimum payment.

Poverty Level	All 2015 Participants		Treatment Group	
	Mean Payment	% with Minimum Payment	Mean Payment	% with Minimum Payment
≤50%	\$32	71%	\$34	68%
51%-100%	\$43	47%	\$47	46%
101%-150%	\$77	14%	\$77	16%
<b>All</b>	<b>\$50</b>	<b>44%</b>	<b>\$56</b>	<b>39%</b>

Peoples generates a report to monitor customers who exceed \$1,000 in CAP credits. Customers are notified of their current use of CAP credits and offered information about the LIURP weatherization program when they reach \$500 in CAP credits and \$750 in CAP credits annually. The notification includes a description of the customer's responsibility to monitor gas usage and advises the customer that he/she may be responsible for CAP credits over \$1,000.

When an account exceeds the \$1,000 CAP credit amount, the account is reviewed and the customer is contacted to determine if excess CAP credits are justified. DEF completes a questionnaire with the customer. Justification may include an increase in household size, serious illness of a family member, usage was beyond the household's ability to control, or a very low CAP payment. Special needs customers identified through this process are referred to the CARES program. High usage customers are referred for weatherization.

Unjustified CAP credits in excess of \$1,000 may be reversed and the resulting bill will be the responsibility of the CAP participant.

The table below shows that only ten percent of the 2015 participants and one percent of the treatment group had \$1,000 or more in CAP credits.

	Obs.	Mean # CAP Credits	Mean Credits	Median Credits	Received \$1,000 or More CAP Credits
	<b>Credits Received in 2015</b>				
<b>All 2015 Participants (0-150%)</b>					
All	28,265	4.6	\$467	\$378	10%
Full Year CAP	17,130	5.3	\$541	\$452	12%
	<b>Credits Received in Year after Enrollment</b>				
<b>Treatment Group</b>					
All	3,519	3.9	\$194	\$125	1%
Full Year CAP	2,893	4.2	\$205	\$131	1%

6. *How effective is the CAP and LIURP link? Is the company's procedure for dealing with excessively high usage effective? If not, how can it be improved?*

At the time of CAP enrollment, participants receive information on conservation tips and weatherization programs. Customers with a history of high energy usage are referred to LIURP and any other appropriate programs. All participants are advised that their usage will be reviewed on an ongoing basis and unjustified excess CAP usage may be billed to the CAP customer or the CAP customer may be removed from CAP.

Peoples generates a daily report that allows the Company to identify CAP customers whose weather-normalized annual usage has increased by more than 25 percent. When a CAP customer's account appears in the report, the Company representative reviews the account and the customer is contacted to determine if the increase in gas usage is justified due to an increase in household size, serious illness of a family member, or usage was beyond the household's ability to control. Peoples has a questionnaire they provided to DEF to use when discussing usage with the customer. The majority of the cases reviewed meet one of these justified reasons for an increase in usage.

- Number of people living in the home increased
- Medical condition in the home
- New gas appliances installed
- Furnace condition
- Window condition
- Attic insulation condition
- Home drafts
- Whether home has been weatherized
- Other reasons

If DEF does not get in touch with the customer on the phone, they mail the questionnaire, the customer fills it in and mails it back, and they use the information that the customer provided.

7. *Has collection on missed CAP payments been timely? Has the company followed its own default procedures in its Universal Service Plan for CAP customers?*

Peoples follows normal collections procedures for CAP participants who do not make their payments in a timely manner. Customers who do not make their monthly payments may be placed in collections and have their service terminated. To avoid termination, the customer must pay the amount set forth in the termination notice prior to the scheduled termination date.

8. *Does participation in Universal Service Programs reduce service terminations?*

There was a small, statistically significant reduction in the number of collection calls for the treatment group as compared to the comparison groups, but no significant change in terminations.

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,517			2,287			7,007			9,294	
<b>Letters</b>	0.05	0.09	0.04**	0.05	0.14	0.09**	0.05	0.04	-0.02**	0.04	<0.01
<b>Calls</b>	0.07	0.12	0.05**	0.09	0.16	0.07**	0.04	0.02	-0.1**	0.03	0.03*
<b>Termination Processing step – No Cost</b>	0.12	0.19	0.07**	0.16	0.29	0.13**	0.04	0.04	-0.01	0.06	0.01
<b>Termination Processing Step – With Cost</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-0.01**	>-0.01	<0.01
<b>Terminations</b>	0.08	0.10	0.02*	0.11	0.18	0.07**	0.03	0.03	-0.01#	0.03	-0.01

9. *Does participation in Universal Service Programs decrease collections costs?*

There was not a statistically significant change in the cost of collections for the treatment group as compared to the comparison groups.

**Table VI-2A  
Cost of Collections Actions**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,517			2,287			7,007			9,294	
<b>Letters</b>	\$0.05	\$0.09	\$0.04**	\$0.05	\$0.14	\$0.09**	\$0.05	\$0.04	-\$0.02**	\$0.04	\$0.01
<b>Calls</b>	\$0.01	\$0.01	\$0.01**	\$0.01	\$0.02	0.01**	\$0.01	\$0.01	-\$0.01**	\$0.01	\$0.01*
<b>Termination Processing Step</b>	\$0.27	\$0.42	\$0.15	\$0.54	\$0.62	\$0.08	\$0.32	\$0.16	-\$0.17**	-\$0.04	\$0.19
<b>Terminations</b>	\$5.46	\$6.71	\$1.25*	\$6.99	\$11.61	\$4.62**	\$1.95	\$1.62	-\$0.33#	\$2.15	-\$0.90
<b>Total Cost</b>	\$5.79	\$7.23	\$1.44**	\$7.59	\$12.39	\$4.80**	\$2.33	\$1.82	-\$0.51**	\$2.14	-\$0.71

*10. Is the CAP program cost-effective?*

The CAP provides large subsidies to participants, averaging several hundred dollars each year, to improve the affordability of their energy bills. Given the size of these subsidies, it is not possible for the program to be cost-effective, defined as a subsidy cost that is less than the amount saved on collections costs and termination costs. However, there is evidence that the program provides important benefits to participants to improve their health and well-being, many of which cannot be quantified.

*11. How can Universal Service Programs be more cost-effective and efficient?*

Based on the evaluation research, we have the following recommendations to improve the effectiveness and efficiency of the Universal Service Programs.

CAP

- Enrollment: Peoples should consider whether there are cases where agency enrollment (rather than telephone enrollment) may provide important benefits to the customer such as quicker enrollment or more education and referrals, and should be recommended to the customer.
- Re-certification: It may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available.
- CAP Bill: Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.

- **CAP Plus:** The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and assess how increases impact affordability, especially for the lowest-income customers.

### LIURP

- **Targeting:** Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment-troubled. They could target a subset of their high-usage list for additional outreach to encourage participation.
- **Measures:** Peoples should assess whether there are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.
- **Coordination:** Peoples should continue to work with the electric companies, as planned, to try to increase LIURP coordination, thus providing improved energy efficiency through a holistic approach.

### *12. Is the program sufficiently funded?*

The CAP budget as planned in Peoples' three-year Universal Services Plan was lower than the actual program costs. Over 230 percent of the planned budget was spent. The planned budget was based on natural gas rates at the time and approximate enrollment. In addition to changes in rates and enrollment, there are changes in vendor administration costs and payment behavior that impact the amount of arrearage forgiveness benefits. The transition from CAP credit application upon payment to CAP credit application upon billing resulted in a significant one-time increase in CAP costs.

<b>2015 CAP</b>			
<b>Company</b>	<b>Budget</b>	<b>Expenditures</b>	<b>Percent of Budget Spent</b>
Peoples	\$5,583,793	\$12,607,004	226%
Equitable	\$3,606,966	\$8,614,710	239%
<b>Total</b>	<b>\$9,190,759</b>	<b>\$21,221,714</b>	<b>231%</b>

### ***Peoples Universal Service Programs***

Peoples' Universal Service Programs provide assistance to low-income customers to improve affordability, as well as health and safety.

#### **Customer Assistance Program (CAP)**

The Customer Assistance Program (CAP) is a special payment plan for low-income, payment-troubled customers. In this program, low-income customers pay a percentage of



their income for natural gas service. The reduced payment amount is designed to improve payment compliance and reduce collection activities.

The CAP budget was close to \$9.2 million in 2015 and increased to \$9.8 million for 2018. Total CAP expenditures were about \$21.2 million in 2014 and 2015. These projections, as provided in the Universal Service and Energy Conservation Report, were prepared in early 2014 and could not predict future changes to CAP which included an expansion of services offered by the CAP administrator to include referrals and assistance to all Universal Service programs or the change to the application of CAP credits at the time of billing rather than upon receipt of payment. Enrollment was projected to be 22,500 for Peoples and 17,000 for Equitable in 2018. Approximately 33,000 customers participated in CAP as of December 2015 and 2016.

Peoples' CAP is managed by Peoples' staff and administered by the Dollar Energy Fund (the Dollar Energy Fund administration began in May 2011). The Dollar Energy Fund (DEF) provides call center services for all of Peoples Universal Service Programs. DEF's CAP responsibilities include verification of eligibility, recertification, and day-to-day account monitoring. The agency has a network of community based organizations that are available to complete CAP applications for eligible customers.

Customers can enroll by phone without income verification if they received LIHEAP. If this is the case, DEF takes the customer's verbal income report to enter in the system and to place the customer in a CAP tier. If the budget payment is lower, the system will automatically select the budget amount as the CAP payment.

If the customer has not received LIHEAP, the customer is asked to send in proof of income. When the income information is sent in and approved, the customer is enrolled in CAP. At the time of CAP enrollment, customers are given a handout with energy conservation tips and a copy of the CAP customer agreement so they know how to be successful in CAP.

Customers with income at or below 150 percent of the Federal Poverty Level are income-eligible for CAP. The customer must also have active residential heating service and be classified as payment-troubled. Peoples defines a customer as payment-troubled if any of the following situations exist.

- An arrearage, broken payment arrangement, or termination notice.
- Housing and utility costs that exceed 45 percent of the household's total income. Housing and utility costs are defined as rent or mortgage, property taxes, gas, electric, water, telephone and sewage.
- Disposable income of \$100 or less after subtracting all household expenses from household income.

However, Peoples is flexible on the payment-troubled requirement. If CAP appears to be the most beneficial option for the customer, then they will enroll a customer who is seeking assistance.

The benefits of CAP participation include the following.

- An affordable monthly payment based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits.
- Referrals to other Universal Service Programs and assistance programs

Eligible customers agree to pay eight, nine, or ten percent of their verified before-tax monthly income for natural gas service, depending on household poverty level. The minimum monthly payment is \$25. In addition to the percentage of income amount, CAP customers pay five dollars per month toward their pre-CAP balance, and a CAP Plus amount to account for potential LIHEAP benefits.

CAP customers with pre-program arrearages are eligible for Arrearage Forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required CAP payment. CAP participants can completely remove their pre-program balance over a three-year period. Arrearage Forgiveness credits are provided when the customer makes a full CAP payment.

CAP recertification is generally completed on an annual basis. Customers who have received LIHEAP in the past 24 months or who have certain fixed income types (pension, social security, or disability) are recertified once every two years.

Peoples follows normal collections procedures for CAP participants who do not make their payments in a timely manner. Customers who do not make their monthly payments may be placed in collections and have their service terminated. To avoid termination, the customer must pay the amount set forth in the termination notice prior to the scheduled termination date.

### **E-CAP Pilot**

Peoples E-CAP is a three-year pilot payment plan for low-income, payment-troubled customers with household incomes between 151 and 200 percent of the Federal Poverty Level. Eligible customers agree to pay 11 percent of their verified before tax monthly income or the premise-specific budget payment for natural gas service. In addition to the percentage of income payment, E-CAP customers pay \$5 per month toward pre-program arrearages and the CAP Plus monthly payment amount.

Customers are eligible for Pilot E-CAP if they meet the following criteria.

- Income between 151 and 200 percent of the Federal Poverty Level.
- Active heating customer.
- Significant account balance.
- Prior broken payment arrangement, an active termination notice, or lack of utility service.
- Applied for a Dollar Energy Grant to reduce the delinquent balance prior to entering E-CAP if funds are available.

Enrollment is focused on customers with balances of \$800 or more, but customers with lower balances may be enrolled if circumstances warrant.

The program benefits are as follows.

- Affordable monthly payments based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits.
- Referrals to other Universal Service Programs and assistance programs.

#### CAP Challenges and Successes

The DEF call center noted that the greatest challenge with CAP is receiving documentation to verify income for customers who have not received LIHEAP. DEF asks customers to send their last two pay stubs and proof of employment, but customers do not always follow through. There are times when DEF only receives partial income documentation even though they have sent letters and made several attempts to contact the customer. This is especially a challenge in termination season when they need the information within a specified time period.

The ongoing challenge is to encourage customers to consistently make their payments. CAP is designed to be the most affordable payment and customers receive the benefit of arrearage forgiveness. However, getting customers to follow through and make those regular payments is a challenge. This makes it difficult for customers to keep service and reduce their balances.

#### Dollar Energy Hardship Fund

Peoples Hardship Fund works in partnership with the Dollar Energy Fund to provide grants of up to \$500 to customers who are behind on their natural gas bills. The Hardship Fund is provided through Peoples donations and customer donations. Peoples contributes up to \$550,000 annually to match customer donations and contributes up to \$110,000 for administrative costs.

During the 2015-2016 program year, Peoples distributed a total of \$1.1 million in grants to over 3,000 customers. The average grant amount was \$364.

Dollar Energy partners with community-based organizations to accept hardship fund applications. If customers call DEF to apply for CAP, DEF can take the hardship fund application as well. Customers must meet the following criteria to be eligible for the Hardship Fund.

- Apply for LIHEAP and Crisis benefits if eligible.
- Household income at or below 200 percent of the poverty level.
- Paid at least \$150 toward their utility bill over a ninety-day time period, or at least one \$100 payment in the last six months if over 62.
- Have a balance of at least \$100 if under 62. There is no balance requirement for applicants over 62.

- Have a residential heating account.

### **CARES**

The CARES program provides comprehensive services for customers who may have an inability to pay their gas bills and/or have special needs. In 2018, the total CARES budget will be just under \$400,000.

CARES provides assistance to approximately 500 customers each year for the Peoples Division and 600 customers each year for the Equitable Division. CARES also provides outreach to low-income customers to increase participation in energy assistance programs and the Earned Income Tax Credit (EITC). LIHEAP is an important component of CARES. Peoples identifies income-eligible customers and promotes the program through bill inserts, radio and television ads, press releases, press conferences, and customer letters.

The CARES Program is administered by Peoples' staff who work with agencies throughout Peoples' service territory to stay informed of available programs and to better serve low-income customers. Peoples employs two certified social workers on its Customer Relations' staff to support the needs of customers with special circumstances.

Any special needs customer in danger of losing heat due to non-payment or heating equipment failure may be referred to the CARES program for assistance. Special needs include a serious medical condition, a mental health condition, limited learning ability, recent unemployment, and single parent issues, as well as other special needs.

The CARES program also includes the Gatekeeper program which is designed to aid older adults and special needs customers who need help, but may not be able to access it themselves. Customer contact personnel are trained as "gatekeepers" to recognize danger signals such as changes in behavior, signs of confusion, or disability. Gatekeepers report the situation, and referrals are made to third party agencies or family members are alerted.

### **LIURP**

Peoples' LIURP is designed to help low-income customers who have high gas bills.

The goals of LIURP are as follows.

- Maintain health, safety and comfort in the home.
- Comply with the PUC mandates.
- Continue utilization of third party administrator.
- Reduce consumption of CAP participants.
- Assist special needs customers.
- Partner with community based organizations.
- Spend the program budget wisely while maximizing quality of work.
- Continue providing random inspections as means of quality control.

In the Joint Settlement Agreement in the Merger Transaction proceeding, Peoples agreed to increase the spending for its combined LIURP program to a total of \$2,050,000 (including

\$250,000 in Shareholder funding). These expenditure increases will remain in effect for 4 years (2014 through 2017).

Projected LIURP enrollment is based upon average spending per home for the past three years. A total of 410 customers are expected to be served each year. The average LIURP costs per home were \$4,727 in 2016.

Peoples' LIURP is managed in-house and administered through Conservation Consultants Inc., a nonprofit agency. Conservation Consultants is responsible for outreach and enrollment. They review customer referrals sent from Peoples, ensure that the customer has not participated in LIURP in the past seven years, and check to make sure they meet the LIURP requirements.

CAP participants are screened for LIURP, but must meet the following criteria for eligibility.

1. Total family income does not exceed 150 percent of the Federal Poverty Guidelines. (Up to 20 percent of the annual program budget may be allocated to customers with incomes from 151 to 200 percent of the federal poverty level on a case-by-case basis.) Customers with lowest income and highest arrearages are prioritized.
2. Residential, gas-heating customer.
3. Customer has not moved and has not had gas service terminated within the last year.
4. Customer has annual consumption greater than 140 MCF.
5. Renters must have the gas account in their name and receive landlord permission to participate. Rental units must be metered separately and have individual heating systems.

An energy auditor assesses the customer's home to determine what LIURP measures should be installed. The auditor assesses air leakage, previously installed weatherization measures, and the effectiveness of these measures. The auditor discusses the home performance with the customer.

Measures are installed based on established payback criteria and may include the following.

- Heating system improvements and replacements
- Attic, sidewall, and other types of insulation
- Caulking and weather-stripping
- Air sealing
- Hot water treatments including tank improvements, wrapping, and replacements
- Minor repairs that relate to weatherization

In addition to weatherization services, LIURP provides customer education to explain the weatherization and to encourage ongoing conservation.

**LIURP Pilot: Emergency Furnace/Service Line Repair Assistance**

The Peoples Emergency Furnace program provides financial assistance for furnace/boiler and service and house line gas leak repairs or replacements to help customers maintain gas service.

Customers must be at or below 200 percent of the federal poverty level, own their home, and have a need for emergency repairs to their heating system or house/service lines to be eligible for the pilot.

The budget for Peoples Division is \$400,000 per year from 2015 through 2018. By Order issued 12/8/16, the Equitable Division will now have an annual funding mechanism of \$275,000 through its Universal Service Rider and will operate in the same manner as Peoples Division's programs.

An average of 140 Peoples customers per year have received either furnace or line repair services through this program. An average of 30 to 40 Equitable customers per year received either furnace or line repair services through this program prior to the 2016 Order that increased Equitable's funding for this pilot.

**Peoples LIURP Pilot: Community Weatherization Partnership Program**

The Community Weatherization Partnership Program partners with nonprofit organizations to provide energy education programs for customers with limited incomes.

The Community Weatherization Partnership Program was approved as part of the Settlement in Peoples Base Rate Case in June 2011. While Peoples Equitable Division does not currently offer a Community Partnership Program, it may be implemented at some point in the future.

The budget for the pilot is \$50,000 per year for 2015 through 2018 and it is expected that 50 to 100 customers per year will receive education through this program.

The pilot is designed to impact low-income customers in vulnerable neighborhoods. In 2015, Peoples partnered with five organizations, completed seven education sessions, and provided information to 101 customers. Each participant also received an energy conservation tool kit with caulking materials, pipe insulation, a showerhead and aerator, window and door kits, and foam insulation. Peoples also provided funding to nonprofit organizations whose programs served 142 customers with energy education and conservation kits.

***Needs Assessment***

The Needs Assessment provided a profile of low-income households in Peoples' service territory using data from the 2011-2015 American Community Survey (ACS). These data provided information on the number of eligible households, the poverty level of those households, demographic characteristics, and energy burden. The data represent Peoples' service territory in 2015.

- **Income Eligibility:** Of households with gas service, 17 percent have income below 150 percent of the poverty level and 25 percent have income below 200 percent of the poverty level.
- **Demographics:** Of those below 150 percent of the poverty level with gas service, ten percent are married with children, 22 percent are single with children, 36 percent are a senior head of household, and the remaining are in other categories. Ninety-three percent speak English at home.
- **Gas Costs and Burden:** Gas heating households with income below 150 percent of poverty have a mean natural gas burden of 13.8 percent. However, this average burden is not reflective of the energy burden for CAP participants who receive the CAP credits and, as a result, have a lower energy burden.

### ***Participant Feedback***

We conducted telephone interviews with 103 current CAP participants to assess CAP understanding, impact, and satisfaction. Key findings from the survey are summarized below.

- **Participation:** Customers were most likely to find out about CAP from a Peoples customer service representative, an agency, or a friend or relative. While 61 percent said they enrolled to reduce their bills, 28 percent said it was because they had low or limited income, and 24 percent said they enrolled to reduce their arrearages.

Most respondents reported that the enrollment and the recertification process were very or somewhat easy. While 93 percent said that enrollment was very or somewhat easy, 97 percent said that re-certification was very or somewhat easy.

- **CAP Benefits:** 89 percent reported that they felt they had a good understanding of the services provided by CAP. While 90 percent said that their responsibility was to keep up with payments, 12 percent said it was to report income and information, four percent said it was to conserve energy, and three percent said it was to apply for LIHEAP.

Respondents were most likely to report that the benefits of CAP were lower energy bills and even monthly payments. When asked about specific benefits, 98 percent agreed that lower energy bills were a benefit, 94 percent agreed that maintaining gas service was a benefit, and 80 percent agreed that reduced arrearages were a benefit.

While 97 percent said that the CAP bills shows the CAP payment in a way that is clear and easy to locate and understand, 91 percent said it showed the CAP credit benefit and 84 percent said that it showed the arrearage forgiveness amount in a way that is clear and easy to locate and understand.

- **Bill Payment Problems:** Respondents were much less likely to state that their CAP bills were difficult to pay after enrollment in CAP. While 58 percent said it was very difficult to pay the monthly gas bill prior to CAP enrollment, only five percent said it was very difficult to pay the bill following enrollment. Sixty-six percent said their gas bill was lower when they were in CAP and 25 percent said their gas usage was lower after enrolling in CAP.

Respondents were less likely to report that they had to delay expenditures or skip paying bills following enrollment in CAP. While 60 percent said they had to skip paying for food prior to CAP enrollment, 24 percent said they did so following CAP enrollment. Large declines in difficulty paying bills were also reported for the telephone, medical or dental, mortgage or rent, and credit card or loans.

When asked how important CAP has been in helping them meet their needs, 92 percent said it was very important and five percent said it was somewhat important.

- **Continued CAP Participation:** When asked how likely they were to continue to participate in CAP, 92 percent said they were very likely to continue to participate. Most participants stated that they would continue to participate in the program as long as the assistance was needed.

**CAP Satisfaction and Recommendations:** While 93 percent said they were very satisfied with CAP, six percent said they were somewhat satisfied. Most respondents did not have recommendations for the program. Those who did have recommendations were most likely to suggest improved availability or accessibility, a higher level of assistance, or weatherization services.

## ***Transactions Analysis***

This evaluation included an analysis of Peoples' CAP impacts on affordability, bill payment compliance, and collections actions. Key findings from the analysis are summarized below.

- **CAP Participation:** 82 percent of the treatment group who enrolled in 2015 and did not participate in CAP in the year prior to enrollment remained on CAP for at least a full year. While 92 percent of the Peoples treatment group participated in CAP for the full year, 74 percent of the Equitable treatment group participated in CAP for the full year.
- **CAP Credits:** All 2015 participants received an average of 4.6 credits and \$467, and full year participants received an average of 5.3 credits and \$541. While ten percent of all 2015 participants received \$1,000 or more in CAP credits, 12 percent of the full year participants received \$1,000 or more in CAP credits.

The treatment group analysis focuses on credits received in the year after the 2015 enrollment. Therefore, most of these customers received credits for winter 2016, the 2nd warmest year on record in Pittsburgh according to the National Oceanic and Atmospheric



Administration (NOAA)<sup>1</sup>. As a result, the 2015 treatment group had average CAP credits that were significantly lower than all 2015 participants whose data included winter 2015 when the weather was much colder than average. The treatment group received an average of 3.9 credits and \$194, and full year participants received an average of 4.2 credits and \$205. Only one percent of the treatment group received \$1,000 or more in CAP credits.

- **Monthly CAP Credit Receipt:** Approximately 28 to 40 percent of the treatment group had a CAP credit each month in the year following CAP enrollment.
- **CAP Discount:** The CAP discount is defined as the CAP credits divided by the customer's full bill. The mean discount across the full treatment group was 22 percent. Customers with income below 50 percent of the poverty level had the greatest percent discount, averaging 40 percent, and ten percent of these customers had a discount above 67 percent.
- **Calculated CAP Payment:** The CAP payment is calculated as eight, nine, or ten percent of income, depending on the poverty level. These values are consistent with the PUC's energy burden targets for CAP participants. For example, for customers with income between 101 and 150 percent of the poverty level, the energy burden target is nine to ten percent and Peoples percent of income payment is ten percent.
- **Minimum CAP Payment:** A large percentage of CAP participants had the minimum payment of \$25/month, especially in the lowest poverty group. While 71 percent of all 2015 participants with income below 50 percent of the poverty level had the minimum payment, 44 percent of all 2015 participants from zero to 150 percent of poverty had the minimum payment.
- **Energy Burden:** Energy burden is defined as the annual gas bill divided by annual household income. While energy burden was 38 percent in the year prior to CAP enrollment when there was a cold winter, energy burden averaged 23 percent in the year following CAP enrollment, a decline of 15 percentage points. Relative to the comparison group, CAP participants' energy burden declined by nine percentage points. CAP had a significant positive impact on energy bill affordability.
- **CAP Bills:** CAP participants' bills declined by an average of \$590 due to both the CAP credits and the warmer winter. Compared to the average comparison group change, CAP participants' bills declined by \$324.
- **CAP Plus:** The CAP Plus amount is calculated by Peoples as the LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season divided by number of current active CAP participants and the projected number of CAP participants to join CAP that quarter. The CAP Plus amount is added to the calculated

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<sup>1</sup> <https://www.ncdc.noaa.gov/sotc/national/2016/13/supplemental/page-1>

monthly CAP payment amount for all participating CAP customers. The 2015 participants received a mean of 6.3 CAP Plus charges totaling \$38 and the treatment group received a mean of 7.3 CAP Plus charges totaling \$46. The CAP Plus charges made up 5.8 percent of the discounted bill for all 2015 participants and 7.8 percent of the discounted bill for the treatment group.

- **LIHEAP and Crisis:** While there was no significant net change in the amount of LIHEAP received, there was a decline in the amount of LIHEAP Crisis assistance received, likely due to a more affordable bill.
- **CAP Payments Made:** CAP participants increased the number of cash payments made as compared to the decline experienced by the comparison groups. As a result of the reduced charges, customers reduced the amount of cash payments made. However, the net change, compared to the comparison groups, was a slight increase in cash payments.
- **Total Coverage Rate:** The total coverage rate is the percent of charges covered by the customer's cash payments and all other credits, including assistance payments. The treatment group increased their total coverage rate from 85 percent in the pre-CAP enrollment period to 123 percent in the post-CAP enrollment period, indicating that these customers were paying off some of their balances. The net change was an increase of 36 percentage points compared to the comparison groups.

While only 33 percent of the treatment group paid their full bill or more prior to enrollment in CAP, 71 percent paid their full bill or more following enrollment. The comparison groups did not see the same improvement in bill coverage rates.

- **Arrearage Forgiveness:** CAP participants received an average of \$118 in arrearage forgiveness in the post-treatment period.

All customers with arrearages received at least one arrearage forgiveness payment. The full year 2015 CAP participants with arrearages received an average of 5.1 arrearage forgiveness payments and \$203 in arrearage forgiveness. The full year treatment group with arrearages received an average of 5.2 arrearage forgiveness payments and \$176 in arrearage forgiveness.

- **Collections Actions:** There was a small, statistically significant reduction in the number of collection calls for the treatment group as compared to the comparison groups. There was a significant decline in the number of letters, calls, and terminations for the Peoples treatment group as compared to the comparison groups. There was a significant increase in the number of letters, calls, and terminations for the Equitable treatment group as compared to the comparison groups.
- **Collections Costs:** There was a significant decline in the cost of collections of \$6.52 for the Peoples treatment group as compared to the comparison groups. There was an

increase in the cost of collections for the Equitable treatment group of \$3.15 as compared to the comparison groups.

## ***Findings and Recommendations***

This section provides key findings and recommendations for each program.

### **Customer Assistance Program**

Peoples has worked to make CAP as easy as possible for the customer to participate and remain enrolled. We have the following key findings and recommendations with respect to the CAP.

#### 1. Phone and Agency Enrollment

Most customers enroll in CAP over the telephone by calling DEF. Customers appear to appreciate the convenience of the telephone enrollment and very few customers visit an agency to enroll in CAP. However, there may be additional cases where agency enrollment may provide important benefits to the customer such as quicker enrollment or more education and referrals, and should be recommended.

#### 2. Income Verification

Peoples has reported that they are working to make it even easier for customers to provide income documentation, by creating additional mechanisms for customers to submit the information.

#### 3. Recertification

As with enrollment, customers appear to appreciate the ability to recertify by mailing in their documentation rather than visiting an agency. However, it may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available to assist them in meeting their needs.

#### 4. CAP Bill

Peoples has designed a CAP bill that provides a clear presentation of the monthly CAP payment, the five dollar contribution for arrearages, and the CAP credit as the difference between actual usage and the CAP payment. Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.

#### 5. CAP Plus

The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and assess how increases impact affordability, especially for the lowest-income customers.

6. Affordability

The CAP survey and the transactions data analysis clearly showed that the program has improved affordability for participants.

7. Bill Payment

CAP also had a positive impact on bill payment.

8. CAP Satisfaction

Customers reported that CAP was very important in helping them to meet their needs and their satisfaction was high.

### **Hardship Fund**

The following key findings and recommendations were made with respect to the Hardship Fund.

1. DEF Partnership

Peoples has developed a good partnership with DEF to deliver Hardship Fund grants.

2. Customer Communication

DEF continues to work to improve the process for the customer. They are working to enhance their phone system to enable customers to use text messaging in place of speaking with a representative. This would help lower income customers whose cell phone plan includes only a certain amount of calling, but has unlimited texting.

### **CARES**

The following key findings and recommendations were made with respect to CARES.

1. Benefits

CARES provides important benefits to special needs customers, including education about the Earned Income Tax Credit and LIHEAP, thermostats for visually-impaired customers, and short-term assistance to ensure that customers able to access the resources that they are referred to.

2. Employee Education

Peoples has leveraged CARES to educate employees about special needs customers, increase the sensitivity of their employees, and increase customer referrals.

### **LIURP**

The following key findings and recommendations were made with respect to LIURP.

1. Energy Education

Peoples has developed an extensive education program for their LIURP participants. They implemented a Pledge Form to involve the customers with the contractor and an Action Plan form that lists the actions that the customer committed to take to further reduce gas usage. Peoples contracts with energy consultants who perform random

inspections and provide additional energy education to the customers about the work completed and additional actions the customers can take to save energy.

2. Energy Savings

Peoples has achieved high savings from LIURP, averaging about 20 percent of the customers' pre-treatment natural gas usage. However, given the high level of pre-treatment usage, and the investment level, Peoples should consider whether it may be possible to achieve even higher savings through targeting and the services that are provided.

3. Targeting

Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment-troubled. They could target a subset of their high-usage list for additional outreach to encourage participation.

4. Energy Efficiency Measures

Peoples should assess whether there are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.

5. Coordination

Peoples Gas works to complete jobs that are combined with the PA Department of Community and Economic Development Weatherization Program and with electric companies. When jobs are coordinated with State Weatherization or electric companies, Peoples is typically responsible for replacing the heating appliance if replacement is necessary. They completed 17 combined jobs in 2014, 23 combined jobs in 2013, and 33 combined jobs in 2012. Peoples should continue to work with the electric companies, as planned, to try to increase coordination, thus providing improved energy efficiency through a holistic approach.

## I. Introduction

Peoples Natural Gas' Universal Service Programs include a Customer Assistance Program (CAP) that provides a reduced payment plan, a Low-Income Usage Reduction Program (LIURP) that provides energy efficiency services and furnace replacement, a hardship fund that provides grants to customers in danger of service termination, and a Customer Assistance and Referral Evaluation Services Program (CARES) that provides additional case management assistance to customers with special needs. This report presents the findings from the 2017 evaluation of Peoples Natural Gas' Universal Service Programs.

### A. *Evaluation Activities*

The following research activities were undertaken.

1. **Background Research:** We reviewed materials that document Peoples Natural Gas' Universal Service Programs. These included the three-year plans, previous evaluations, Peoples Best Practices review, reports to the Public Utilities Commission, brochures, applications, customer letters, training materials, contracting documents, budgets, and program expenditures.
2. **Needs Assessment:** We analyzed American Community Survey data to provide information on the number, characteristics, and energy burden of households in People's service territory that are eligible for the Universal Service Programs.
3. **Program Data Analysis:** We analyzed information from program databases for the CAP, LIURP, CARES, and Hardship Fund programs and developed statistics on program participation, participant demographics, and services delivered. We selected a sample of CAP participants for the customer survey.
4. **Peoples Natural Gas In-Depth Interviews:** We conducted telephone interviews with managers and staff who run Peoples' Universal Service Programs to develop a better understanding of how the Universal Service Programs currently work, barriers to clients' participation or success in the programs, and potential improvement to the programs' policies and procedures.
5. **Program Administrator Interviews:** We conducted telephone interviews with program administrators to develop a better understanding of how the CAP, LIURP, and Hardship Fund programs are designed and implemented, and how they are coordinated with other programs. The Dollar Energy Fund's managers and staff were interviewed about the responsibilities, successes, and challenges in managing CAP, the Universal Service Call center, and the Hardship Fund. Conservation Consultants' managers and staff were interviewed with respect to LIURP and the Emergency Furnace and Service Line Repair Assistance Program.
6. **CAP Participant Survey:** We conducted telephone interviews with a sample of 100 current CAP participants to assess their experiences in all aspects of the program from

enrollment forward. These interviews assessed program operations and the impact of the program on affordability.

7. Transactions Data Analysis: We analyzed data for customers who participated in CAP, as well as for a sample of low-income customers who had not participated in Universal Service Programs. We analyzed the impact of CAP on affordability, bill payment behavior, arrearages, service termination, and collection costs. We also analyzed the CAP Plus mechanism to assess the impact of that charge on CAP bills and energy burden.

## ***B. Organization of the Report***

Five sections follow this introduction.

- Section II – Peoples Universal Service Programs: This section describes the design and implementation of Peoples’ Universal Service Programs. Information is based upon program documents, program data analysis, interviews with Peoples’ program managers and staff, and interviews with program administrators.
- Section III – Needs Assessment: This section summarizes the findings from the analysis of American Community Service data to characterize the population of households who are eligible for Peoples’ Universal Service Programs.
- Section IV – Participant Feedback: This section summarizes the research methodology and feedback provided by Peoples’ CAP participants.
- Section V – Transactions Analysis: This section provides a description of the analyses that were conducted and findings with respect to how CAP impacted affordability, bill payment, service terminations, and collections costs.
- Section VII – Summary of Findings and Recommendations: This section provides a summary of the key findings and furnishes recommendations for Peoples’ Universal Service Programs based on the analyses in this report.

APPRISE prepared this report under contract to Peoples Natural Gas. Peoples facilitated this research by furnishing data to APPRISE. Any errors or omissions in this report are the responsibility of APPRISE. Further, the statements, findings, conclusions, and recommendations are solely those of analysts from APPRISE and do not necessarily reflect the views of Peoples.

## II. Peoples Universal Service Programs

Peoples' Universal Service Programs provide assistance to low-income customers to improve affordability, as well as health and safety. This section provides a detailed description of each Universal Service Program.

### A. Overview

Equitable Gas Company, LLC merged into Peoples on December 18, 2013. (Peoples and Equitable are each referred to as a "Division" and collectively are referred to as Peoples.) As part of the merger settlement, Peoples agreed to establish a Universal Service Advisory Group comprised of community-based organizations, low income advocates, the Office of Consumer Advocate, and other interested stakeholders. The group meets quarterly and rotates the focus across the Universal Service Programs. They discuss program outreach, customer engagement, connecting with community groups, and the members help Peoples to post information and publicize the programs.

Peoples began a best practices comparison review of Peoples Division's and the Equitable Division's Universal Service and Energy Conservation Plans ("USP") after the merger was completed. The best practices review included input from Peoples' new Universal Service Advisory Group, review of Universal Service Programs and practices in both Divisions, and review of programs at other regulated utility companies. The goals of the best practices review were to identify opportunities to improve existing Universal Service Programs and to improve the efficiency of program administration. They worked to unify the programs so that customers of both divisions would receive the same benefits.

The 2015-2018 Amended Plan was developed to guide the Universal Service Programs for the combined organization. The following Universal Service Programs are provided.

- Customer Assistance Program ("CAP")
- Low Income Usage Reduction Program ("LIURP")
- Emergency Furnace and Houseline Repair Program
- Customer Assistance Referral and Evaluation Services ("CARES")
- Hardship Fund
- Community Partnership Weatherization Program (Peoples Division only)
- Pilot E-CAP (151% - 200% of poverty CAP program)

Universal Service Programs are managed and directed by Peoples' Regulatory Section; the Manager of Universal Services and the Customer Relations Specialists have the primary responsibility for the administration of these programs. The Customer Relations Staff supports the Universal Service Programs.

Incoming calls from low-income customers were previously answered by the internal Customer Service Center. Beginning on October 1, 2015, all calls for Universal Service Programs coming through the Program Line began to be answered by a specially trained Universal Service Call Group at the Dollar Energy Fund (DEF). Customers are referred for



LIHEAP, LIHEAP-Crisis, Dollar Energy Hardship Fund, LIURP, and other available programs during their initial call.

During the program year, customers can complete the DEF grant application over the phone if they are in CAP. This is easier for the customers and saves them travel time and costs. In addition, known low-income accounts that call the Company's Customer Service Line and indicate that the call is related to credit, termination, or restoration of service are transferred to DEF's call group for assistance available through CAP. The DEF representatives are responsible for quoting restoration amounts to customers and amounts needed to avoid service termination, and for making referrals to other programs, including other utility CAPs which are also administered by DEF. They are also responsible for completing Cold Weather Surveys by phone during the fall. During the less busy winter months, the representatives make outbound calls to potentially eligible LIHEAP and CAP customers.

Peoples Division's last Universal Service Evaluation was conducted in 2010 and the last evaluation for the Equitable Division was performed in 2011.

### ***B. Customer Assistance Program***

The Customer Assistance Program (CAP) is a special payment plan for low-income, payment-troubled customers. In this program, low-income customers pay a percentage of their income for natural gas service. The reduced payment amount is designed to improve energy affordability and payment compliance, and reduce collections activities.

#### **Goals and Resources**

Table II-1 displays the budget for each Division's CAP and Peoples as a whole. The budget was close to \$9.2 million in 2015 and increased to \$9.8 million for 2018.

**Table II-1  
Customer Assistance Program Budget**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2015	\$5,583,793	\$3,606,966	\$9,190,759
2016	\$5,686,285	\$3,704,236	\$9,390,521
2017	\$5,790,850	\$3,804,424	\$9,595,274
2018	\$5,897,531	\$3,907,618	\$9,805,149

Table II-2 displays projected enrollment for the CAP from 2015 through 2018. Enrollment was projected to be 22,500 for Peoples and 17,000 for Equitable in 2018.

**Table II-2**  
**Customer Assistance Program Projected Enrollment**

Year	Peoples Division	Equitable Division	Total
2015	21,000	14,000	35,000
2016	21,500	15,000	36,500
2017	22,000	16,000	38,000
2018	22,500	17,000	39,500

Table II-3 displays actual CAP expenditures from 2013 through 2016. Total CAP expenditures were about \$21.2 million in 2014 and 2015 and \$10.4 million in 2016. At least part of the decline was due to the warmer winter that year.

**Table II-3**  
**CAP Expenditures**

Year	Peoples Division	Equitable Division	Total
2013	\$8,227,588	\$7,090,722	\$15,318,310
2014	\$11,270,401	\$9,988,104	\$21,258,505
2015	\$12,607,004	\$8,614,710	\$21,221,714
2016	\$6,606,963	\$3,826,459	\$10,433,422

Table II-4 breaks down CAP costs into the CAP credit, arrearage forgiveness, and administration. The costs provided are the recoverable costs that flow through the Universal Service rider which is paid by non-CAP residential ratepayers. It does not include internal labor or typical office administrative type costs that are borne internally.

**Table II-4**  
**CAP Expenditures**

Year	Peoples			Equitable		
	CAP Credit	Arrearage Forgiveness	Administration	CAP Credit	Arrearage Forgiveness	Administration
2014	\$8,196,248	\$2,089,439	\$569,868	\$9,013,043	\$492,069	\$482,992
2015	\$9,426,768	\$2,022,846	\$624,304	\$7,624,163	\$622,642	\$367,905
2016 <sup>2</sup>	\$2,805,837	\$2,742,765	\$1,058,361	\$2,331,863	\$669,529	\$825,067

Table II-5 displays the number of CAP participants each December from 2013 through 2016. Approximately 33,000 customers participated in CAP as of December 2015 and 2016.

<sup>2</sup> Administrative costs for the program that are external to Peoples increased in 2016 because DEF undertook the responsibility for the Universal Service call center in addition to CAP administration. Previously, Peoples staff were responsible for these services.

**Table II-5  
December CAP Participants**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2013	19,887	11,263	31,150
2014	20,404	14,063	34,467
2015	19,591	13,799	33,390
2016	19,333	13,289	32,622

**Program Management and Administration**

Peoples' CAP is managed by Peoples' staff and administered by DEF (DEF administration began in May 2011). DEF provides call center services for all of Peoples Universal Service Programs. Customers are provided with a number that goes directly to DEF and customers who select the CAP option on Peoples recording are sent directly to DEF. Additionally, customers who are identified as needing the assistance of DEF for Universal Service Programs are transferred from Peoples to DEF.

Peoples has found that most customers prefer CAP telephone enrollment as opposed to visiting a local agency. However, community-based organizations provide referrals to CAP and appropriate follow up, information on education, budget counseling and referrals. Peoples also refers eligible customers to programs and services. These services include third-party funding, budget counseling, and consumer education. Peoples also coordinates with the Southwestern PA 2-1-1 referral system to expand program outreach and to accept CAP referrals.

DEF's CAP responsibilities include verification of eligibility, recertification, and day-to-day account monitoring. The agency has a network of community based organizations that are available to complete CAP applications for eligible customers.

DEF's responsibilities are as follows.

- Serve as the primary contact for all Universal Service Program communications.
- Provide bi-lingual Spanish speaking customer service representatives.
- Record customer calls and make call recordings available as requested.
- Provide a Customer Relationship Management (CRM) system, document all customer interactions, and provide reports on those interactions.
- Screen each low-income customer for CAP, service restoration needs, and available energy assistance.
- Complete CAP and Dollar Energy Fund Hardship Grant applications. Complete phone applications for customers who are unable to apply at an agency.
- Process grants.
- Make direct referrals for Crisis and provide LIHEAP outreach as needed during the winter season.

- Provide custom software (OSCAR and iPartner©) for program administration and reporting.
- Provide audit services for each program.
- Monitor CAP accounts for high usage and high CAP credits according to processes developed and maintained in Peoples billing system, including contacting customers on a timely basis and accurately recording justification of high usage or high CAP credit.
- Provide document imaging and electronic storage of all customer documentation including income documentation records.
- Recruit, manage, and train all partner agencies/subcontractors.
- Utilize Agency Partners for application intake services. Train intake workers to complete applications for CAP and Hardship programs. Provide all agency workers with access to OSCAR and iPartner.
- Refer eligible customers to other utility CAPs administered by DEF.

When DEF's role was expanded, Peoples provided training on poverty and poverty issues, aiming to ensure sensitivity for limited-income customers. They incorporated active listening to provide the representatives with tools to work with customers who had difficulty paying their bill or were having their service terminated. Their goal was to have the DEF representatives become experts in the program and thoroughly screen the customer for any available services.

Peoples' training sessions explained that the representatives have the ability to resolve situations for these customers. If a customer calls with a termination notice, the representative can refer to the customer to Crisis, LIHEAP, the DEF hardship fund, or CAP. If a customer has never been on CAP, this can resolve the termination issue and provide all the benefits of the program.

Community-based organizations (CBOs) have the following requirements and responsibilities.

- High-quality customer service.
- Access to a computer with high speed internet.
- Register as an OSCAR and/or iPartner© user.
- Schedule CAP and Hardship application appointments.
- Complete CAP application intake for eligible customers.
- Transmit and securely store customer documents as required.

DEF provides their proprietary Online System for Customer Assistance Records (OSCAR) to manage the CAP workflow. The system provides real-time access to program statistical reports.

Very few customers visit an agency to enroll in CAP. Agencies have been trained to screen customers for CAP if they come to the agency to apply for the DEF hardship fund. When the agency screens for DEF, they can also screen for CAP and provide the CAP enrollment.

Agency enrollment was developed mainly for those customers who were unable to enroll by phone. Customers can enroll by phone without income verification if they received LIHEAP. If this is the case, DEF takes the customer's verbal income report to enter in the system and to place the customer in a CAP tier. If the budget payment is lower, the system will automatically select the budget amount as the CAP payment.

If the customer has not received LIHEAP, the customer is asked to send in proof of income. When the income information is sent in and approved, the customer is enrolled in CAP. At the time of CAP enrollment, customers are given a handout with energy conservation tips and a copy of the CAP customer agreement so they know how to be successful in CAP.

### **Eligibility and Benefits**

Customers with income at or below 150 percent of the Federal Poverty Level are income-eligible for CAP. The customer must also have active residential heating service and be classified as payment-troubled. Peoples defines a customer as payment-troubled if any of the following situations exist.

- An arrearage, broken payment arrangement, or termination notice.
- Housing and utility costs that exceed 45 percent of the household's total income. Housing and utility costs are defined as rent or mortgage, property taxes, gas, electric, water, telephone and sewage.
- Disposable income of \$100 or less after subtracting all household expenses from household income.

Peoples is flexible on the payment-troubled status requirement for CAP enrollment. If CAP appears to be the most beneficial payment plan for the customer, then Peoples will enroll a customer who is seeking assistance. In some cases where customers are fairly current on their bill because they received LIHEAP, the budget payment may be more beneficial than CAP if they have no pre-CAP arrearages.

Customers may enroll in CAP without providing income documentation if they have received a LIHEAP payment within the past two years. Peoples will also accept participation in an electric CAP program as verification of income if the customer provides written authorization for the CAP administrator to utilize income documentation submitted by the customer to enroll in the electric CAP. Customers who would like the CAP administrator to use income information on file for another utility's CAP program are mailed a form that can be signed and returned to complete CAP enrollment.

The benefits of CAP participation include the following.

- An affordable monthly payment based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits.
- Referrals to other Universal Service Programs and assistance programs

Eligible customers agree to pay eight, nine, or ten percent of their verified before-tax monthly income for natural gas service, depending on household poverty level, as shown in Table II-6. The minimum monthly payment is \$25. In addition to the percentage of income amount, CAP customers pay five dollars per month toward their pre-CAP balance, and a CAP plus amount to account for potential LIHEAP benefits.

**Table II-6  
Customer Assistance Program Payment**

<b>Federal Poverty Status</b>	<b>Percent of Income</b>
0-50%	8%
51-100%	9%
101-150%	10%

If the participant's monthly CAP payment exceeds the budget payment amount, the monthly budget payment amount is accepted as the CAP payment. Peoples Natural Gas reviews the customer's payment amount during recertification to determine if the customer's budget or calculated payment plan continues to be the lowest payment available.

Starting in January 2016, Peoples began a monthly manual CAP payment review process to provide a more timely review of CAP payment amounts. Peoples completed the modification of its billing system in August 2016 to automate this process, reducing the need for the manual reviews and implementing changes to the customer's payment amount without manual review. The review is done during the billing process.

The review is based upon annual usage to ensure customers maintain an affordable and stable payment amount over a 12-month period. If a change to the budget and/or calculated payment amount would result in a more beneficial payment amount for the customer, the payment amount is changed and the customer is notified by mail. In order to maintain a stable payment, absent any special circumstances such as billing adjustments, the payment is changed no more often than once every three months.

Customers who report that they do not have income can be enrolled or continue to participate in CAP by providing proof of support. Proof of support can be submitted as a letter or other documentation from a friend, family member or social agency that provides support to the customer for essential living expenses. Zero income customers are billed the CAP minimum payment.

CAP credits are applied on a monthly basis when the CAP bill is issued to the customer, rather than when payments are received. This was a change that was made after Peoples acquired Equitable to bring the programs in line with one another. The change was made on June 1, 2015. The CAP credit is defined as the difference between the CAP customer's actual usage bill and the CAP monthly bill.

CAP payments received by customers that exceed the CAP amount due are used to reduce the following month's CAP payment amount (began in January, 2016).

### **CAP Plus**

The CAP Plus amount is calculated as the LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season divided by number of current active CAP participants and the projected number of CAP participants to join CAP that quarter. The CAP Plus amount is added to the calculated monthly CAP payment amount for all participating CAP customers.

The CAP Plus amount is not broken out in the customer's bill. CAP Plus is embedded in the CAP payment, but it is broken out in the billing system. The representatives know the CAP Plus amount and advise the customer of the CAP payment including the CAP Plus amount.

CAP Plus has varied over time as shown in Table II-7. It was introduced in November 2014 for Peoples and in March 2016 for Equitable.

**Table II-7  
CAP Plus Monthly Charge**

<b>Division</b>	<b>November 2014</b>	<b>February 2016</b>	<b>March 2016</b>	<b>July 2016</b>
Equitable	--	--	\$7	\$7
Peoples	\$6	\$6	\$5	\$8
T.W. Phillips	\$3	\$9	\$8	\$8

### **Arrearage Forgiveness**

CAP customers with pre-program arrearages are eligible for Arrearage forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required CAP payment. CAP participants can completely remove their pre-program balance over a three-year period. Arrearage forgiveness credits are provided when the customer provides full payment of their CAP payment amount due. Effective June 1, 2016, Arrearage forgiveness benefits are provided for each on-time and in-full monthly CAP payment, regardless of whether the customer owes past due CAP payment amounts.

Arrearage forgiveness is applied retroactively to any months missed once the CAP customer catches up on any missed payments. This was a change made on June 1, 2016. In the past, the customer had to be current on the bill to receive forgiveness. With this change, if the customer is three CAP payments behind and they make two CAP payments, they receive the arrearage forgiveness for those two payments.

Monthly bills paid by a LIHEAP cash grant, in full or in conjunction with a customer payment, receive arrearage forgiveness.

**Outreach**

Peoples provides outreach for CAP and other Universal Service Programs through the Customer Service Center, the Company website, and other media.

- Fliers are included with termination notices to inform customers of available programs.
- Bill inserts, press releases and other information are provided to the public to encourage referrals.
- Community-based agencies receive information on these programs and are encouraged to make referrals.
- Program information is distributed to social service agencies, community leaders and Company personnel.
- Meetings are held with social service agencies, elected officials, and other community groups to provide current information on available programs.
- Peoples utilizes the Southwestern PA 2-1-1 for referrals and provides updated information to the Company's Universal Service Advisory Group.

Peoples continues to consider ways to streamline the application and recertification process for all programs so that customers may complete one application to participate in multiple programs and existing proof of income may be used for multiple programs.

Potentially eligible customers are identified through their income data that is documented in the Company's billing system. Customer Service Center Representatives receive training on identification of potential referrals to all Universal Service Programs. Field Metering Service Personnel also make referrals to Universal Service Programs.

Peoples encourages customers to apply for LIHEAP with bill inserts, posters, outreach, community events, and application assistance. If requested, Peoples will hand write the LIHEAP application for the customer and mail it to the customer to be signed and submitted. DEF asks customers if they applied for LIHEAP/Crisis if they are eligible. Customers must apply for LIHEAP/Crisis prior to receiving the DEF hardship grant.

**Enrollments and Referrals**

CAP applications are available through DEF. All customers who are referred to the Universal Service 800 number are screened to determine eligibility for all available internal and external assistance programs including CAP, LIURP, LIHEAP, CARES, and Hardship Funds.

Prior CAP customers who apply for service within sixty days of service termination or discontinuance are considered active participants provided that they pay their CAP bill arrearage. An applicant with an outstanding balance may enroll in CAP upon initiation of service once restoration requirements are met.

DEF is responsible for documenting program enrollment in Peoples' Customer Information System and for mailing the enrollment notification package to enrollees. The package includes an enrollment notification letter, the program agreement, and education materials.



DEF mails customers who are not successfully enrolled a letter that states the reasons they were ineligible and directs them to contact DEF with any questions.

DEF ensures that eligible CAP applicants apply for LIHEAP and/or Crisis. The CAP enrollment is completed after LIHEAP grants are posted to customers' accounts so that these benefits are posted to their pre-program arrearages rather than replacing their monthly CAP payments.

DEF does not fill out LIHEAP applications in their office. Instead, they refer customers to the county assistance office or to a website where they can do it online. They will also send the customer a LIHEAP application, but near the end of the LIHEAP season, they will encourage customers to go in-person or apply online because of the time to receive the application in the mail. If a customer has a medical issue and cannot submit the application, DEF will send an email to the CARES program and the CARES representative will start a grant application, fill it out, and mail it to the customer to sign and mail back in.

### **Recertification**

CAP recertification is generally completed on an annual basis. Customers who have received LIHEAP in the past 24 months or who have certain fixed income types (pension, social security, or disability) are recertified once every two years. DEF sends a letter 60 days prior to the recertification date, requesting that the customer submit proof of income to remain active in the CAP program. A second letter is mailed 30 days later. If the customer does not provide the required income documentation within the 60-day period, the customer will be dismissed from CAP.

### **Removal**

The Company monitors accounts for changes in family size or income, timely payments, appropriate usage, and timely meter readings. A CAP participant's failure to comply with one or more of the following rules may result in CAP removal.

- Allow access to or provide customer meter readings (cannot miss four consecutive months).
- Report changes in income or family size.
- Recertify as requested and/or to meet eligibility requirements.
- Do not use natural gas for recreational purposes.

In the past Peoples sent a reminder letter to customers who did not make their CAP payment, but they have discontinued this process. Peoples does not remove customers from CAP for failure to pay, but they begin the termination process.

Peoples follows normal collections procedures for CAP participants who do not make their payments in a timely manner. Customers who do not make their monthly payments may be placed in collections and have their service terminated. To avoid termination, the customer must pay the amount set forth in the termination notice prior to the scheduled termination date.

If a customer has service restored within 60 days of termination, the customer only needs to pay the CAP arrearage to be reconnected and continue in CAP. The pre-program arrears do not need to be paid.

If it has been more than 60 days since the customer was terminated, the customer returns to regular collections and Peoples follows the PUC rules for quoting restoration amounts. If the customer had a previous payment arrangement, the customer would be responsible for the full balance including the pre-CAP arrearage. If the customer had not had a payment arrangement other than CAP, the customer can pay 1/24 of the balance including pre-program arrearages. Once the customer has service restored, the customer can reapply for CAP.

### **Control Features**

Peoples monitors CAP accounts to ensure that customers comply with the terms of the program and receive the proper benefits from CAP and other Universal Service Programs. They enforce the following control mechanisms.

- **Minimum Payment:** The minimum payment for a heating account is \$25 per month plus \$5 for the arrearage for a total minimum monthly payment of \$30.
- **LIURP Prioritization:** While CAP customers could be required to participate in LIURP based on CAP requirements, Peoples has not removed CAP participants for refusing LIURP services because it may be beyond the customers' control, specifically if the landlord does not provide permission.
- **LIHEAP Application:** CAP customers who meet the LIHEAP eligibility criteria are encouraged to complete an application. CAP participants are asked to direct payment of any LIHEAP cash benefit grant that they receive to Peoples.
- **Energy Conservation:** At the time of CAP enrollment, participants receive information on conservation tips and weatherization programs. Customers with a history of high energy usage are referred to LIURP and any other appropriate programs. All participants are advised that their usage will be reviewed on an ongoing basis and unjustified excess CAP usage may be billed to the CAP customer or the CAP customer may be removed from CAP.
- **Review of Energy Usage:** Peoples generates a daily report that allows the Company to identify CAP customers whose weather-normalized annual usage has increased by more than 25 percent. When a CAP customer's account appears in the report, the Company representative takes the following steps.
  - The account is reviewed and the customer is contacted to determine if the increase in gas usage is justified due to an increase in household size, serious illness of a family member, or usage was beyond the household's ability to control. Peoples has a questionnaire they provided to DEF to use when discussing usage with the customer.

The majority of the cases reviewed meet one of these justified reasons for an increase in usage.

- Number of people living in the home increased
- Medical condition in the home
- New gas appliances installed
- Furnace condition
- Window condition
- Attic insulation condition
- Home drafts
- Whether home has been weatherized
- Other reasons

If DEF does not get in touch with the customer on the phone, they mail the questionnaire, the customer fills it in and mails it back, and they use that information.

Very few customers have an unjustified increase in usage.

- Special needs customers identified through this process are referred to CARES.
- Any customer with unjustified excess usage is contacted and provided with conservation information, tips for decreasing usage, and referred to weatherization programs. Unjustified excess usage may be billed to the CAP customer or the CAP customer may be removed from CAP.
- High CAP Credits: Peoples generates a report to monitor customers who exceed \$1,000 in annual CAP credits. Customers are notified of their current use of CAP credits and offered information about the LIURP weatherization program when they reach \$500 in CAP credits and \$750 in CAP credits annually. The notification includes a description of the customer's responsibility to monitor gas usage and advises the customer that he/she may be responsible for CAP credits over \$1,000.
  - When an account exceeds the \$1,000 CAP credit, the account is reviewed and the customer is contacted to determine if excess CAP credits are justified. DEF completes a questionnaire with the customer. Justification may include an increase in household size, serious illness of a family member, usage beyond the household's ability to control, or a very low CAP payment. Special needs customers identified through this process are referred to the CARES program. High usage customers are referred for weatherization.
  - Unjustified CAP credits in excess of \$1,000 may be reversed and the resulting bill will be the responsibility of the CAP participant.

**Extended CAP Pilot (E-CAP)**

Peoples E-CAP is a three-year pilot payment plan for low-income, payment-troubled customers with household incomes between 151 and 200 percent of the Federal Poverty Level.

Customers are eligible for Pilot E-CAP if they meet the following criteria.

- Income between 151 and 200 percent of the Federal Poverty Level.
- Active heating customer.
- Significant account balance.
- Prior broken payment arrangement, an active termination notice, or lack of utility service.
- Applied for a Dollar Energy Grant to reduce the delinquent balance prior to entering E-CAP if funds are available.

Enrollment is focused on customers with balances of \$800 or more, but customers with lower balances may be enrolled if circumstances warrant.

The program benefits are as follows.

- Affordable monthly payments based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits.
- Referrals to other Universal Service Programs and assistance programs.

The affordable E-CAP payment is the lower of 11 percent of verified before tax monthly income or the account specific budget payment. E-CAP participants are subject to CAP Plus. In addition to the calculated E-CAP payment, participants pay \$5 per month towards their pre-program arrears.

Peoples provided the following budget for E-CAP shown in Table II-6.

**Table II-6  
E-CAP Budget**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2015	\$321,950	\$391,050	\$713,000
2016	\$386,000	\$469,000	\$855,000
2017	\$450,700	\$547,400	\$998,100

Peoples identified the number of potentially eligible customers based on account-specific income and balance information. Table II-7 shows that they estimated approximately 2,800 participants in 2017.

**Table II-7  
E-CAP Number of Potentially Eligible Customers**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2015	1,300	1,100	2,400
2016	1,400	1,200	2,600
2017	1,500	1,300	2,800

### **CAP Changes Made**

Peoples implemented the following changes as part of their Best Practices Review and additional program assessment and refinement.

- Administration: Equitable began to use DEF for the administration of CAP. This was implemented in the 2015-2018 Plan.
- Minimum Payment: A \$25 minimum monthly payment replaced the minimum payments of \$21 for Peoples Division and \$39 for Equitable.
- Budget Amount: When the customer's calculated percentage of income payment amount is higher than the established budget amount for the account, Peoples Division allowed the customer to pay the budget amount. This practice was expanded to the Equitable Division upon conversion of the billing system in July 2015 to provide the lowest available payment amount to all CAP participants.
- CAP Bill: The Peoples Division's streamlined CAP bill clearly identifies the customer's payment amount and reinforces the benefits of CAP participation and timely payments. This format replaced Equitable's traditional customer bill upon conversion of the Equitable Division's billing system in July 2015.
- CAP Plus: CAP Plus was implemented for the Equitable Division in March 2016.
- Recertification: The Peoples Division method of bi-annual recertification for LIHEAP recipients as well as for customers on certain fixed incomes from pension, social security, and disability was applied to the Equitable Division. Annual recertification of all other CAP customers was implemented for the Equitable Division upon conversion of the billing system.
- CAP Credit Application: CAP credits are applied when the CAP bill is issued. This was implemented in June 2015.
- Usage Monitoring: The usage monitoring level was standardized at 125 percent of normalized usage for both Divisions.

- Pilot Extended Customer Assistance Program (E-CAP): A three-year pilot program was introduced in the 2015-2018 Plan to serve customers with significant balances and annual incomes between 151 and 200 percent of poverty. The program is focused on enrolling customers below 175 percent of the Federal Poverty Level, but is available for customers in need up to 200 percent.

### **CAP Challenges and Successes**

The DEF call center noted that the greatest challenge with CAP is obtaining information from customers to prove their income level if they have not received LIHEAP. They ask customers to send their last two pay stubs and proof of employment, but customers do not always follow through. There are times when DEF only receives partial income documentation even though they have sent letters and made several attempts to contact the customer. This is especially a challenge in termination season when the customer has a termination notice and there is a time limit.

The ongoing challenge is to encourage customers to consistently make their payments. CAP is designed to be the most affordable payment and customers receive the benefit of arrearage forgiveness. Getting customers to follow through and make those regular payments is a challenge. This makes it difficult for customers to keep service and reduce their balances.

Peoples plans to focus on this topic at a future Advisory Group meeting this year. Peoples hears from the agencies that the problem relates to financial literacy. The participants live from one crisis to the next and have a difficult time with monthly budgeting.

Programming the billing system for CAP is also a challenge. If CAP customers enrolled, remained on the program for 36 months, and made their payments, it would be straightforward and work very well. However, this is rare because customers move, they have their service disconnected and reconnected, and they come on and off CAP, and that complicates the billing.

CAP provides an affordable payment, waives late payment charges, and helps the customer to maintain utility service. This is especially needed for customers on a limited income who don't have the funds to pay the full utility bill. By providing the affordable payment, the customer can begin to become a regular ratepayer again. The customer will receive the benefit of the CAP credit and the arrearage forgiveness. It is the best program for customers on a limited income.

Peoples was the first utility in PA to offer CAP benefits to customers between 150 and 200 percent of the poverty level. This program was approved as a three-year pilot in December 2015 and started in early 2016. Customers in this income range with significant balances can participate in CAP and receive arrearage forgiveness. The traditional payment arrangement can make customers' payments be fairly high and not manageable, so Peoples wanted to provide a payment option that these customers can afford, so they can clear their balance. If DEF grants are available, these customers are required to apply for that grant first, and any balance that is left can go into the CAP pre-program arrears for arrearage forgiveness.

**Additional Changes under Consideration**

Peoples is considering the following additional program refinements.

- Review all customer letters to assess opportunities for improvement.
- Assess how to make the recertification process more informative for customers. The customers may not understand what it means when they are asked to update their CAP information.
- Make it easier for customers to provide income documentation, and to participate and remain in the program. Peoples would like to provide additional mechanisms for customers to submit their income documentation. Currently, customers can only mail or fax in the documentation, which requires a trip to the post office or library. DEF is working with a vendor to provide a method to allow customers to upload documents from a smart phone.
- Help customers recognize the benefits of CAP so they have motivation to make their payments and remain in the program. The CAP bill was designed to focus on the CAP credits. Information on the arrearage forgiveness is there, but could be emphasized more so that participants are more motivated to prioritize their CAP payment each month.
- Provide more education on the front end and ensure that they are doing a good job of explaining the benefits. The welcome packet has information, but they want to make sure that it emphasizes the benefit of making the monthly payment and of being on CAP. There is room to make it more customer-friendly, and to help participants see the benefits.

***C. Hardship Fund***

The Peoples Hardship Fund works in partnership with DEF to provide grants to customers who are behind on their natural gas bills.

**Goals and Resources**

The Hardship Fund is provided through Peoples' donations and customers' donations. Peoples contributes up to \$550,000 annually to match customers' donations and contributes up to \$110,000 for administrative costs. Within that total, \$330,000 was allocated for Peoples customers and \$220,000 for Peoples/Equitable Division customers (however, going forward the funds will not be separated by division.) While \$66,000 is allocated for Peoples administrative costs, \$44,000 is allocated for Equitable Division's administrative costs.

Peoples continues to explore ways to increase customer donations to assist in meeting the matching funds as well as to encourage the Dollar Energy Fund to increase its fundraising programs.

Table II-8 displays the Hardship Fund Budget. The budget has been \$660,000 each year.

**Table II-8  
Hardship Fund Budget**

Year	Peoples Division	Equitable Division	Total
2015	\$396,000	\$264,000	\$660,000
2016	\$396,000	\$264,000	\$660,000
2017	\$396,000	\$264,000	\$660,000
2018	\$396,000	\$264,000	\$660,000

Participation in the Hardship Fund is impacted by customers' donations. Peoples estimates that 1,500 customers from the Peoples Division and 900 customers from the Equitable Division will receive grants from the Hardship Fund annually for the next four years.

During the 2014-2015 program year, Peoples customers received a total of \$1.1 million in grants. This includes the matching grant from DEF. Beginning in 2016, the Peoples and Equitable programs were managed through one fund, so separate financials are not available.

**Table II-9  
Hardship Ratepayer Contributions and Benefits**

Year	Ratepayer Contributions			Utility & Shareholder Contributions			Benefits Distributed		
	Peoples Division	Equitable Division	Total	Peoples Division	Equitable Division	Total	Peoples Division	Equitable Division	Total
2012-2013	\$172,223	\$86,128	\$258,351	\$358,954	\$200,000	\$558,954	\$600,000	\$400,000	\$1,000,000
2013-2014	\$169,048	\$85,286	\$254,334	\$659,105	\$20,000	\$679,105	\$599,186	\$400,000	\$999,186
2014-2015	\$170,653	\$86,942	\$257,595	\$726,895	\$480,000	\$1,206,895	\$660,814	\$440,000	\$1,100,814
2015-2016			\$318,641			\$1,210,000			\$1,100,000

Table II-10 shows that over 3,000 customers received hardship fund grants in 2016.

**Table II-10  
Hardship Participants**

Year	Peoples Division	Equitable Division	Total
2012-2013	1,493	1,028	2,521
2013-2014	1,559	994	2,553
2014-2015	1,759	1,258	3,017
2015-2016			3,019

Table II-11 shows that the average grant was \$364 in 2016.



**Table II-11  
Hardship Average Grant**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2012-2013	\$402	\$389	\$397
2013-2014	\$384	\$402	\$391
2014-2015	\$376	\$350	\$365
2016			\$364

### **Program Management and Administration**

DEF is an independent, nonprofit organization that provides utility bill financial assistance to low-income customers. DEF partners with community-based organizations (CBOs) to accept applications. Peoples' customers may be referred to any DEF community-based screening agency to complete an application. There are over 150 organizations that participate and some organizations may have multiple locations, so there are several hundred physical locations where customers can apply.

DEF developed an on-line application process which enables Peoples to review grant applications more quickly. The agencies that process the grant applications refer eligible customers to CAP, LIURP and CARES as well.

If customers call DEF to apply for CAP, DEF can take the hardship fund application as well. However, if the customer is not applying for CAP, then the customer must go to a CBO. The CBOs can often connect the client with other agencies that offer other services, including food, clothing, or childcare assistance.

If a customer applies for DEF through an agency, they must go in-person and cannot call because they need to sign that the information is complete, that they understand that the grant is not guaranteed, and that the agency needs proof of income. However, there is the ability to apply by phone if a customer says it is impossible for them to get to the CBO.

DEF will sometimes aim to save the DEF grant funds for other customers who are not on CAP. However, they will allow CAP customers who have received a termination notice to apply for the hardship fund grant. If a customer's service is shut off, the customer would need the hardship grant to get their services restored and then have CAP to move them forward in paying their bill. A DEF grant can reduce a customer's balance before they are put on CAP and then they would have a reduced payment through CAP, so this would be best for the customer and for the program.

### **Eligibility and Benefits**

The DEF Program is open from October 1st to September 30th, and grants are provided until available funds are exhausted. Customers must meet the following criteria to be eligible for the Hardship Fund.

- Apply for LIHEAP and Crisis benefits if eligible.
- Household income at or below 200 percent of the poverty level.
- Paid at least \$150 toward their utility bill over a ninety-day time period, or at least one \$100 payment in the last six months if over 62.
- Have a balance of at least \$100 if under 62. There is no balance requirement for applicants over 62.
- Have a residential heating account.

When the Hardship Fund opens on October 1, the customer must either be terminated or be in threat of termination to receive a grant. Then, from December to January 31, the customer's service must be terminated to receive a grant. In February, DEF can again help customers in threat of termination, and on March 1, customers can receive help regardless of their service status.

If the customer is in threat of termination and needs less than \$500 to stop the termination or restore service then Peoples will stop the termination or restore service immediately. If not in this situation, then Peoples receives a notification in the weekly report that DEF send to Peoples. This weekly report includes a list of all customers who received assistance so that the payment can be posted to their account.

The customer may receive up to \$500, but the grant will the amount that the customer needs, and they will never create a credit on the account.

At the time of DEF application, customers are referred to the following programs.

- FirstEnergy or Duquesne Light for CAP assistance with electric bills
- Pennsylvania American Water for assistance with water bills
- Other Peoples' Universal Service Programs
- LIHEAP
- Crisis

If some other need becomes apparent during the call, DEF will make other referrals, such as to a food pantry.

### **Outreach**

Peoples promotes the DEF and encourages customer donations through the following outreach.

- Donation requests are made with program information in bill inserts, new customer welcome packets, press releases, and bill messaging. Customers are asked to add a dollar or more to their utility payment.
- A DEF Pledge form is provided on the back of the bill to allow customers to designate a particular donation amount to be added to their bills on a monthly basis.
- DEF is promoted on the Company's website and is available for customers who elect to receive their bills electronically.
- Peoples provides sponsorship of the DEF fundraising activities.

- Peoples participates in promotional activities with Lernerville Speedway, the Pittsburgh Pirates, and sponsors promotional events at the Altoona Curve, Minor League Baseball Team.
- Peoples developed a signature event in partnership with Hearth and Home entitled the Warm Your Hearth...Touch a Heart Campaign featuring television advertisements, an annual reception, silent auction, and matching donations from Hearth and Home.
- Peoples employee support is encouraged through donations that are made on “Casual Fridays.”

Customers referred to the Universal Service Programs are screened for DEF eligibility and referred to the program. Training is conducted for Customer Service Supervisors and representatives so that they can make referrals to eligible customers.

### **Hardship Fund Changes**

The available funds for the two Divisions were combined in October 2015 to provide one Hardship Fund for all Peoples customers. This change was made to provide equal opportunities to customers in the combined service territory and to improve the efficiency of administration.

Peoples has broadened its outreach to increase the visibility of DEF and to encourage donations to the Fund. Examples include partnerships with the Altoona Curve, Hearth and Home Furnishings, Pittsburgh Pirates, Lernerville Speedway and KDKA Television. Peoples has also investigated partnering with United Way’s Southwestern PA 2-1-1 Information and Referral Program to streamline application processes and provide assistance to as many eligible customers as possible.

As part of the Merger agreement, Peoples increased their contributions to DEF by ten percent (donations and administration) annually for the next five years.

### **Challenges and Successes**

One challenge faced in DEF is that applications are sometimes rejected for minor discrepancies. Peoples feels that DEF could improve by working with the customers and providing better communication rather than rejecting the customer.

The DEF is very important for customers who are facing payment challenges. This was particularly the case in 2016 when LIHEAP shut down on March 31 and termination season was beginning on April 1. As a result, DEF was the only assistance available, and they did a very good job of quickly processing the applications.

**D. CARES**

The CARES program provides comprehensive services for customers who may have an inability to pay their gas bills and/or have special needs.

**Goals and Resources**

The table below provides the budget for CARES. In 2018, the total budget will be just under \$400,000.

**Table II-12  
CARES Budget**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2015	\$212,729	\$159,257	\$371,986
2016	\$216,819	\$163,348	\$380,167
2017	\$221,032	\$167,560	\$388,592
2018	\$223,983	\$171,983	\$395,966

CARES provides assistance to approximately 500 customers each year for the Peoples Division and 600 customers each year for the Equitable Division. CARES also provides outreach to low-income customers to increase participation in energy assistance programs and the Earned Income Tax Credit (EITC).

Table II-13 provides the actual CARES expenditures for 2013 through 2016. Expenditures were just over \$200,000 in 2016.

**Table II-13  
CARES Expenditures**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2013	\$157,244	\$226,294	\$383,538
2014	\$140,900	\$164,228	\$305,128
2015	\$101,173	\$104,307	\$205,480
2016	\$120,010	\$85,398	\$205,408

Table II-14 provides the actual CARES participants for 2013 through 2016. There was a total of 365 participants in 2016.

**Table II-14  
December CARES Participants**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2013	472	665	1,137
2014	526	6	532
2015	326	618	944
2016	295	70	365

### **Program Management and Administration**

The CARES Program is administered by Peoples' staff who work with agencies throughout Peoples' service territory to stay informed of available programs and to better serve low-income customers. The community and social service organizations include the following.

- Health and Welfare Council
- Department of Aging
- Allegheny County Community Services Advisory Council
- Health Department
- Pennsylvania Department of Human Services
- Tri-Valley Energy Partners
- Social Service Agency Providers Council
- Cambria County Energy Crisis Council

Peoples receives CARES referrals from a variety of sources, including customer service representatives, field customer service personnel, social service staff, community-based organizations, and the Commission. Peoples employs two certified social workers on its Customer Relations' staff to support the needs of customers with special circumstances.

Peoples promotes the Universal Service Programs by maintaining contact with community service organizations throughout the Company's service territory. The Company also promotes the programs through focused articles in bill inserts, its website, informational sessions, and distributing the "Customer Referral Guide" for use by the social service agencies, and customer contact employee training.

### **Eligibility and Benefits**

Any special needs customer in danger of losing heat due to non-payment or heating equipment failure may be referred to the CARES program for assistance. Special needs include a serious medical condition, a mental health condition, limited learning ability, recent unemployment, and single parent issues, as well as other special needs. Customers identified through the Gatekeeper program, regardless of financial need, may be referred to CARES.

CARES provides short-term assistance to ensure that customers are able to access the resources that they are referred to. The program referrals include Peoples' Universal Service Programs, available energy assistance sources, and public assistance such as Supplemental

Nutrition Assistance Program (“SNAP”), and Medicaid. CARES customers receive substantial financial assistance from social service agencies including Catholic Charities, the Salvation Army, and St. Vincent de Paul Society, in addition to traditional energy assistance programs.

The CARES program also includes the Gatekeeper program which is designed to aid older adults and special needs customers who need help, but may not be able to access it themselves. Customer contact personnel are trained as “gatekeepers” to recognize danger signals such as changes in behavior, signs of confusion, or disability. Gatekeepers report the situation, and referrals are made to third party agencies or family members are alerted.

Thermostats for vision-impaired customers are available for those who have been medically identified as having severe vision impairment. Peoples provides and installs these devices free of charge. Customers can also request large print bills or Braille bills.

Peoples promotes the Earned Income Tax Credit Program (“EITC”) to educate eligible customers on the availability of the EITC and how to obtain the credit through the filing of their income taxes.

LIHEAP is an important component of CARES. Peoples identifies income-eligible customers and promotes the program through bill inserts, radio and television ads, press releases, press conferences, and customer letters. Peoples also partners with Columbia Gas to provide outreach to encourage eligible customers to apply for the program. Peoples’ customers may call the Universal Service 800 number to request a LIHEAP application. The Universal Service number is available throughout the year, and referrals are made for programs that are open at any given time including, but not limited to, CAP, LIHEAP, LIHEAP-CRISIS, LIURP, CARES and Dollar Energy Fund.

### **Changes**

The CARES program for the Peoples Division required customers to have income at or below 200 percent of the Federal Poverty Level and be payment-troubled in addition to demonstrating special needs. The Equitable Division did not have an income requirement and provided CARES services to any special needs customer in danger of losing heating service due to non-payment or heating equipment failure. As part of its Best Practices review, Peoples expanded the eligibility for CARES in its Peoples Division to coincide with the practice of its Equitable Division.

Other changes include the following.

- Peoples increased EITC outreach with expanded use of bill inserts and website information.
- Peoples implemented a web portal to enable remote access for the PA Department of Human Services and social service agencies to determine program eligibility. Peoples provided training and conducted outreach to increase visibility and encourage usage of the portal.

- Peoples increased participation in events to facilitate referrals and enhance program awareness such as Be Utility Wise, Department of Aging Fairs, Legislative/Senior Fairs, and other events.
- Peoples investigated partnering with United Way's Southwestern PA 2-1-1 Information and Referral Program to streamline application processes and provide assistance to as many eligible customers as possible.

### **CARES Challenges and Successes**

Challenges faced in CARES include reminding Peoples personnel and training new staff about the program, keeping up to date with which social service agencies in the territory have funding to help customers or to provide other services, and maintaining contact with the agencies.

Peoples has conducted training with field employees so they will more easily recognize situations they need to refer to CARES. They also conduct regular trainings with their call center and the DEF call center. As a result of this training, Peoples receives many CARES referrals, which can be challenging.

Peoples feels that they did a very good job of increasing the sensitivity of their employees and more customers are referred for the extra helping hand. Through partnerships that have been formed with the Department of Aging, and with local groups such as those in the Universal Service Advisory Group, Peoples has been able to provide help beyond the gas bill.

Additionally, CARES has become very visible in the Company. They have increased the sensitivity of Peoples employees across the board, even more generally in dealing with credit and collections calls. They listen to the customer's situation and help them to find a solution.

### **Additional CARES Changes under Consideration**

Peoples would like to continue to develop CARES by taking the following steps.

- Increasing their familiarity with personnel in the field to increase referrals and program awareness.
- Spending more time partnering with local agencies and communities. This will increase awareness of Peoples programs and familiarize Peoples with what the agencies offer.
- Continuing professional development to increase their effectiveness and ability to improve the program.

***E. LIURP***

Peoples' LIURP is designed to help low-income customers who have high gas bills. LIURP's goals are to reduce energy usage and bills.

**Goals and Resources**

The goals of LIURP are as follows.

- Maintain health, safety and comfort in the home.
- Comply with the PUC mandates.
- Continue utilization of the third party administrator.
- Reduce energy consumption of CAP participants.
- Assist special needs customers.
- Partner with community based organizations.
- Spend the program budget wisely while maximizing the quality of work.
- Continue providing random inspections as a means of quality control.

The LIURP budget in the table below includes programs measures, contracted labor, administrative expenses, agency meetings, equipment, outreach, and educational materials. In the Joint Settlement Agreement in the Merger Transaction proceeding, Peoples agreed to increase the spending for its combined LIURP program to a total of \$2,050,000 (including \$250,000 in Shareholder funding), which provides \$1,250,000 per year for the Peoples Division and \$800,000 for the Equitable Division. These expenditure increases will remain in effect for 4 years (2014 through 2017).

**Table II-15  
LIURP Budget**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2015	\$1,250,000	\$800,000	\$2,050,000
2016	\$1,250,000	\$800,000	\$2,050,000
2017	\$1,250,000	\$800,000	\$2,050,000
2018	\$1,250,000	\$800,000	\$2,050,000

Projected LIURP enrollment is based upon average spending per home for the past three years. A total of 410 customers are expected to be served each year.



**Table II-16**  
**LIURP Projected Enrollment**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2015	245	165	410
2016	245	165	410
2017	245	165	410
2018	245	165	410

Table II-17A shows that actual LIURP expenditures were \$2,049,565 in 2016.

**Table II-17A**  
**LIURP Expenditures**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2013	\$1,100,000	\$926,319	\$2,026,319
2014	\$1,250,000	\$711,788	\$1,961,788
2015	\$1,251,395	\$890,300	\$2,141,695
2016	\$1,249,763	\$799,802	\$2,049,565

Table II-17B provides a breakdown of LIURP expenditures. The Emergency Furnace program for the Equitable division was not part of the rider until January 2017.

**Table II-17B**  
**Itemized LIURP Expenditures**

<b>Year</b>	<b>Peoples</b>				<b>Equitable</b>		
	<b>LIURP</b>	<b>Weatherization</b>	<b>Community Partnership for Weatherization</b>	<b>Emergency Line Repair</b>	<b>LIURP</b>	<b>Weatherization</b>	<b>Emergency Line Repair</b>
2014	\$1,067,550	\$30,887	\$50,000	\$399,637	\$599,162	\$14,171	\$37,893
2015	\$1,076,907	\$24,402	\$49,975	\$295,834	\$781,049	\$9,702	\$51,618
2016	\$1,069,344	\$30,419	\$39,733	\$291,050	\$693,429	\$6,374	\$73,270

Table II-18 shows that there was a total of 355 LIURP jobs completed in 2016.

**Table II-18**  
**LIURP Actual Heating Jobs**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2013	230	152	382
2014	280	160	440
2015	246	160	406
2016	215	140	355

Table II-19 shows that the average job costs were \$4,727 in 2016.

**Table II-19**  
**LIURP Average Job Costs**

<b>Year</b>	<b>Peoples Division</b>	<b>Equitable Division</b>	<b>Total</b>
2013	\$3,828	\$5,012	\$4,299
2014	\$3,522	\$3,744	\$3,603
2015	\$4,122	\$4,540	\$4,287
2016	\$4,723	\$4,733	\$4,727

### **Program Management and Administration**

Peoples' LIURP is managed in-house and administered through Conservation Consultants Inc., a nonprofit agency.

Conservation Consultants is responsible for outreach and enrollment. They review customer referrals sent from Peoples, ensure that the customer has not participated in LIURP in the past seven years, and ensures that the customer meets the other LIURP requirements.

Once each year Peoples puts together a referral list of income-eligible customers who have not received weatherization in the last seven years. CCI sends mailings to customers on Peoples' contact list with an instruction letter and application form. That is the first part in the application process.

Generally the response rate to the mailing is about 15 to 20 percent. In December 2016 CCI mailed 2,000 letters with the goal of serving about 400 customers in 2017.

CCI previously conducted some audits, but they are currently conducted exclusively by the subcontractors. CCI contracts with 17 nonprofit community action agencies and private contractors to perform the audits and to install weatherization measures. Peoples asks CCI to email the subcontractors every month to reinforce the program goals and to stress customer satisfaction.

CCI also works with their energy consultants to conduct inspections on up to 25 percent of the completed jobs. The consultants evaluate the contractors' performance and develop coaching issues based on their findings.

### **Outreach**

Eligible customers can be identified through CAP and other Universal Service Programs. Customers who participate in CAP and meet LIURP eligibility criteria are referred to LIURP during the CAP intake process. Referrals are also made by community-based organizations, and by CARES, Customer Service Center and field customer service personnel. In addition, Peoples coordinates LIURP with programs including Rebuilding Together Pittsburgh, Habitat for Humanity, Re-Energize Pittsburgh, PA weatherization, electric LIURP programs, and others. Annually, the Company generates a list of high users that have known limited income that is used for LIURP outreach efforts.

### **Eligibility**

CAP participants are screened for LIURP, but must meet the following criteria for eligibility.

1. Total family income does not exceed 150 percent of the Federal Poverty Guidelines. (Up to 20 percent of the annual program budget may be allocated to customers with incomes from 151 to 200 percent of the federal poverty level on a case-by-case basis.) Customers with the lowest incomes and highest arrearages are prioritized.
2. Residential, gas-heating customer.
3. Customer has not moved and has not had gas service terminated within the last year.
4. Customer has annual consumption greater than 140 MCF.
5. Renters must have the gas account in their name and receive landlord permission to participate. Rental units must be metered separately and have individual heating systems.

### **Contractor Training**

Peoples hosts an annual meeting for all LIURP contractors. This is an appreciation event that includes technical aspects and professional development education with an emphasis on customer service. In 2016, Peoples hosted the program with Columbia Gas, as many contractors provide services for both utilities' programs.

### **Service Delivery**

An energy auditor assesses the customer's home to determine what LIURP measures should be installed. The auditor assesses air leakage, previously installed weatherization measures, and the effectiveness of these measures. The auditor discusses the home performance with the customer.

Measures are installed based on established payback criteria and may include the following.

- Heating system improvements and replacements

- Attic, sidewall, and other types of insulation
- Caulking and weather-stripping
- Air sealing
- Hot water treatments including tank improvements, wrapping, and replacements
- Minor repairs that relate to weatherization

Table II-20 displays the penetration of measures from 2014 through 2016. The table shows that 93 percent of Peoples' and 81 percent of Equitable's participants received HVAC testing, repair, or replacement. A high percentage of participants also received air sealing, window or door repairs or replacement, general repairs, insulation, venting work, and duct work.

**Table II-20**  
**Percent of LIURP Participants with Each Measure Category**  
**2014-2016**

Measure	Peoples Division	Equitable Division
HVAC Test/Repair/Replace	93%	81%
Air sealing	77%	87%
Window/Door repair/replace	60%	72%
Repairs	55%	75%
Insulation	54%	59%
Venting	51%	59%
Duct Repair/Seal/Insulate	45%	52%
Lock repair/replace	24%	35%
Attic Insulation	23%	20%
Floor Insulation	16%	20%
Health and Safety	16%	8%
Wall Insulation	14%	27%
Water heater & pipe insulation	12%	19%
Water heater replace	12%	0%
Tank temp setback	11%	10%
Water heater or leak repair	4%	3%
Garage Insulation	1%	0%

CCI has a budget that they aim for on each job. While they have the opportunity to go above or below the budget depending on what is needed, they cannot go significantly above the budget. They are sometimes limited if a house needs more work than the program can offer, and sometimes have to adjust what they can do in the home.

The targeted amount per job is now \$5,000. This budget was increased from \$4,100 in mid-2016. There is usually an additional \$425 fee that includes an audit fee, a fee for the customer education, and an administrative fee that is for the contractor's office time when coordinating the job.

The job can exceed or fall short of the \$5,000 target depending on what work is needed. If some jobs cost less than \$5,000, then they can accommodate certain situations where the housing stock is in rough shape. The more important guiding principle is that they are coming close to their completion goals and utilizing the funding for the year.

Usually the contractors send an estimate of all of the work to be done, and then CCI will address any need to increase the funding. CCI reviews the contractor's audit, the size of the house, and the condition of the home when considering requests for additional spending.

There are no set program guidelines in terms of spending limits or exceptions, but a heating replacement that might be in the range of \$6,000 to \$7,000 is approximately the highest cost. For jobs where the work is mostly weatherization, they have an informal limit of \$6,000 for measures.

A general guideline of \$500 per job for health and safety is provided. Health and safety measures exceeding this figure are considered on a case-by-case basis.

### **Education**

In addition to weatherization services, LIURP provides customer education to explain the weatherization and to encourage ongoing conservation. The educator may provide "hands on" demonstrations of conservation measures such as lowering the thermostat and, replacement of furnace filters. The educator also provides written reference materials for the customers.

CCI expects the contractor to provide general energy conservation education on the front end and education on the tail end that reviews the work completed and what the customer can do differently in the home related to the work that was done.

Peoples implemented a Pledge Form to involve the customers with the contractor. The Pledge Form helps the LIURP participants understand that the purpose of the program is energy conservation and to understand the measures that were installed in their home. There is also an Action Plan form that lists the actions that the customer committed to take to further reduce gas usage. The Pledge and Action Plans Forms were recently implemented.

If the customer has had an unusually large increase in consumption, a follow-up telephone call or visit may be scheduled one year after the program measures have been completed.

### **Referrals**

CCI stated that they always look for opportunities to refer customers to electric utility programs. In some cases they refer customers to local organizations that perform home

repairs if some work is needed beyond the program scope. This work may include major roof leaks, structural issues, or electrical issues, such as if the electrical wiring in the home is not up to code.

If a customer interested in learning about LIHEAP, CCI will refer the customer back to Peoples or give them the number for the LIHEAP office in different counties.

### **Quality Control**

After the job is completed, Peoples mails a satisfaction survey (with a return envelope) to the customer. Approximately 22 percent of the participants send these forms back. CCI calls those who don't respond and asks the satisfaction questions over the phone. The goal is to get as close as possible to a 100% response rate. The satisfaction survey helps Peoples monitor the subcontractors who are rewarded based on customers' satisfaction.

Peoples contracts with energy consultants who perform random inspections. In 2014, they inspected 71 homes, which was 25 percent of the homes weatherized. These consultants are former employees who have retired from Peoples Gas. When they conduct the inspections, they have copies of the work orders and will note if anything was not done or was incomplete. They check for any health and safety issues including gas leaks and proper ventilation, and they use an infra-red camera to assess insulation work quality. The inspectors complete a contractor measures form for the purposes of Peoples award program.

The inspectors also provide additional customer education, which includes talking with customers about the work that was done and any additional questions they have. The energy consultants also talk to the customers about the settings for the heating system and collect information on customer satisfaction.

Peoples sends CCI the outcome of the inspection and CCI will contact the subcontractors to follow up.

### **Coordination**

Peoples Gas works to complete jobs that are combined with the PA Department of Community and Economic Development Weatherization Program and with electric companies. They completed 17 combined jobs in 2014, 23 combined jobs in 2013, and 33 combined jobs in 2012.

CCI, Peoples' LIURP administrator, also administers LIURP for Duquesne Light. Peoples is working on using this connect to improve coordination with Duquesne Light. If the customer qualifies for Peoples' LIURP and does not qualify for the electric company LIURP, the customer should receive electric services through Act 129.

Peoples met with FirstEnergy several years ago and edited the initial customer invite form for the customer to provide permission for the companies to share the customer's information. However, because the majority of those who First Energy serves are not eligible for Peoples' program, Peoples has not been able to coordinate to the extent that they would like.

Peoples is planning to meet with FirstEnergy again to connect customers up front and perform one combined audit. Challenges with coordination include differences in paperwork. Additionally, coordination with WAP is dependent upon which county the customer resides in.

### **LIURP Energy Savings**

According to Peoples LIURP evaluations, Table II-21 provides a summary of the savings achieved by each division.

**Table II-21  
LIURP Energy Savings – Peoples Division**

Year	Peoples			Equitable		
	Homes	MCF	% Saved	Homes	MCF	% Saved
2012	210	48.3	19.6%	110	72.6	29.3%
2013	230	46.9	18.5%	152	51.9	20.5%
2014	280	35.5	18.6%	160	29.6	13.5%
2015	246	30.4	15.7%	160	33.9	14.5%

### **LIURP Pilot: Emergency Furnace/Service Line Repair Assistance**

The Emergency Furnace program provides financial assistance for furnace/boiler and service and house line gas leak repairs or replacements to help customers maintain gas service.

The Peoples Division Emergency Furnace/House and Service Line Repair Program was introduced in June 2011, and has provided assistance to 239 customers since the introduction of the program. The budget for Peoples Division is \$400,000 per year from 2015 through 2018.

The Equitable Division previously had a limited fund to support customers with heating appliance or line emergencies. The budget for the Equitable Division was \$35,000 in 2015 and in 2016 and \$33,000 in 2017. Eligible Equitable customers previously received assistance of up to \$750 for a line repair or \$1,250 towards a furnace repair or replacement.

Following the merger, Peoples wanted to extend the policies, practices, and funding model of the Peoples Division pilot program to the Equitable Division program. With the alignment, in the event of a sudden furnace or gas line failure, Equitable Division's customers with incomes below 200% of the Federal Poverty Level (FPL) would receive full coverage for the heating system and line repairs/replacements instead of supplemental payments. While the LIHEAP Crisis program provides assistance for emergency needs such as these, LIHEAP is not available all year round, nor is it available to customers with incomes between 151 and 200 percent of the poverty level.

By Order issued 12/8/16, the Equitable Division now has an annual funding mechanism of \$275,000 through its Universal Service Rider and operates in the same manner as Peoples Division's programs.

Peoples' pilot is administered by Conservation Consultants, Inc., working with the same subcontractors who implement Peoples' LIURP. Equitable's pilot is administered internally, working with the same subcontractors who implement LIURP.

Customers must be at or below 200 percent of the federal poverty level, own their home, and have a need for emergency repairs to their heating system or house/service lines to be eligible for the pilot.

An average of 140 Peoples customers per year have received either furnace or line repair services through this program. Peoples assumes the number of participants in this program will continue at this level.

In 2015, the following services were provided.

- Furnace replacements: 42
- Furnace/boiler repairs: 48
- House line repairs: 10
- Service line repairs: 21

An average of 30 to 40 Equitable customers per year received either furnace or line repair services through this program, prior to the 2016 Order.

Customers who apply for assistance under this pilot are evaluated for LIURP. If the customer is not eligible for LIURP due to minimum usage standards, minor weatherization measures are provided.

#### **Peoples LIURP Pilot: Community Weatherization Partnership Program**

The Community Weatherization Partnership Program partners with nonprofit organizations to provide energy education programs for customers with limited incomes.

The Community Weatherization Partnership Program was approved as part of the Settlement in Peoples Base Rate Case in June 2011. While Peoples Equitable Division does not currently offer a Community Partnership Program, it may be implemented at some point in the future.

The budget for the pilot is \$50,000 per year for 2015 through 2018 and it is expected that 50 to 100 customers per year will receive education through this program.

The pilot is designed to impact low-income customers in vulnerable neighborhoods. Agencies or organizations who would like to participate must submit a proposal that includes the number of expected participants, outreach plans, proposed venue, an overview of the topics covered, and any weatherization materials that may be shared. The organization must



conduct outreach to low-income customers to identify participants. Participants are not required to provide income information to participate in an event.

Peoples works with organizations that fill the gaps for customers whose needs cannot be served by other programs currently available. Such organizations are publicly and privately funded and include Re-Energize Pittsburgh, Habitat for Humanity, Rebuilding Together Pittsburgh, Allegheny County's Office of Sustainability, and area utility companies including Duquesne Light and First Energy. These partnerships leverage Company resources to provide energy conservation and efficiency to low-income customers.

In 2015, Peoples partnered with five organizations, completed seven education sessions, and provide information to 101 customers. Each participant also received an energy conservation tool kit with caulking materials, pipe insulation, a showerhead and aerator, window and door kits, and foam insulation. Peoples also provided funding to nonprofit organizations whose programs served 142 customers with energy education and conservation kits.

When the Community Weatherization Partnership Program was first implemented, the intention was to partner with local groups that were already conducting projects related to conservation and education to help make the connection with customers who could be good targets for LIURP. Peoples has been seeing a decline in groups that provide projects and programs in the community and Peoples does not have as many different programs to support. If Peoples decides to end this pilot, the funding would roll into LIURP. Peoples needs to determine whether they should maintain the program.

### **Changes**

The LIURP programs offered by the Peoples Division and the Equitable Division were very similar. The key difference between the two programs was the annual minimum usage and the minimum arrearage required to participate. The Equitable Division required customers to have an annual usage exceeding 160 MCF and \$750 in arrears and the Peoples Division required 140 MCF in annual usage and an arrearage of \$200. Peoples established a minimum annual usage requirement of 140 MCF for all participants with no minimum arrearage requirements. However, customers with higher balances and/or with the lowest household income are prioritized to receive services in the program.

Peoples has contracted with Conservation Consultants, Inc. to administer the Equitable Division LIURP program, consistent with program administration for Peoples' existing LIURP.

### **Challenges and Successes**

The greatest challenge that Peoples faces with LIURP is obtaining customer response and agreement for services. Every year they create a list of customers who are eligible based on high usage and the income data that Peoples has. CCI makes the attempts to contact the customers with letters and phone calls. However, customers may not want to participate because they are suspicious of free services or they are protective of their privacy.

Additional challenges are as follows.

- Making sure that all of the contractors are all implementing the program in the same manner and that they fully understand the program.
- Non-savers are a challenge. Some have a reason that their usage has increased, and for some it may be due to behavioral issues.
- Coordination with electric utilities and WAP.
- Customer engagement.
- The low-income housing stock.

For the customers they do serve, Peoples LIURP provides health and safety improvements and makes the home more comfortable. They feel that the LIURP accomplishments are engaging the customers and using more customer-friendly forms, having the customer involved in the process, having Peoples' three divisions implement the program in the same manner, and engaging subcontractors to serve the whole service territory.

#### **Additional Changes**

Peoples and the Universal Service Advisory Group are examining ways to encourage partnerships, improve outreach, and simplify customer communications to encourage participation.

Peoples is also researching LIURP participants who do not save energy. While customers who gained use of their main natural gas heating through LIURP are expected to increase usage, there are other non-savers where Peoples feels additional education can lead to improvements.

### III. Needs Assessment

This section provides a profile of low-income households in Peoples' service territory using data from the 2011-2015 American Community Survey (ACS). These data provide information on the number of eligible households, the poverty level of those households, demographic characteristics, and energy burden. The data represent Peoples' service territory in 2015.

#### A. Peoples' Service Territory

Table III-1 displays the counties in Peoples' service territory, the ACS estimate of the number of households in the county or group of counties, the number of those households with natural gas service, and the percent of those households with natural gas service. These households exclude those in group quarters and vacant housing units.

Households are categorized as having Gas Service if they provided a numeric value for their most recent month's gas bill. Households are not included if their gas bill is included in their rent or condo fee, their gas bill is included in their electric bill payment, there was no charge for gas, or if gas was not used.

The ACS data is organized in "PUMAs", which sometimes include more than one county. Counties were combined in the table below when they were contained together in one ACS PUMA and could not be separately analyzed.

The table also shows the number of Peoples' customers in each PUMA and the percent of the gas customers in the PUMA who are Peoples' customers. In several of the PUMAs, fewer than 40 percent of the natural gas customers have Peoples' as their utility company. These counties mostly represent other gas utility service territories and are not included in the rest of the tables in this section. The counties that are included in the rest of the needs assessment are shaded in grey.

**Table III-1**  
**Counties in Peoples' Service Territory**

Counties Served by Peoples	ACS Household Estimate	Gas Service		Peoples' Customers	
		Number	Percent	Number	Percent of Those with Gas Service
Allegheny County	423,514	346,728	82%	357,971	100%
Armstrong & Indiana Counties	62,584	36,657	59%	25,073	68%
Beaver & Lawrence Counties	106,516	70,153	66%	21,450	31%
Blair & Huntingdon Counties	64,795	33,152	51%	29,865	90%
Butler County	74,475	51,559	69%	15,647	30%
Cambria, Somerset, Bedford & Fulton Counties	107,523	42,400	39%	27,016	64%

Counties Served by Peoples	ACS Household Estimate	Gas Service		Peoples' Customers	
		Number	Percent	Number	Percent of Those with Gas Service
Clarion, Jefferson, Venango, Forest, & Clearfield Counties	121,527	78,727	65%	394	1%
Fayette County	54,001	25,252	47%	3,006	12%
Mercer County	45,547	28,066	62%	4,372	16%
Washington & Greene Counties	98,132	64,682	66%	24,556	38%
Westmoreland County	151,131	100,304	66%	74,619	74%
<b>Total</b>	<b>1,309,745</b>	<b>877,680</b>	<b>67%</b>	<b>583,969</b>	<b>67%</b>

The following tables only include the counties highlighted above, in which Peoples Gas is a prominent provider.

Across all of the counties served by Peoples, 69 percent of households had gas service. Most of these households had gas heating service.

**Table III-2**  
**Distribution of Service Status for Households in Selected Area**

Service Status	Number	Percent
Gas Service	559,241	69%
No Gas Service	250,306	31%
Heating Service	507,816	63%
Non-Heating Service	51,425	6%
<b>All Households</b>	<b>809,547</b>	<b>100%</b>

### ***B. Income Eligibility***

While eligibility for CAP is 150 percent of the poverty level, eligibility for LIURP is 200 percent of poverty. Table III-3 displays the number and percent of households with gas service, heating service, and non-heating service who have income at or below 150 percent and 200 percent of the poverty level. The table shows that approximately 20 percent have income below 150 percent and 30 percent have income below 200 percent. However, of those with gas service, 17 percent have income below 150 percent of the poverty level and 25 percent have income below 200 percent of the poverty level.

**Table III-3**  
**Income Eligibility Rate by Service Status**

Service Status	All Households	150% Poverty Level		200% Poverty Level	
		Number	Percent	Number	Percent
Gas Service	559,241	93,436	17%	140,570	25%
No Gas Service	250,306	74,886	30%	104,242	42%
Heating Service	507,816	82,426	16%	124,481	25%
Non-Heating Service	51,425	11,010	21%	16,089	31%
<b>All Households</b>	<b>809,547</b>	<b>168,322</b>	<b>21%</b>	<b>244,812</b>	<b>30%</b>

Table III-4 provides a breakdown of households who are income-eligible by poverty level. Approximately one third have income below the poverty level, between 101 and 150 percent of the poverty level and between 151 and 200 percent of the poverty level.

**Table III-4**  
**Distribution of Income-Eligible Households**  
**By Service Type and Poverty Group**

Poverty Group	Gas Service		Heating Service		Non-heating Service	
	Number	Percent	Number	Percent	Number	Percent
0% -50%	18,800	13%	16,565	13%	2,235	14%
51% -100%	30,453	22%	26,668	21%	3,785	24%
101% -150%	44,183	31%	39,193	31%	4,990	31%
151%-200%	47,134	34%	42,055	34%	5,079	32%
<b>Total</b>	<b>140,570</b>	<b>100%</b>	<b>124,481</b>	<b>100%</b>	<b>16,089</b>	<b>100%</b>

### ***C. Demographics***

Table III-5 displays the number and percent of households in various demographic groups. Of those below 150 percent of the poverty level with gas service, ten percent are married with children, defined as a married-couple family household with at least one child under the age of 18. Twenty-two percent are single with children, defined as a male householder with no wife present or female household with no husband present and at least one child under the age of 18. Thirty six percent are a senior head of household, defined as a head of household 63 years or older and not in one of the above categories.

**Table III-5  
Household Type for Income-Eligible Households**

Household Type	Gas Service 150% of Poverty		Gas Service 200% of Poverty	
	Number	Percent	Number	Percent
Married with children	9,126	10%	15,775	11%
Single with children	20,776	22%	26,478	19%
Senior head of household	33,252	36%	55,682	40%
Other	30,282	32%	42,635	30%
<b>Total</b>	<b>93,436</b>	<b>100%</b>	<b>140,570</b>	<b>100%</b>

Table III-6 displays the language spoken by the household. The table shows that most households, 93 percent of those under 150 percent of poverty speak English at home. Only a few percent speak other languages.

**Table III-6  
Language Spoken by Income-Eligible Households**

Language	Gas Service 150% of Poverty		Gas Service 200% of Poverty	
	Number	Percent	Number	Percent
English	87,332	93%	132,110	94%
Spanish	1,521	2%	2,284	2%
Indo-European	3,101	3%	4,344	3%
Other	1,482	2%	1,832	1%
<b>Total</b>	<b>93,436</b>	<b>100%</b>	<b>140,570</b>	<b>100%</b>

### ***D. Energy Bills and Burden***

Table III-7 displays the mean natural gas expenditures and energy burden for households below 150 and 200 percent of poverty. The bills are based on the average usage for CAP customers and Peoples gas rates, and the income is from the ACS data. The table shows that gas heating household with income below 150 percent of poverty have mean natural gas burden of 13.8 percent and those below 200 percent of poverty have a mean burden of 10.2 percent. However, these burdens are not reflective of the energy burdens for CAP participants who receive the CAP credits and, as a result, have a lower energy burden.

**Table III-7**  
**Mean Natural Gas Bills and Burden for Income-Eligible Households**

Service Status	150% of Poverty			200% of Poverty		
	Number	Natural Gas Expenditures	Natural Gas Burden	Number	Natural Gas Expenditures	Natural Gas Burden
Non-heating	11,010	\$305	8.3%	16,089	\$305	6.0%
Heating	82,426	\$856	13.8%	124,481	\$856	10.2%
<b>Total</b>	<b>93,436</b>	<b>\$791</b>	<b>13.2%</b>	<b>140,570</b>	<b>\$793</b>	<b>9.8%</b>

Table III-8 displays the mean natural gas expenditures and energy burden by poverty level. The table shows that gas heating household with income below 50 percent of poverty have a mean natural gas burden of 45 percent and those with income between 151 and 200 percent of poverty have a mean natural gas burden of three percent.

**Table III-8**  
**Mean Natural Gas Bills and Burden for Income-Eligible Gas Heating Households**  
**By Poverty Level**

Poverty Level	Gas Heating Customers		
	Number	Natural Gas Expenditures	Natural Gas Energy Burden
0% -50%	16,565	\$856	45.4%
51% -100%	26,668	\$856	7.6%
101% -150%	39,193	\$856	4.7%
151%-200%	42,055	\$856	3.2%
<b>Total</b>	<b>124,481</b>	<b>\$856</b>	<b>10.2%</b>

### ***E. Summary***

This section provides a summary of findings from the needs assessment analysis.

- **Income Eligibility:** Of households with gas service, 17 percent have income below 150 percent of the poverty level and 25 percent have income below 200 percent of the poverty level.
- **Demographics:** Of those below 150 percent of the poverty level with gas service, ten percent are married with children, 22 percent are single with children, 36 percent are a senior head of household, and the remaining are in other categories. Ninety-three percent speak English at home.
- **Gas Costs and Burden:** Gas heating household with income below 150 percent of poverty have a mean natural gas burden of 13.8 percent. However, this average burden is

not reflective of the energy burden for CAP participants who receive the CAP credits and, as a result, have a lower energy burden.



## IV. CAP Participant Feedback

APPRISE conducted a survey with Peoples Customer Assistance Program (CAP) participants as part of Peoples' Universal Service Program Evaluation. This section provides a summary of the survey methodology and the findings from the survey.

### A. Methodology

An advance letter was sent to 300 customers to inform them of the survey and request their participation. A phone number was also provided for customers to call in and complete the survey at their convenience. Telephone surveys were conducted by APPRISE staff beginning on February 21, 2017 and ending on March 15, 2017. Customers were called during the day, the evening, and on the weekend.

Table IV-1 displays the final sample disposition, the cooperation rate, and the response rate. Surveys were completed with 34 percent of the sample, the response rate was 52 percent and the cooperation rate was 84 percent.

**Table IV-1**  
**CAP Participant Survey**  
**Final Sample Disposition**

<b>Final Disposition</b>	<b>#</b>	<b>%</b>
<b>Complete</b>	<b>103</b>	<b>34%</b>
No Answer	56	19%
Non-Working Number	47	16%
Voicemail	34	11%
Wrong Number or Phone Problem	31	10%
Refusal	20	7%
Not Eligible	5	2%
Deceased/Ill/Language Barrier	4	1%
<b>Total</b>	<b>300</b>	<b>100%</b>
<b>Cooperation Rate</b>	<b>84%</b>	
<b>Response Rate</b>	<b>52%</b>	

### B. Findings

This section summarizes the findings from the survey. Findings are summarized in the following areas.

- Participation
- CAP Benefits
- Bill Payment Problems
- CAP Continued Participation
- CAP Satisfaction and Recommendations

**Participation**

This section assesses reasons for participation in CAP and ease of enrollment and re-certification. Table IV-2 shows that customers were most likely to find out about CAP from a Peoples customer service representative, an agency, or a friend or relative.

**Table IV-2  
CAP Information Source**

How did you find out about CAP?	
Respondents	103
Peoples Customer Service Representative	32%
Agency	25%
Friend or Relative	19%
Gas Bill Insert	4%
Previous Knowledge	3%
Mail/Online	2%
Other	3%
Don't Know	17%

Customers could provide more than one response, so total may not sum to 100%.

When asked why they decided to enroll in CAP, customers were most likely to state that they needed to reduce their energy bills, because they had a low or limited income or to reduce their arrearages.

**Table IV-3  
Participation Reason**

Why did you decide to enroll in the CAP Program?	
Respondents	103
Reduce Energy Bills	61%
Low/Limited Income	28%
Reduce Arrearages	24%
Maintain Gas Service	4%
Disability	3%
Other	2%
Don't Know	0%
Refused	0%

Customers could provide more than one response, so total may not sum to 100%.

Table IV-4 shows that 69 percent of the respondents reported that they had re-certified for CAP.

**Table IV-4  
Re-Certified for CAP**

<b>Have you ever re-certified your household and income information for CAP?</b>	
Respondents	103
Yes	69%
No	22%
Don't Know	9%
Refused	0
<b>Total</b>	<b>100%</b>

Most respondents reported that the enrollment and the recertification process were very or somewhat easy. While 93 percent said that enrollment was very or somewhat easy, 97 percent said that re-certification was very or somewhat easy.

The few customers who stated that enrollment or re-certification was somewhat or very difficult stated that it was difficult to find the time to go in for enrollment or recertification. One customer mentioned that it was difficult to obtain the required information, and another commented that everything about the enrollment process was difficult.

**Table IV-5  
Ease of CAP Enrollment and Re-Certification**

<b>How easy or difficult was it to enroll in the CAP Program? How easy or difficult was it to re-certify for CAP?</b>		
	<b>Enrollment</b>	<b>Re-Certification*</b>
Respondents	103	71
Very Easy	53%	69%
Somewhat Easy	40%	28%
Somewhat Difficult	6%	1%
Very Difficult	0%	1%
Don't Know	1%	0%
Refused	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### **CAP Benefits**

Table IV-6 shows that 89 percent reported that they felt they had a good understanding of the services provided by CAP.

**Table IV-6  
Understanding of CAP**

<b>Do you feel that you have a good understanding of the services provided by the CAP Program?</b>	
Respondents	103
Yes	89%
No	8%
Don't Know	3%
Refused	0
<b>Total</b>	<b>100%</b>

Table IV-7 shows that customers were most likely to report that their responsibility in CAP was to keep up with their payments. While 90 percent said that their responsibility was to keep up with payments, 12 percent said it was to report income and information, four percent said it was to conserve energy, and three percent said it was to apply for LIHEAP.

**Table IV-7  
Customer Responsibility in CAP**

<b>What is your understanding of your responsibility in this program?</b>	
Respondents	103
Keep Up With Payments	90%
Report Income and Information	12%
Conserve Energy/Reduce Use	4%
Apply for LIHEAP	3%
Accept Weatherization Services	1%
Other	2%
Don't Know	4%
Refused	0%

Respondents could provide more than one response, so percentages may not sum to 100%.

Respondents were most likely to report that the benefits of CAP were lower energy bills and even monthly payments. When asked about specific benefits, 98 percent agreed that lower energy bills were a benefit, 94 percent agreed that maintaining gas service was a benefit, and 80 percent agreed that reduced arrearages were a benefit. When respondents were asked about the most important benefit of CAP, the most common responses were lower energy bills, maintaining gas service, and financial assistance.

**Table IV-8  
CAP Benefits**

What do you feel are the benefits of the program? Do you feel _____ are a benefit of the program? What do you feel is the most important benefit of the program?			
	Unprompted	Prompted	Most Important
<b>Respondents</b>	103		
Lower Energy Bills	71%	98%	30%
Even Monthly Payments	46%	-	15%
Maintaining Gas Service	11%	94%	26%
Reduced Arrearages	7%	80%	8%
Financial Assistance	-	-	19%
Other	4%	-	2%
No Benefits	0%	-	0%
Don't Know	2%	-	0%
Refused	0%	-	0%

Respondents could provide more than one response, so percentages may not sum to 100%.

Respondents were asked questions about the clarity of their CAP bill. While 97 percent said that the CAP bills shows the CAP payment in a way that is clear and easy to locate and understand, 91 percent said it showed the CAP credit benefit in a way that is clear and easy to locate and understand, and 84 percent said that it showed the arrearage forgiveness amount in a way that is clear and easy to locate and understand.

**Table IV-9  
CAP Bills**

Do you feel your CAP bill shows _____ in a way that is clear and easy to locate and understand? <ul style="list-style-type: none"> <li>• the CAP payment, the amount that you must pay that month,...</li> <li>• the CAP credit benefit, the amount that was reduced from your total bill...</li> <li>• the amount you owed Peoples at the time of CAP enrollment and the monthly arrearage forgiveness amount. The arrearage forgiveness amount is the amount that is forgiven from the back bills you owed when you joined CAP.</li> </ul>			
	CAP Payment	CAP Credit	Arrearage Forgiveness
<b>Respondents</b>	103	103	103
Yes	97%	91%	84%
No	3%	6%	7%
Don't Know	0%	3%	9%
Refused	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Respondents were asked to estimate the amount of money CAP saved them on a typical monthly gas bill. Table IV-10 shows that 77 percent provided an estimate of the amount. While 22% said it saved them less than \$50 on a typical monthly bill, 25 percent said it saved \$51 to \$100, and 29 percent said it saved them \$101 or more.

**Table IV-10**  
**Estimate of Monthly CAP Savings**

<b>How much money does the CAP Program save you on a typical monthly natural gas bill?</b>	
<b>Respondents</b>	103
\$0	1%
\$1-\$25	4%
\$26-\$50	17%
\$51-\$100	25%
\$101 or more	29%
Don't Know	23%
Refused	0%
<b>Total</b>	<b>100%</b>

### **Bill Payment Problems**

Respondents were asked several questions about the difficulty they faced in making their energy bill payments and in paying other bills. Table IV-11 shows that respondents were much less likely to state that their CAP bills were difficult to pay after enrollment in CAP. While 58 percent said it was very difficult to pay the monthly gas bill prior to CAP enrollment, only five percent said it was very difficult to pay the bill following enrollment.

**Table IV-11**  
**Difficulty Paying Peoples Monthly Bill**

<b>How difficult was it to make your monthly payments before participating in CAP? While participating in the program, how difficult is it to make your monthly natural gas bill payments?</b>		
<b>Respondents</b>	103	
	<b>Before CAP</b>	<b>In CAP</b>
Very Difficult	58%	5%
Somewhat Difficult	30%	25%
Not too Difficult	5%	35%
Not at all Difficult	4%	33%
Don't Know	1%	1%
Refused	2%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Table IV-12 shows that 66 percent said their gas bill was lower when they were in CAP and 25 percent said their gas usage was lower after enrolling in CAP.

**Table IV-12**  
**Change in Gas Bill and Usage While Participating in CAP**

<b>While participating in the program, would you say that your gas bill/usage is higher, lower, or has not changed in comparison to what it was before participating in the program? By gas usage, we mean the amount of gas that you use, not the dollar amount of your bill.</b>		
	<b>Gas Bill</b>	<b>Gas Usage</b>
<b>Respondents</b>	103	
Higher	5%	9%
Lower	66%	25%
No Change	17%	54%
Don't Know	12%	11%
Refused	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Only a few customers reported that their usage increased after enrollment in CAP. Table IV-13 shows that these customers said it was a colder winter or they needed more weatherization services.

**Table IV-13**  
**Reason for Usage Increase**

<b>Why do you feel your usage has increased?</b>	
<b>Respondents</b>	103
Cold Winter	4%
Household in Need of Weatherization Services	2%
Can Use More Gas Because of CAP	1%
Additional Household Residents	1%
Usage Did Not Increase	91%
Don't Know	1%
Refused	0%

Respondents could provide more than one response, so percentages may not sum to 100%.

Those customers who reported that they reduced their usage were most likely to state that they were trying to conserve, that it was the weather, or that they received energy efficiency services.

**Table IV-14  
Reason for Usage Decrease**

Why do you feel your usage has decreased?	
<b>Respondents</b>	103
Trying to Reduce/Conserve	16%
Weather	5%
Received Weatherization/WAP/LIURP	2%
Other Services Received	1%
Usage Did Not Decrease	75%
Don't Know	3%
Refused	0%

Respondents could provide more than one response, so percentages may not sum to 100%.

Respondents were asked about difficulties paying for food, medicine, medical or dental expenses, mortgage or rent, the telephone bill, credit card or loan payments, and car payments. Table IV-15 shows that respondents were less likely to report that they had to delay the expenditure or skip paying the bill following enrollment in CAP. While 60 percent said they had to skip paying for food prior to CAP enrollment, 24 percent said they did so following CAP enrollment. Large declines in difficulty paying bills were also reported for the telephone, medical or dental, mortgage or rent, and credit card or loans.

**Table IV-15  
Problems Meeting Financial Obligations**

	In the year before/while participating in CAP, did you ever have to delay or skip paying the following bills or making the following purchases in order to make ends meet?		Always or frequently had to delay or skip paying?	
	Before CAP	In CAP	Before CAP	In CAP
Respondents	103			
Food	60%	24%	25%	7%
Telephone	53%	24%	19%	2%
Medical or Dental	35%	24%	18%	8%
Mortgage or Rent	35%	19%	10%	2%
Credit Card or Loan	31%	17%	14%	9%
Medicine	27%	17%	10%	4%
Car Payment	13%	8%	4%	1%

Table IV-16 displays customers' reports about the use of their stove or oven for heat. While 25 percent said they used their stove or oven for heat sometimes or more frequently prior to



participating in CAP, 11 percent said they used their stove or oven for heat while participating in CAP.

**Table IV-16**  
**Used Kitchen Stove or Oven for Heat**

<b>In the year before /while participating in CAP, did you use your kitchen stove or oven to provide heat? Did you always, frequently, or sometimes use your kitchen stove or oven for heat?</b>		
<b>Respondents</b>	<b>103</b>	
	<b>Before CAP</b>	<b>In CAP</b>
Always	5%	1%
Frequently	3%	2%
Sometimes	17%	8%
Seldom	0%	0%
Did Not Use Stove or Oven for Heat	74%	89%
Refused	1%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

When asked whether there was a time that they were unable to use their heat because it was broken and they could not pay for the repair or replacement, 20 percent said they experienced this problem prior to CAP enrollment and 13 percent said they experienced this problem while participating in CAP.

**Table IV-17**  
**Unable to Use Main Source of Heat**

<b>In the year before enrolling /while enrolled in CAP, was there ever a time when you wanted to use your main source of heat, but could not because your heating system was broken and you were unable to pay for its repair or replacement?</b>		
	<b>Before CAP</b>	<b>In CAP</b>
<b>Respondents</b>	<b>103</b>	
Yes	20%	13%
No	79%	86%
Don't Know	0%	0%
Refused	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Respondents were asked about LIHEAP application, receipt, and designation of the grant to Peoples. Table IV-18 shows that 72 percent said they applied for LIHEAP in the past 12 months, 54 percent said they received LIHEAP, and 49 percent said they assigned the LIHEAP grant to Peoples.

**Table IV-18**  
**LIHEAP Application and Receipt**

<b>In the past 12 months, did you or any member of your household apply for LIHEAP?...receive home energy assistance benefits from LIHEAP? Did you assign the LIHEAP grant to Peoples?</b>			
	<b>Applied to LIHEAP</b>	<b>Received LIHEAP</b>	<b>Assigned to Peoples</b>
<b>Respondents</b>	103		
Yes	72%	54%	49%
No	24%	13%	2%
Did Not Apply	-	24%	24%
Did Not Receive Grant	-	-	13%
Don't Know	4%	9%	13%
Refused	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Respondents who said that they did not apply for LIHEAP were asked why they did not apply. Table IV-19 shows that seven percent said they did not need LIHEAP, five percent said they planned to apply, five percent said they did not know how to apply and four percent said they did not know about LIHEAP.

**Table IV-19**  
**Reason for Not Applying for LIHEAP**

<b>Why did you not apply for LIHEAP?</b>	
<b>Respondents</b>	103
Not Needed	7%
Will Apply Soon	5%
Did Not Know How to Apply	5%
Did Not Know About LIHEAP	4%
Not Eligible	1%
Did Not Have Documentation	1%
Applied for LIHEAP	72%
Other	2%
Don't Know	5%
Refused	0%

When asked how important CAP has been in helping them meet their needs, 92 percent said it was very important and five percent said it was somewhat important.

**Table IV-20**  
**Importance of CAP**

<b>How important has the CAP Program been in helping you to meet your needs?</b>	
<b>Respondents</b>	103
Very Important	92%
Somewhat Important	5%
Of Little Importance	3%
Not At All Important	0%
Don't Know	0%
Refused	0%
<b>Total</b>	<b>100%</b>

When asked whether they felt they needed additional assistance to pay their gas bill, 43 percent of respondents said they did feel they needed additional assistance.

**Table IV-21**  
**Need Additional Assistance to Pay Gas Bill**

<b>Do you feel that you need additional help to pay your natural gas bill?</b>	
<b>Respondents</b>	103
Yes	43%
No	54%
Don't Know	3%
Refused	0%
<b>Total</b>	<b>100%</b>

Respondents who said that they needed additional assistance were asked what type of assistance they needed. Table IV-22 shows that most said they needed more bill payment assistance or a lower bill.

**Table IV-22**  
**Additional Assistance Needed to Pay Natural Gas Bill**

<b>What additional help do you need to pay your bill?</b>	
<b>Respondents</b>	103
More Bill Payment Assistance	19%
Lower Bill	16%
Weatherization	2%
More Time to Pay the Bill	2%
Assistance Not Needed	54%
Other	2%
Don't Know	8%
Refused	0%

Customers could provide more than one response, so total may not sum to 100%.

### **Continued CAP Participation**

When asked how likely they were to continue to participate in CAP, 92 percent said they were very likely to continue to participate.

**Table IV-23**  
**Likelihood of Continued CAP Participation**

<b>How likely are you to continue to participate in CAP?</b>	
<b>Respondents</b>	103
Very Likely	92%
Somewhat Likely	6%
Not At All Likely	0%
Don't Know	1%
Refused	1%
<b>Total</b>	<b>100%</b>

Most participants stated that they would continue to participate in the program as long as the assistance was needed.

**Table IV-24  
Length of Continued CAP Participation**

<b>How long do you think you will continue to participate in the program?</b>	
<b>Respondents</b>	103
<6 Months	1%
6-12 Months	3%
More than 12 Months	4%
As Long as Needed	84%
Until the Program Ends	2%
Don't Know	6%
Refused	0%
<b>Total</b>	<b>100%</b>

**Satisfaction and Recommendations**

When asked about satisfaction with CAP, 93 percent said they were very satisfied and six percent said they were somewhat satisfied.

**Table IV-25  
CAP Satisfaction**

<b>Overall, how satisfied are you with CAP?</b>	
Respondents	103
Very Satisfied	93%
Somewhat Satisfied	6%
Somewhat Dissatisfied	1%
Very Dissatisfied	0%
Don't Know	0%
Refused	0%
<b>Total</b>	<b>100%</b>

Respondents provided some recommendations when they were asked how they thought the program could be improved. They were most likely to suggest improved availability or accessibility, a higher level of assistance, or weatherization services. However, most did not have any recommendations.

**Table IV-26  
Recommendations for Improving CAP**

<b>Do you have any recommendations for improvements to CAP?</b>	
Respondents	103
Improve Availability/Accessibility	6%
Higher Level of Assistance	5%
Provide Weatherization Services	4%
Clearer Bills	3%
More Explanation of Program upon Enrollment	1%
Improve Customer Services	1%
No Recommendations	81%

### ***C. Summary and Recommendations***

We conducted telephone interviews with 103 current CAP participants to assess CAP understanding, impact, and satisfaction. This section provides a summary of the key findings from the survey.

- **Participation:** Customers were most likely to find out about CAP from a Peoples customer service representative, an agency, or a friend or relative. While 61 percent said they enrolled to reduce their bills, 28 percent said it was because they had low or limited income, and 24 percent said they enrolled to reduce their arrearages.

Most respondents reported that the enrollment and the recertification process were very or somewhat easy. While 93 percent said that enrollment was very or somewhat easy, 97 percent said that re-certification was very or somewhat easy.

- **CAP Benefits:** 89 percent reported that they felt they had a good understanding of the services provided by CAP. While 90 percent said that their responsibility was to keep up with payments, 12 percent said it was to report income and information, four percent said it was to conserve energy, and three percent said it was to apply for LIHEAP.

Respondents were most likely to report that the benefits of CAP were lower energy bills and even monthly payments. When asked about specific benefits, 98 percent agreed that lower energy bills were a benefit, 94 percent agreed that maintaining gas service was a benefit, and 80 percent agreed that reduced arrearages were a benefit.

While 97 percent said that the CAP bills shows the CAP payment in a way that is clear and easy to locate and understand, 91 percent said it showed the CAP credit benefit and 84 percent said that it showed the arrearage forgiveness amount in a way that is clear and easy to locate and understand.

- **Bill Payment Problems:** Respondents were much less likely to state that their CAP bills were difficult to pay after enrollment in CAP. While 58 percent said it was very difficult to pay the monthly gas bill prior to CAP enrollment, only five percent said it was very difficult to pay the bill following enrollment. Sixty-six percent said their gas bill was lower when they were in CAP and 25 percent said their gas usage was lower after enrolling in CAP.

Respondents were less likely to report that they had to delay expenditures or skip paying bills following enrollment in CAP. While 60 percent said they had to skip paying for food prior to CAP enrollment, 24 percent said they did so following CAP enrollment. Large declines in difficulty paying bills were also reported for the telephone, medical or dental, mortgage or rent, and credit card or loans.

When asked how important CAP has been in helping them meet their needs, 92 percent said it was very important and five percent said it was somewhat important.

- **Continued CAP Participation:** When asked how likely they were to continue to participate in CAP, 92 percent said they were very likely to continue to participate. Most participants stated that they would continue to participate in the program as long as the assistance was needed.
- **CAP Satisfaction and Recommendations:** While 93 percent said they were very satisfied with CAP, six percent said they were somewhat satisfied. Most respondents did not have recommendations for the program. Those who did have recommendations were most likely to suggest improved availability or accessibility, a higher level of assistance, or weatherization services.

## V. Transactions Analysis

This section provides an analysis of Peoples' CAP impacts on affordability, bill payment compliance, and collections actions. This section first describes the methodology for the analyses that were conducted and then the findings from the analyses.

### A. *Methodology*

This section describes the evaluation data and the selection of participants for the impact analysis.

#### **Evaluation Data**

Peoples provided APPRISE with customer data, CAP program participation data, billing and payment data, and collections data for 2014, 2015, and 2016. Peoples also provided data for a comparison group of LIHEAP participants who did not participate in Peoples' Universal Service Programs during this time period.

#### **Analysis Group**

Customers who enrolled or participated in Universal Service Programs between January 1, 2015 and December 31, 2015 were included as potential members of the study group. This group was chosen for the analysis, as one full year of post-program data is required for an analysis of program impacts. Additionally, results are presented for customers who received CAP credits at any time during 2015 to look at the broader population of CAP participants. Because E-CAP, for customers with income between 151 and 200 percent of the poverty level, was not introduced until 2016, we examine E-CAP statistics for 2016 participants.

#### **Comparison Groups**

The comparison groups were constructed to control for exogenous factors. The comparison groups were designed to be as similar as possible to the treatment group, those who received services and who we are evaluating, so that the exogenous changes for the comparison groups are as similar as possible to those of the treatment group.

When measuring the impact of an intervention, it is necessary to recognize other exogenous factors that can impact changes in outcomes. Changes in a customer's payment behavior and bill coverage rate, between the year preceding program enrollment and the year following enrollment, may be affected by many factors other than program services received. Some of these factors include changes in household composition or health of family members, changes in utility prices, changes in weather, and changes in the economy.

The ideal way to control for other factors that may influence payment behavior would be to randomly assign low-income customers to a treatment or control group. The treatment group would be given the opportunity to participate in the program first. The control group would not be given an opportunity to participate in the program until one full year later. This would allow evaluators to determine the impact of the program by subtracting the change in behavior for the control group from the change in behavior for the treatment group. Such random assignment is rarely done in practice because of a desire to include all eligible customers in the benefits of the program or to target a program to those who are most in need.



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In the CAP evaluation, we were able to obtain two good comparison groups.

- *Low-Income Nonparticipant Comparison Group:* We obtained a sample of 2015 LIHEAP recipients who had not participated in Peoples Universal Service Programs from 2014 through 2016 to utilize as a comparison group. For the analysis, the group of customers was replicated to represent customers who enrolled in the program in each quarter of 2015. A quasi intervention date of the middle of the quarter was chosen for each group to compare to the participating customers.
- *2016 CAP Enrollee Comparison Group:* We analyzed customers who last enrolled in CAP in 2016 and who did not receive CAP credits in the two years preceding enrollment. We required that they had no CAP credits and no arrearage forgiveness in the two years preceding enrollment to ensure that they were nonparticipants in both periods. These participants serve as a good comparison because they are lower income households who were eligible for the program and chose to participate. We use data for these participants for the two years preceding CAP enrollment, to compare their change in payment behavior in the years prior to enrolling to the treatment group's change in payment behavior after enrolling. Because these customers did not participate in CAP in either of the two analysis years, changes in bills and behavior should be related to factors that are exogenous to the program.

For the program impact analysis, we examined pre- and post-treatment statistics. The difference between the pre- and post-treatment statistics for the treatment group is considered the gross change. This is the actual change in behaviors and outcomes for those participants who were served by the program. Some of these changes may be due to the program, and some of these changes are due to other exogenous factors, but this is the customer's actual experience. The net change is the difference between the change for the treatment group and the change for the comparison group, and represents the actual impact of the program, controlling for other exogenous factors.

Customers who participated in CAP in the year prior to enrollment were excluded from the analysis, to allow for a comparison of data while not participating and while participating in CAP. Customers who did not have close to a full year of data prior to joining the program or following the program start date were not included in the impact analysis. The subject of data attrition is addressed more fully below.

The data that were used for the study and comparison group were as follows.

- 2015 Treatment Group data extended from one year before the customer joined CAP to one year after the customer enrolled.
- Low-Income Nonparticipant Comparison Group data included one year of data before the mid-point of the first quarter of 2015 to one year of data after the mid-point of the last quarter of 2015.
- 2016 Comparison Group data extended from two years before the customer joined CAP to the date of enrollment.

Table V-1A provides the attrition analysis for the treatment group, the later participant comparison group and the nonparticipant comparison group. Accounts were removed in the following steps.

- **Account Opened at Least 11 Months Before Enrollment:** We checked to determine if the customer's service begin date was at least 11 months before the date of enrollment (or quasi-enrollment) and closed at least 11 months after the date of the most recent enrollment (or quasi-enrollment) because if the customer had not had an active account for that time period, they could not have had enough transactions data to be included in the analysis. However, this is not shown in the table that shows Peoples and Equitable data together because the Equitable customers have data from the former database prior to their merger with Peoples. Information on account status is shown in the next table that separates accounts by division. It is also shown for the Nonparticipant Comparison Group because that group only included Peoples' customers.
- **11 or More Months Pre and Post Billing Data:** Customers were removed from the analysis group if they did not have close to a full year of pre and post CAP enrollment billing data.
- **Outliers:** Extreme billing outliers were removed as a last step prior to the final Analysis Group line of the table.

Overall 35 percent of the treatment group, 17 percent of the later participant comparison group, and 88 percent of the nonparticipant comparison group had enough data to be included in the analysis.

**Table V-1A  
Data Attrition Analysis**

	Treatment Group 2015 Enrollees Who Did Not Participate in Year Prior to Enrollment*	Later Participant Comparison Group 2016 Enrollees Who Did Not Participate in Two Years Prior to Enrollment	Nonparticipant Comparison Group Quasi 2015 Enrollment Date				
			Q1	Q2	Q3	Q4	Total
<b>All Eligible</b>	10,078	11,467	2,000	2,000	1,999	1,999	7,998
<b>Account Opened at Least 11 Months Before Enrollment</b>	--	--	1,903	1,915	1,929	1,944	7,691
<b>Account Closed 11 or More Months after Enrollment</b>	--	--	1,903	1,915	1,929	1,944	7,691
<b>11 or More Months Pre and Post Billing Data</b>	3,530	1,908	1,760	1,772	1,771	1,771	7,074
<b>Analysis Group**</b>	3,519	1,894	1,743	1,760	1,759	1,759	7,021
<b>% of Total</b>	35%	17%	87%	88%	88%	88%	88%

\*There were only two accounts with income between 151 and 200 percent of poverty who most recently enrolled in 2015.

\*\*Billing outliers were removed from analysis group.

Table V-1B displays the data attrition analysis by division for the Treatment Group. The table shows that most of the Peoples customers who did not have enough billing data to be included in the analysis were missing those data because they were not customers during the

full analysis period. While 44 percent of the Equitable treatment group had enough data to be included, 28 percent of the Peoples Group had enough data.

**Table V-1B  
Treatment Group  
Data Attrition Analysis by Division**

Division	Treatment Group 2015 Enrollees Who Did Not Participate in Year Prior to Enrollment*					
	≤150%					
	All		People's		Equitable	
	#	%	#	%	#	%
All Eligible	10,078	100%	5,718	100%	4,360	100%
Account Opened at Least 11 Months Before Enrollment	--	--	1,978	35%	--	--
Account Closed 11 or More Months after Enrollment	--	--	1,772	31%	--	--
11 or More Months Pre and Post Billing Data	3,530	35%	1,602	28%	1,928	44%
Analysis Group**	3,519	35%	1,593	28%	1,926	44%
% of Total	35%		28%		44%	

\*There were only two accounts with income between 151 and 200 percent of poverty who most recently enrolled in 2015.

\*\*Billing outliers were removed from analysis group.

Table V-1C displays the data attrition analysis by division for the Later Participant Comparison Group. The table shows that most of the Peoples customers who did not have enough billing data to be included in the analysis were missing those data because they were not customers during the full analysis period. While 14 percent of the Equitable treatment group had enough data to be included, 18 percent of the Peoples Group had enough data.

**Table V-1C  
Comparison Group  
Data Attrition Analysis by Division**

Division	Later Participant Comparison Group 2016 Enrollees Who Did Not Participate in Two Years Prior to Enrollment					
	≤150%					
	All		People's		Equitable	
	#	%	#	%	#	%
All Eligible	11,467	100%	6,344	100%	5,123	100%
Account Opened at Least 22 Months Before Enrollment	--	--	1,293	20%	--	--
22 or More Months Billing Data	1,908	17%	1,178	19%	730	14%
Analysis Group*	1,894	17%	1,165	18%	729	14%
% of Total	17%		18%		14%	

\*Billing outliers were removed from analysis group.

Table V-1D displays the data attrition for the analysis of all 2015 CAP participants and all 2016 E-CAP participants. Customers were included in this analysis if they had a CAP credit or arrearage forgiveness credit in 2015 (or 2016 for E-CAP). The table shows that 78 percent of those at or below 150 percent of the poverty level had enough data to be included and 70 percent of those in the E-CAP group had enough data to be included.

**Table V-1D**  
**All 2015 Participants**  
**Data Attrition Analysis**

	All 2015 CAP Participants ≤150%		All 2016 CAP Participants 151%-200%	
	#	%	%	%
<b>All Eligible</b>	36,426	100%	1,233	100%
<b>12 Months of Billing Data in 2015 or 2016</b>	28,285	78%	869	70%
<b>Analysis Group*</b>	28,265	78%	869	70%

\*Billing outliers were removed from analysis group.

Table V-2 compares the characteristics of all CAP participants to those included in the billing analysis to assess whether there are potential biases caused by the data attrition.

- **Seniors:** These households contain at least one member that is 62 years old or older. The table shows that the Treatment and Later Participant analysis groups are more likely to have senior household members than the full population.
- **Children:** These households contain at least one member that is 18 years old or younger. The table shows that the Treatment and Later Participant Analysis Groups are less likely to have children than the full population.
- **Annual Income:** The table shows that the 2016 E-CAP participants, the Treatment, and the Later Participant Analysis Groups are less likely to have customers with income below \$10,000 and are more likely to have income between \$10,000 and \$20,000.
- **Poverty Group:** The table shows that the Treatment and the Later Participant Analysis Groups are more likely to have customers between 100 and 150 percent of the poverty level and are less likely to have customers in the lower poverty level groups.
- **Division:** The Treatment Analysis Group is more likely to have customers in the Equitable Division and the Later Participant Analysis Groups is more likely to have customers in the Peoples Division.

**Table V-2  
Customer Characteristics Comparison**

	All 2015 CAP Participants		All 2016 E-CAP Participants		Treatment Group 2015 Enrollees No Participation Year Prior to Enrollment		Later Participant Comparison 2016 Enrollees No Participation in 2 Years Prior to Enrollment		Nonparticipant Comparison Group	
	≤150%		151%-200%		≤150%		0%-150%		All	Analysis Group
	All	Analysis Group	All	Analysis Group	All	Analysis Group	All	Analysis Group		
<b>Observations</b>	36,426	28,265	1,233	869	10,078	3,519	11,467	1,894	7,998	7,021
<b>Senior</b>	27%	29%	21%	22%	17%	26%	14%	28%	34%	35%
<b>Children</b>	46%	44%	52%	53%	54%	47%	60%	50%	21%	21%
<b>Annual Income</b>										
≤ \$10,000	85%	85%	37%	27%	89%	80%	91%	69%	81%	82%
\$10,001-\$20,000	12%	12%	35%	39%	8%	15%	7%	21%	4%	4%
\$20,001-\$30,000	2%	2%	16%	19%	2%	3%	1%	7%	1%	1%
\$30,001-\$40,000	1%	1%	7%	9%	<1%	1%	<1%	2%	<1%	<1%
>\$40,000	<1%	<1%	6%	6%	<1%	<1%	<1%	1%	<1%	<1%
Missing	<1%	0%	0%	0%	0%	0%	0%	0%	14%	14%
<b>Poverty Group</b>										
≤ 50%	26%	25%	0%	0%	25%	21%	25%	15%	67%	67%
51% – 100%	47%	48%	0%	0%	44%	40%	42%	36%		
101% – 150%	27%	27%	0%	0%	31%	39%	33%	50%		
151%-200%	0%	0%	100%	100%	0%	0%	0%	0%	10%	10%
201%-250%	0%	0%	0%	0%	0%	0%	0%	0%		
251%+	0%	0%	0%	0%	0%	0%	0%	0%		
Unknown	1%	<1%	0%	0%	<1%	<1%	<1%	0%	21%	20%
<b>Income Source</b>										
Employment	20%	19%	58%	58%	26%	23%	31%	32%	2%	2%
Disability	11%	11%	9%	10%	11%	10%	10%	10%	1%	1%
Retirement	22%	22%	16%	16%	18%	19%	14%	17%	3%	3%
Unemployment	2%	2%	4%	4%	3%	3%	3%	4%	<1%	<1%
Other Income	14%	14%	7%	7%	15%	14%	12%	11%	1%	<1%
Missing	37%	39%	16%	15%	33%	39%	35%	33%	94%	94%
<b>Division</b>										
Peoples	63%	60%	64%	63%	57%	45%	55%	62%	100%	100%
Equitable	37%	40%	36%	37%	43%	55%	45%	38%	0%	0%

### ***B. CAP Participation and Discounts***

This section examines the length of CAP participation for the analysis groups. Table V-3A shows that 61 percent of the 2015 participants had enrolled on or before January 1, 2015 and had not been deactivated prior to January 1, 2016. Only one percent of the 2016 E-CAP participants with income between 151 and 200 percent of the poverty level participated for all of 2016 because most enrolled after January 2016.

The table also shows that 82 percent of the treatment group who enrolled in 2015 and did not participate in CAP in the year prior to enrollment remained on CAP for at least a full year.

**Table V-3A  
Full Year CAP Participation**

	All 2015 CAP Participants		All 2016 E-CAP Participants		Treatment Group 2015 Enrollees That Did Not Participate in the Year Prior to Enrollment	
	≤150%		151%-200%		≤150%	
	#	%	#	%	#	%
Final Analysis Group	28,265	100%	869	100%	3,519	100%
Full Year in CAP	17,130	61%	6	1%	2,893	82%
Not Full Year in CAP	11,135	39%	863	99%	626	18%
Enrolled after January	5,693	20%	703	81%		
Removed before December	2,656	9%	4	<1%		
Enrolled after Jan and removed before Dec	2,786	10%	156	18%		

Table V-3B displays full year CAP participation by division. The table shows that full year CAP participation was higher for the Peoples treatment group than for the Equitable treatment group. While 92 percent of the Peoples treatment group participated in CAP for the full year, 74 percent of the Equitable treatment group participated in CAP for the full year.

**Table V-3B  
Full Year CAP Participation**

	2015 CAP Participants ≤150%				All 2016 E-CAP Participants 151%-200%				Treatment Group 2015 Enrollees That Did Not Participate in the Year Prior to Enrollment <150%			
	Peoples		Equitable		Peoples		Equitable		Peoples		Equitable	
	#	%	#	%	#	%	#	%	#	%	#	%
Final Analysis Group	17,095	100%	11,170	100%	542	100%	321	100%	1,593	100%	1,926	100%
Full Year CAP	10,118	59%	7,021	63%	4	1%	2	1%	1,459	92%	1,434	74%
Not Full Year CAP	6,977	41%	4,158	37%	538	99%	319	99%	134	8%	492	26%

Table V-4 displays the CAP removal reason for customers in each group who were deactivated. The table shows that the most common removal reason was that the customer did not provide documentation. Customers in E-CAP and treatment group were likely to have income that was too high and customers in the treatment group were likely to have a final bill or be disconnected.

**Table V-4  
CAP Removal Reason**

	All 2015 CAP Participants		All 2016 E-CAP Participants		Treatment Group 2015 Enrollees That Did Not Participate in the Year Prior to Enrollment	
	≤150%		151%-200%		≤150%	
	#	%	#	%	#	%
Did Not Provide Documentation	3,820	70%	42	26%	250	40%
Income Too High	727	13%	74	46%	129	21%
Customer Request	294	5%	1	1%	76	12%
Final Bill or Disconnected	223	4%	11	7%	150	24%
System Error Correction	177	3%	26	16%	11	2%
Set up in Error	167	3%	6	4%	8	1%
Annual Credit Exceeds \$1,000	34	1%	0	0%	1	<1%
Usage Exceeds 125%	0	0%	0	0%	1	<1%
<b>Total</b>	5,442	100%	160	100%	626	100%

Table V-5 displays the mean number of CAP credits and amount of CAP credits received for all CAP participants in the group and for those in the group who were in CAP for a full year. The table also shows the percent of each group that received \$1,000 or more in CAP credits. The table provides the following information.

- All 2015 Participants: All 2015 participants received an average of 4.6 credits and \$467, and full year participants received an average of 5.3 credits and \$541. While ten percent of all 2015 participants received \$1,000 or more in CAP credits, 12 percent of the full year participants received \$1,000 or more in CAP credits.
- Peoples 2015 Participants: All 2015 Peoples participants received an average of 4.5 credits and \$426, and full year participants received an average of 5.1 credits and \$487. While seven percent of all 2015 Peoples participants received \$1,000 or more in CAP credits, nine percent of the full year Peoples participants received \$1,000 or more in CAP credits.
- Equitable 2015 Participants: All 2015 Equitable participants received an average of 4.8 credits and \$529, and Equitable full year participants received an average of 5.6 credits and \$620. While 14 percent of all 2015 Equitable participants received \$1,000 or more in CAP credits, 17 percent of the Equitable full year participants received \$1,000 or more in CAP credits.
- All 2016 E-CAP participants: These customers received an average of 1.6 credits and an average of \$81 in credits. Low credits were partly due to the fact that very few participated for the full year.

The treatment group analysis focuses on credits received in the year after the 2015 enrollment. Therefore, most of these customers received credits for winter 2016, the 2nd warmest year on record in Pittsburgh according to the National Oceanic and Atmospheric Administration (NOAA)<sup>3</sup>. As a result, the 2015 treatment group had average CAP credits that were significantly lower than all 2015 participants whose data included winter 2015 when the weather was much colder than average. While the January to March mean 2015 temperature in Pittsburgh was 27 degrees Fahrenheit, the January to March mean 2016 temperature in Pittsburgh was 36 degrees Fahrenheit.

- Treatment Group: The treatment group received an average of 3.9 credits and \$194, and full year participants received an average of 4.2 credits and \$205. Only one percent received \$1,000 or more in CAP credits.
- Peoples Treatment Group: The Peoples treatment group received an average of 4.2 credits and \$206, and full year participants received an average of 4.3 credits and \$211. Only one percent received \$1,000 or more in CAP credits.
- Equitable Treatment Group: The Equitable treatment group received an average of 3.7 credits and \$185, and full year participants received an average of 4.0 credits and \$200. Only one percent received \$1,000 or more in CAP credits.

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<sup>3</sup> <https://www.ncdc.noaa.gov/sotc/national/2016/13/supplemental/page-1>



**Table V-5  
CAP Credits Received**

	Obs.	Mean # CAP Credits	Mean Credits	Median Credits	Received \$1,000 or More CAP Credits
<b>Credits Received in 2015</b>					
<b>All 2015 Participants (0-150%)</b>					
All	28,265	4.6	\$467	\$378	10%
Full Year CAP	17,130	5.3	\$541	\$452	12%
<b>Peoples 2015 Participants (0-150%)</b>					
All	17,095	4.5	\$426	\$335	7%
Full Year CAP	10,118	5.1	\$487	\$392	9%
<b>Equitable 2015 Participants (0-150%)</b>					
All	11,170	4.8	\$529	\$470	14%
Full Year CAP	7,012	5.6	\$620	\$561	17%
<b>Credits Received in 2016</b>					
<b>All 2016 E-CAP Participants (151-200%)</b>					
All	869	1.6	\$81	\$53	0%
Peoples	546	1.6	\$76	\$47	0%
Equitable	323	1.7	\$89	\$61	0%
All Full Year E-CAP	6	4.0	\$195	\$204	0%
<b>Credits Received in Year after Enrollment</b>					
<b>Treatment Group</b>					
All	3,519	3.9	\$194	\$125	1%
Full Year CAP	2,893	4.2	\$205	\$131	1%
<b>Peoples Treatment Group</b>					
All	1,593	4.2	\$206	\$138	1%
Full Year CAP	1,459	4.3	\$211	\$139	1%
<b>Equitable Treatment Group</b>					
All	1,926	3.7	\$185	\$110	1%
Full Year CAP	1,434	4.0	\$200	\$119	1%

Table V-6 displays the percent of treatment group participants who had a bill each month and the percent that received a credit each month. While almost all had a bill each month as required by the analysis, approximately 28 to 40 percent had a CAP credit each month.

**Table V-6**  
**Percent who Received CAP Credit Each Month Following Enrollment**  
**Treatment Group**

	Obs.	Full Treatment Group - Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
Has Bill	3,519	99%	>99%	>99%	>99%	>99%	>99%	>99%	>99%	>99%	>99%	>99%	98%
CAP Credit-#		1,102	1,016	988	973	1,051	1,096	1,145	1,280	1,374	1,392	1,292	1,118
CAP Credit-%		31%	29%	28%	28%	30%	31%	33%	36%	39%	40%	37%	32%
	Obs.	Peoples Treatment Group – Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
Has Bill	1,593	99%	99%	>99%	>99%	>99%	99%	99%	>99%	99%	>99%	>99%	99%
CAP Credit-#		569	482	439	391	409	452	568	690	755	711	628	576
CAP Credit-%		36%	30%	28%	25%	26%	28%	36%	43%	47%	45%	39%	36%
	Obs.	Equitable Treatment Group – Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
Has Bill	1,926	99%	>99%	>99%	>99%	>99%	>99%	99%	>99%	>99%	>99%	>99%	97%
CAP Credit-#		533	534	549	582	642	644	577	590	619	681	664	542
CAP Credit-%		28%	28%	29%	30%	33%	33%	30%	31%	32%	35%	34%	28%

Table V-7 displays the percent discount received by the treatment group. This is defined as the CAP credits divided by the customer's full bill. The table shows that the mean discount across the full treatment group was 22 percent, and it was approximately the same for Peoples and Equitable. Customers with income below 50 percent of the poverty level had the greatest percent discount, averaging 40 percent, and ten percent of these customers had a discount above 67 percent.

**Table V-7**  
**Percent Discount on Peoples Bill by Poverty Level**  
**Treatment Group**

Poverty Level	Full Treatment Group						Peoples Treatment Group				Equitable Treatment Group			
	Mean	Percentile					Mean	Percentile			Mean	Percentile		
		10	25	50	75	90		25	50	75		25	50	75
≤50%	40%	13%	25%	41%	56%	67%	43%	27%	44%	58%	39%	23%	39%	54%
51%-100%	18%	2%	8%	15%	25%	39%	20%	11%	16%	26%	17%	6%	15%	25%
101%-150%	15%	2%	9%	14%	19%	26%	17%	11%	16%	21%	12%	6%	12%	16%
All	22%	4%	10%	17%	29%	48%	23%	12%	18%	29%	21%	36%	15%	29%

Table V-8 provides additional information on the discount received. The table shows that within the full treatment group, 69 percent had a discount of less than 25 percent, 22 percent had a discount between 25 and 49 percent, eight percent had a discount between 50 and 74 percent, and one percent had a discount of 75 percent or more.

Discounts were greater for the lower poverty level groups. The table shows that of those with income below 50 percent of the poverty level, 24 percent had a discount under 25 percent, 39 percent had a discount between 25 and 49 percent, 33 percent had a discount between 50 and 74 percent, and three percent had a discount of 75 percent or more.

**Table V-8**  
**Distribution of Discount on Peoples Bill by Poverty Level**  
**Treatment Group**

Percent Discount	Full Treatment Group				Peoples Treatment Group				Equitable Treatment Group			
	Poverty Level			All	Poverty Level			All	Poverty Level			All
	≤50%	51%-100%	101%-150%		≤50%	51%-100%	101%-150%		≤50%	51%-100%	101%-150%	
<25%	24%	73%	88%	69%	20%	72%	85%	68%	27%	74%	92%	70%
25%-49%	39%	23%	11%	22%	42%	25%	14%	24%	38%	22%	8%	21%
50%-74%	33%	3%	<1%	8%	34%	3%	<1%	8%	33%	4%	<1%	9%
≥75%	3%	<1%	0%	1%	4%	0%	0%	1%	2%	<1%	0%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table V-9 displays the mean percent discount by whether or not the customer was in CAP for the full year. While the mean discount for those on CAP for the full year was 23 percent, the mean discount for those not on CAP for the full year was 16 percent.

**Table V-9**  
**Mean Percent Discount on Peoples Bill by Full Year CAP Status and Poverty Level**  
**Treatment Group**

CAP Participation	Poverty Level			All
	≤50%	51%-100%	101%-150%	
Full Year CAP	42%	19%	16%	23%
Not full year CAP	31%	15%	10%	16%
<b>All</b>	<b>40%</b>	<b>18%</b>	<b>15%</b>	<b>22%</b>

### C. Affordability Impacts

This section examines the impacts of CAP on affordability. One commonly used measure of energy affordability is energy burden, which is defined as the percent of income that is spent on energy.

Table V-10 shows the calculated monthly CAP payment based on the customer's annual household income and poverty level. The payment is calculated as eight, nine, or ten percent of income, depending on the poverty level. These values are consistent with the PUC's energy burden targets for CAP participants, also shown in the table. For example, for customers with income between 101 and 150 percent of the poverty level, the energy burden target is nine to ten percent and Peoples percent of income payment is ten percent.

Table V-10 also shows the mean calculated monthly CAP payment and the percent of participants with a minimum payment because the designated percent of income payment would be less than \$25 per month. The table shows that a large percentage of CAP participants have the minimum payment, especially in the lowest poverty group. While 71 percent of all 2015 participants with income below 50 percent of the poverty level have the minimum payment, 44 percent of all 2015 participants have the minimum payment.

**Table V-10**  
**Calculated Monthly Payment**

Poverty Level	Percent of Income Payment	PUC Energy Burden Target	All 2015 Participants (0-150% of Poverty)		Treatment Group	
			Mean Payment	% with Minimum Payment	Mean Payment	% with Minimum Payment
≤50%	8%	5%-8%	\$32	71%	\$34	68%
51%-100%	9%	7%-10%	\$43	47%	\$47	46%
101%-150%	10%	9%-10%	\$77	14%	\$77	16%
<b>All</b>			<b>\$50</b>	<b>44%</b>	<b>\$56</b>	<b>39%</b>

While the CAP payment is designed to provide an energy burden that falls within the PUC targeted affordability level, there are several reasons why a CAP participant's energy burden would be higher than this calculated target.

- **Minimum payment:** As shown above, a large percentage of CAP participants have the minimum payment level assigned. By definition, these customers will have an energy burden that exceeds the percentage of income payment level.
- **Full year:** Customers who are not on CAP for the full year will not receive all CAP credits.

- Did not receive all credits: Historically, customers who did not make timely payments did not receive all CAP credits. The credit application policy has changed so that currently customers do receive a credit each month they are on CAP.
- Arrearage forgiveness co-payment: Customers with arrearages pay \$5 per month to reduce the arrearage while they are receiving arrearage forgiveness. This increases the monthly payment above the targeted percentage of income payment level.
- CAP Plus co-payment: All CAP participants have a CAP Plus co-payment which increases the monthly payment above the targeted percentage of income payment level.

Table V-11A shows the energy burden for the treatment group before and after participating in CAP. The table shows a large reduction in average burden from 59 percent before participation to 35 percent while participating for customers with income below 50 percent of the poverty level. However, given the reasons noted above, a large percentage of these customers still have an energy burden that exceeds the PUC target.

**Table V-11A  
Treatment Group Unadjusted Gas Burden**

Poverty Level	Treatment Group Mean Unadjusted Gas Energy Burden		PUC Energy Burden Target	Poverty Level	Treatment Group Percent with Burden Above PUC Target	
	Pre	Post			Pre	Post
≤ 50%	59%	35%	5%-8%	≤ 50%	96%	85%
51 – 100%	41%	25%	7%-10%	51 – 100%	86%	71%
101 – 150%	24%	15%	9%-10%	101 – 150%	71%	48%

Table V-11B shows the impact that some of these factors have on energy burden. This table excludes customers with the minimum payment, excludes customers who did not participate in CAP for the full year, and excludes the arrearage forgiveness co-pay and the CAP Plus amount. When all of these adjustments are made, only ten percent of those with income below 50 percent of the poverty level have an energy burden above the target level.

**Table V-11B  
Treatment Group Adjusted Gas Burden**

Poverty Level	Treatment Group Mean Adjusted Gas Energy Burden		PUC Energy Burden Target	Poverty Level	Treatment Group Percent with Burden Above PUC Target	
	Pre	Post			Pre	Post
≤ 50%	20%	3%	5%-8%	≤ 50%	88%	10%
51 – 100%	18%	7%	7%-10%	51 – 100%	73%	21%
101 – 150%	16%	7%	9%-10%	101 – 150%	64%	21%

Table V-12A provides additional information on energy affordability and the impact of CAP on affordability. The following information is displayed.

- **Full Bill:** The full bill is the total amount billed in the identified time period. For CAP customers, this is the bill prior to the application of the CAP credit. The table shows that the bill declined significantly for all groups due to the warmer winter weather in the post enrollment year. The bill declined by more for the treatment group than for the comparison group, probably due to home conditions and higher pre-treatment winter usage among the treatment group.
- **CAP Credits:** The table shows that the treatment group received a mean of \$194 in CAP credits in the year following enrollment. The relatively low amount is due to the warm winter in the post-enrollment year.
- **CAP Plus:** The treatment group was charged an average of \$46 in CAP Plus charges in the post enrollment year.
- **Discounted Bill:** The discounted bill is defined as the Full Bill minus the CAP Credits, plus the CAP Plus Charge. CAP participants' bills declined by an average of \$590 due to both the CAP credits and the warmer winter. Compared to the average comparison group change, CAP participants' bills declined by \$324.
- **Energy Burden:** Energy burden is defined as the customer's bill divided by the customer's income. Energy burden declined for CAP participants due to the warmer winter and the CAP credits received. While energy burden was 38 percent in the year prior to CAP enrollment when there was a cold winter, energy burden averaged 23 percent in the year following CAP enrollment, a decline of 15 percentage points. Relative to the comparison group, energy burden declined by nine percentage points. The CAP has a significant positive impact on energy bill affordability.

**Table V-12A**  
**Affordability Impacts**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,519			2,290			7,021			9,311	
<b>Full Bill</b>	\$1,234	\$792	-\$442**	\$1,133	\$803	-\$330**	\$817	\$614	-\$203**	-\$267	-\$175**
<b>CAP Credits</b>	\$0	\$194	\$194**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$194**
<b>CAP Plus</b>	\$0	\$46	\$46**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46**
<b>Discounted Bill</b>	\$1,234	\$643	-\$590**	\$1,133	\$803	-\$330**	\$817	\$614	-\$203**	-\$267	-\$324**
<b>Energy Burden</b>	38%	23%	-15%**	19%	14%	-5%**	49%	41%	-8%**	-6%	-9%**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 953 customers in the Nonparticipant Comparison group are excluded from the Energy Burden analysis due to missing information on annual income.

Note: "Discounted Bill" includes CAP Plus Charges (only applicable for the Treatment Group)

Table V-12B displays the affordability impacts for Peoples division. The table shows results that are similar to the full population. Peoples' customers' pre-enrollment bills were lower than the overall average and did not decline as much. They had lower energy burdens in the pre- and post-enrollment periods.

**Table V-12B**  
**Affordability Impacts - Peoples**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	1,593			1,521			7,021			8,542	
<b>Full Bill</b>	\$1,093	\$785	-\$308**	\$1,083	\$806	-\$277**	\$817	\$614	-\$203**	-\$240	-\$68**
<b>Discount</b>	\$0	\$206	\$206**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$206**
<b>CAP Plus</b>	\$0	\$70	\$70**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70**
<b>Discounted Bill</b>	\$1,093	\$650	-\$443**	\$1,083	\$806	-\$277**	\$817	\$614	-\$203**	-\$240	-\$203**
<b>Energy Burden</b>	21%	13%	-8%**	14%	11%	-3%**	49%	41%	-8%**	-5%	-3%**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 953 customers in the Nonparticipant Comparison group are excluded from the Energy Burden analysis due to missing information on annual income.

Note: "Discounted Bill" includes CAP Plus Charges (only applicable for the Treatment Group)

Table V-12C displays the affordability impacts for the Equitable division. The table shows results that are similar to the full population. Equitable's customers' pre-enrollment bills were higher than the overall average and declined by more than the overall average. They had higher energy burdens in the pre- and post-enrollment periods.

**Table V-12C**  
**Affordability Impacts – Equitable**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group <sup>1</sup>			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	1,926			769			7,021			7,790	
<b>Full Bill</b>	\$1,350	\$797	-\$553**	\$1,232	\$796	-\$436**	\$817	\$614	-\$203**	-\$320	-\$233**
<b>Discount</b>	\$0	\$185	\$185**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$185**
<b>CAP Plus</b>	\$0	\$26	\$26**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26**
<b>Discounted Bill</b>	\$1,350	\$638	-\$712**	\$1,232	\$796	-\$436**	\$817	\$614	-\$203**	-\$320	-\$392**
<b>Energy Burden</b>	52%	31%	-21%**	30%	20%	-10%**	49%	41%	-8%**	-9%	-12%**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: "Discounted Bill" includes CAP Plus Charges (only applicable for the Treatment Group)

<sup>1</sup>The nonparticipant comparison group is comprised of Peoples' customers.

The CAP Plus amount is calculated by Peoples as the LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season divided by number of current active CAP participants and the projected number of CAP participants to join CAP that quarter. The CAP Plus amount is added to the calculated monthly CAP payment amount for all participating CAP customers. The monthly CAP Plus charge has varied over time as shown in the table below. It was introduced for the Equitable division in March 2016.

**Table V-13A**  
**CAP Plus Monthly Charge**

Division	November 2014	February 2016	March 2016	July 2016
Equitable	--	--	\$7	\$7
Peoples	\$6	\$6	\$5	\$8
T.W. Phillips	\$3	\$9	\$8	\$8

Table V-13B displays CAP Plus charges for all 2015 participants and the treatment group. The table shows that the 2015 participants received a mean of 6.3 CAP Plus charges totaling \$38 and the treatment group received a mean of 7.3 CAP Plus charges totaling \$46. The CAP Plus charges made up 5.8 percent of the discounted bill for all 2015 participants and 7.8 percent of the discounted bill for the treatment group.

**Table V-13B**  
**CAP Plus**

	All 2015 Participants	All 2016 E-CAP Participants	Treatment Group (Year Following Enrollment)
	0-150%	151-200%	
<b>Number of Customers</b>	28,265	869	3,519
<b>Number of CAP Plus Charges</b>	6.3	6.8	7.3
<b>Total Amount of CAP Plus Charges</b>	\$38	\$49	\$46
<b>Discounted Bill without CAP Plus Charges</b>	\$717	\$781	\$597
<b>Discounted Bill with CAP Plus Charges</b>	\$755	\$829	\$643
<b>% of Discounted Bill made up by CAP Plus Charges</b>	5.8%	6.4%	7.8%

Table V-13C displays CAP Plus charges for all 2015 Peoples division participants and the treatment group. The table shows that the 2015 participants received a mean of 10.5 CAP Plus charges totaling \$63 and the treatment group received a mean of 11.7 CAP Plus charges totaling \$70. The CAP Plus charges made up 9.6 percent of the discounted bill for all 2015 participants and 11.8 percent of the discounted bill for the treatment group.



**Table V-13C  
CAP PLUS - Peoples**

	All 2015 Participants	All 2016 E-CAP Participants	Treatment Group (Year Following Enrollment)
	0-150%	151-200%	
Number of Customers	17,095	546	1,593
Number of CAP Plus Charges	10.5	6.9	11.7
Total Amount of CAP Plus Charges	\$63	\$50	\$70
Discounted Bill without CAP Plus Charges	\$681	\$786	\$579
Discounted Bill with CAP Plus Charges	\$744	\$837	\$650
% of Discounted Bill made up by CAP Plus Charges	9.6%	6.6%	11.8%

Table V-13D displays CAP Plus charges for all 2015 Equitable division participants and the treatment group. The table shows that the 2015 participants did not receive CAP Plus charges because they were introduced in March 2016 for Equitable customers. The treatment group received a mean of 3.7 CAP Plus charges totaling \$26. The CAP Plus charges made up 4.6 percent of the discounted bill for the treatment group.

**Table V-13D  
CAP PLUS - Equitable**

	All 2015 Participants	All 2016 E-CAP Participants	Treatment Group (Year Following Enrollment)
	0-150%	151-200%	
Number of Customers	11,170	323	1,926
Number of CAP Plus Charges	0	6.5	3.7
Total Amount of CAP Plus Charges	\$0	\$46	\$26
Discounted Bill without CAP Plus Charges	\$771	\$771	\$612
Discounted Bill with CAP Plus Charges	\$771	\$817	\$638
% of Discounted Bill made up by CAP Plus Charges	0%	6.0%	4.6%

#### ***D. Payment Impacts***

This section examines the impact of CAP on participants' bill payment. Table V-14 provides the following information.

- Total Charges: Customers' charges declined significantly due to the CAP credits and the warmer winter in the post-CAP enrollment period.
- LIHEAP and Crisis: While there was no significant net change in the amount of LIHEAP received, there was a decline in the amount of LIHEAP Crisis assistance received, likely due to a more affordable bill.

- **Cash Payments:** As a result of the reduced charges, customers reduced the amount of cash payments made. However, the net change was a slight increase in cash payments.
- **Number of Cash Payments:** CAP participants increased the number of cash payments made as compared to the decline experienced by the comparison groups.
- **Cash Coverage Rate:** The cash coverage rate is the percent of charges covered by the customer's cash payments. The table shows that the treatment group increased their cash coverage rate from 69 percent in the pre-CAP enrollment period to 95 percent in the post-CAP enrollment period. This compares to a decline for the comparison group. The net change was an increase of 34 percentage points.
- **Total Coverage Rate:** The total coverage rate is the percent of charges covered by the customer's cash payments and all other credits, including assistance payments. The table shows that the treatment group increased their total coverage rate from 85 percent in the pre-CAP enrollment period to 123 percent in the post-CAP enrollment period, indicating that these customers were paying off some of their arrearages. The net change was an increase of 36 percentage points.
- **Shortfall:** The shortfall is defined as the total charges minus the total payments. Customers averaged \$211 in shortfall in the pre-treatment period, but their payments exceed the bills by \$147 in the post period. The net change in shortfall was a decline of \$318.
- **Arrearage Forgiveness:** CAP participants received an average of \$118 in arrearage forgiveness in the post treatment period.

**Table V-14**  
**Payment Impacts**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,516			2,288			7,021			9,309	
<b>Total Charges</b>	\$1,234	\$644	-\$590**	\$1,134	\$803	-\$331**	\$817	\$614	-\$203**	-\$267	-\$323**
<b>CAP Credits</b>	\$0	\$194	\$194**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$194**
<b>LIHEAP</b>	\$82	\$102	\$19**	\$58	\$69	\$11**	\$182	\$202	\$19**	\$15	\$4
<b>LIHEAP Crisis</b>	\$68	\$38	-\$30**	\$44	\$58	\$14**	\$13	\$8	-\$5**	\$5	-\$35**
<b>Hardship Fund</b>	\$20	\$17	-\$3	\$20	\$35	\$15**	\$0	\$0	\$0	\$8	-\$10**
<b>Other Assistance</b>	<\$1	\$2	\$2**	<\$1	\$2	\$2**	<\$1	<\$1	<\$1	\$1	\$1
<b>Cash Payments</b>	\$851	\$632	-\$220**	\$919	\$645	-\$274**	\$752	\$515	-\$237**	-\$255	\$36**
<b>Total Payments</b>	\$1,022	\$790	-\$232**	\$1,040	\$808	-\$232**	\$947	\$726	-\$222**	-\$227	-\$5
<b># Cash Payments</b>	6.0	5.8	-0.2**	5.9	4.4	-1.5**	8.2	7.0	-1.2**	-1.3	1.2**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Cash Coverage Rate</b>	69%	95%	26% **	83%	78%	-4% **	91%	80%	-12%	-8%	34% **
<b>Total Coverage Rate</b>	85%	123%	39% **	95%	101%	6% **	119%	119%	>-1%	2%	36% **
<b>Shortfall</b>	\$211	-\$147	-\$358 **	\$93	-\$6	-\$99 **	-\$130	-\$111	\$19 **	-\$40	-\$318 **
<b>Arrearage Forgiveness</b>	\$0	\$118	\$118 **	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$118 **

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 3 accounts in the treatment group and 2 accounts in the later participant comparison group were excluded from this table because they do not have detailed payment information.

Table V-15 displays the total bill coverage rates distribution. The table shows that while only 33 percent of the treatment group paid their full bill or more prior to enrollment in CAP, 71 percent paid their full bill or more following enrollment. The comparison groups did not see the same improvement in bill coverage rates.

**Table V-15**  
**Total Bill Coverage Rates**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,519			2,290			7,021			9,311	
<b>≥ 100%</b>	33%	71%	37% **	44%	49%	5% **	69%	67%	-3% **	1%	36% **
<b>90%-99%</b>	15%	9%	-5% **	12%	9%	-3% **	13%	14%	1%	-1%	-4% **
<b>80%-89%</b>	12%	6%	-6% **	9%	7%	-2% **	6%	7%	1% **	>-1%	-6% **
<b>&lt; 80%</b>	40%	14%	-26% **	35%	35%	<1%	11%	12%	<1%	<1%	-26% **

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Table V-16 displays the percent of customers who received LIHEAP and the mean LIHEAP grants. Approximately the same percent of customers received LIHEAP after enrolling in CAP and the mean grant remained approximately the same.

**Table V-16**  
**Percent Received LIHEAP**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,516			2,288			7,021			9,309	
<b>Percent Received LIHEAP</b>	38%	42%	4% **	26%	33%	6% **	81%	81%	<1%	4%	1%
<b>Mean LIHEAP Grant – All Customers</b>	\$82	\$102	\$19 **	\$58	\$69	\$11 **	\$182	\$202	\$19 **	\$15	\$4

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
Mean LIHEAP Grant – Received LIHEAP	\$219	\$242	\$23**	\$220	\$211	-\$9	\$226	\$248	\$22**	\$7	\$17
Percent Received LIHEAP Crisis	16%	11%	-5%**	11%	14%	3%**	3%	2%	-1%**	1%	-6%**
Mean LIHEAP Crisis Grant – All Customers	\$68	\$38	-\$30**	\$44	\$58	\$14**	\$13	\$8	-\$5**	\$5	-\$35**
Mean LIHEAP Crisis Grant – Received LIHEAP Crisis	\$425	\$357	-\$68**	\$398	\$422	\$23#	\$393	\$443	\$50**	\$37	-\$105**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 3 accounts in the treatment group and 2 accounts in the later participant comparison group were excluded from this table because they do not have detailed payment information.

### E. Arrearage Forgiveness

This section provides an analysis of the arrearage forgiveness received by CAP participants. Table V-17A shows that all customers with arrearages received at least one arrearage forgiveness payment. The full year 2015 CAP participants with arrearages received an average of 5.1 arrearage forgiveness payments and \$203 in arrearage forgiveness. The full year treatment group with arrearages received an average of 5.2 arrearage forgiveness payments and \$176 in arrearage forgiveness.

**Table V-17A**  
**Arrearage Forgiveness Received**

	Obs.	% Received Arrearage Forgiveness	Mean # of Arrearage Forgiveness Payments	Mean Forgiven	Median Forgiven
<b>Forgiveness Received in 2015</b>					
All 2015 Participants (0-150%)	28,265	40%	1.7	\$69	\$0
2015 Participants with Arrearages	11,168	100%	4.2	\$175	\$81
2015 Full Year CAP	17,130	31%	1.6	\$64	\$0
2015 Full Year CAP with Arrearages	5,351	100%	5.1	\$203	\$107
<b>Forgiveness Received in 2016</b>					
All 2016 Participants (151-200%)	869	89%	3.0	\$192	\$102
2016 Participants with Arrearages	771	100%	3.3	\$216	\$117
2016 Full Year CAP	6	100%	4.8	\$267	\$225
2016 Full Year CAP with Arrearages	6	100%	4.8	\$267	\$225
<b>Forgiveness Received in Year after Enrollment</b>					
Treatment Group	3,519	71%	3.5	\$118	\$40
Treatment Group with Arrearages	2,483	100%	5.0	\$167	\$80
Treatment Group – Full Year CAP	2,893	73%	3.8	\$128	\$49
Treatment Group – Full Year CAP with Arrearages	2,107	100%	5.2	\$176	\$87

Table V-17B shows the same information for Peoples division. The table shows that all customers with arrearages received at least one arrearage forgiveness payment. The full year 2015 CAP participants received an average of 5.7 arrearage forgiveness payments and \$230 in arrearage forgiveness. The full year treatment group with arrearages received an average of 5.9 arrearage forgiveness payments and \$239 in arrearage forgiveness.

**Table V-17B**  
**Arrearage Forgiveness Received - Peoples**

	Obs.	% Received Arrearage Forgiveness	Mean # of Arrearage Forgiveness Payments	Mean Forgiven	Median Forgiven
<b>Forgiveness Received in 2015</b>					
<b>All 2015 Participants (0-150%)</b>	17,095	44%	2.1	\$92	\$0
<b>2015 Participants with Arrearages</b>	7,465	100%	4.8	\$210	\$83
<b>2015 Full Year CAP</b>	10,118	31%	2.1	\$86	\$0
<b>2015 Full Year CAP with Arrearages</b>	3,790	100%	5.7	\$230	\$96
<b>Forgiveness Received in 2016</b>					
<b>All 2016 Participants (151-200%)</b>	546	89%	3.0	\$238	\$113
<b>2016 Participants with Arrearages</b>	485	100%	3.4	\$268	\$143
<b>2016 Full Year CAP</b>	4	100%	6.3	\$321	\$284
<b>2016 Full Year CAP with Arrearages</b>	4	100%	6.3	\$321	\$284
<b>Forgiveness Received in Year after Enrollment</b>					
<b>Treatment Group</b>	1,593	75%	4.4	\$179	\$71
<b>Treatment Group with Arrearages</b>	1,196	100%	5.8	\$239	\$126
<b>Treatment Group – Full Year CAP</b>	1,459	76%	4.5	\$183	\$74
<b>Treatment Group – Full Year CAP with Arrearages</b>	1,112	100%	5.9	\$239	\$128

Table V-17C shows the same information for the Equitable division. The table shows that all customers with arrearages received at least one arrearage forgiveness payment. The full year 2015 CAP participants received an average of 3.6 arrearage forgiveness payments and \$139 in forgiveness. The full year treatment group with arrearages received an average of 4.5 arrearage forgiveness payments and \$106 in arrearage forgiveness.

**Table V-17C**  
**Arrearage Forgiveness Received - Equitable**

	Obs.	% Received Arrearage Forgiveness	Mean # of Arrearage Forgiveness Payments	Mean Forgiven	Median Forgiven
<b>Forgiveness Received in 2015</b>					
All 2015 Participants (0-150%)	11,170	33%	1.0	\$35	\$0
2015 Participants with Arrearages	3,703	100%	3.1	\$104	\$80
2015 Full Year CAP	7,012	31%	0.8	\$31	\$0
2015 Full Year CAP with Arrearages	1,561	100%	3.6	\$139	\$120
<b>Forgiveness Received in 2016</b>					
All 2016 Participants (151-200%)	323	89%	2.8	\$113	\$89
2016 Participants with Arrearages	286	100%	3.2	\$127	\$101
2016 Full Year CAP	2	100%	2.0	\$158	\$158
2016 Full Year CAP with Arrearages	2	100%	2.0	\$158	\$158
<b>Forgiveness Received in Year after Enrollment</b>					
Treatment Group	1,926	67%	2.8	\$67	\$34
Treatment Group with Arrearages	1,287	100%	4.2	\$100	\$60
Treatment Group – Full Year CAP	1,434	69%	3.1	\$73	\$40
Treatment Group – Full Year CAP with Arrearages	995	100%	4.5	\$106	\$65

Table V-18A displays the percent of treatment group customers who received arrearage forgiveness in each month following CAP enrollment. Of the full year CAP participants with arrearages, between 33 and 59 percent received the forgiveness payment each month.

**Table V-18A**  
**Percent Received Arrearage Forgiveness Each Month Following Enrollment**  
**Treatment Group**

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
All Treatment Group	3,519	23%	42%	35%	30%	28%	25%	26%	27%	28%	29%	29%	29%
Treatment Group with Arrearages	2,483	33%	59%	49%	43%	40%	36%	38%	39%	40%	41%	41%	41%
Treatment Group – Full Year CAP	2,893	24%	43%	37%	32%	30%	27%	29%	30%	31%	32%	32%	34%
Treatment Group – Full Year CAP with Arrearages	2,107	33%	59%	50%	44%	41%	38%	40%	41%	43%	44%	44%	47%

Table V-18B displays the percent of Peoples division treatment group customers who received arrearage forgiveness in each month following CAP enrollment. Of the full year

CAP participants with arrearages, between 30 and 61 percent received the forgiveness payment each month.

**Table V-18B**  
**Percent Received Arrearage Forgiveness Each Month Following Enrollment**  
**Peoples Treatment Group**

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
<b>All Treatment Group</b>	1,593	23%	46%	42%	37%	37%	34%	36%	37%	37%	36%	36%	37%
<b>Treatment Group with Arrearages</b>	1,196	30%	61%	56%	50%	49%	46%	48%	49%	50%	49%	47%	49%
<b>Treatment Group – Full Year CAP</b>	1,459	23%	46%	43%	38%	38%	35%	37%	38%	39%	38%	37%	39%
<b>Treatment Group – Full Year CAP with Arrearages</b>	1,112	30%	61%	56%	50%	50%	46%	49%	50%	51%	50%	49%	51%

Table V-18C displays the percent of Equitable division treatment group customers who received arrearage forgiveness in each month following CAP enrollment. Of the full year CAP participants with arrearages, between 28 and 57 percent received the forgiveness payment each month.

**Table V-18C**  
**Percent Received Arrearage Forgiveness Each Month Following Enrollment**  
**Equitable Treatment Group**

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
<b>All Treatment Group</b>	1,926	24%	38%	29%	24%	20%	18%	19%	19%	21%	22%	23%	23%
<b>Treatment Group with Arrearages</b>	1,287	36%	58%	43%	37%	31%	26%	28%	29%	31%	33%	35%	34%
<b>Treatment Group – Full Year CAP</b>	1,434	25%	39%	30%	26%	22%	19%	21%	22%	23%	25%	27%	29%
<b>Treatment Group – Full Year CAP with Arrearages</b>	995	36%	57%	44%	38%	32%	28%	30%	32%	34%	36%	39%	41%

### ***F. Collections Impacts***

This section examines the impacts of CAP on collections actions and costs. Table V-19A shows that there was a small, statistically significant reduction in the number of collection calls for the treatment group as compared to the comparison groups.

**Table V-19A**  
**Number of Collections Actions**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,517			2,287			7,007			9,294	
<b>Letters</b>	0.05	0.09	0.04**	0.05	0.14	0.09**	0.05	0.04	-0.02**	0.04	<0.01
<b>Calls</b>	0.07	0.12	0.05**	0.09	0.16	0.07**	0.04	0.02	-0.1**	0.03	0.03*
<b>Termination Processing step – No Cost</b>	0.12	0.19	0.07**	0.16	0.29	0.13**	0.04	0.04	-0.01	0.06	0.01
<b>Termination Processing Step – With Cost</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-0.01**	>-0.01	<0.01
<b>Terminations</b>	0.08	0.10	0.02*	0.11	0.18	0.07**	0.03	0.03	-0.01#	0.03	-0.01

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 2 accounts in the Treatment Group, 3 accounts in the Later Participant Comparison Group, and 14 accounts in the Nonparticipant Comparison Group are excluded from this tables due to missing Collections Actions information.

Table V-19B shows the results for the Peoples division customers. This table shows that there was a significant decline in the number of letters, calls, and terminations for the treatment group as compared to the comparison groups.

**Table V-19B**  
**Number of Collections Actions - Peoples**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	1,591			1,518			7,007			8,525	
<b>Letters</b>	0.10	0.06	-0.04**	0.07	0.13	0.06**	0.05	0.04	-0.02**	0.02	-0.06**
<b>Calls</b>	0.13	0.08	-0.06**	0.14	0.19	0.05**	0.04	0.02	-0.1**	0.02	-0.07**
<b>Termination Processing step – No Cost</b>	0.24	0.14	-0.10**	0.24	0.33	0.09**	0.04	0.04	-0.01	0.04	-0.14**
<b>Termination Processing Step – With Cost</b>	0.01	0.01	-0.01	0.01	0.01	>-0.01	0.01	0.01	-0.01**	-0.01	-0.01
<b>Terminations</b>	0.17	0.10	-0.08**	0.21	0.16	0.05**	0.03	0.03	-0.01#	0.02	-0.10**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 2 accounts in the Treatment Group, 3 accounts in the Later Participant Comparison Group, and 14 accounts in the Nonparticipant Comparison Group are excluded from this tables due to missing Collections Actions information.

Table V-19C shows the results for the Equitable division customers. This table shows that there was a significant increase in the number of letters, calls, and terminations for the treatment group as compared to the comparison groups.



**Table V-19C**  
**Number of Collections Actions – Equitable**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	1,926			769			7,007				
<b>Letters</b>	0.01	0.12	0.11**	0.01	0.15	0.15**	0.05	0.04	-0.02**	0.07	0.04**
<b>Calls</b>	0.02	0.16	0.14**	0.01	0.11	0.10**	0.04	0.02	-0.01**	0.05	0.10**
<b>Termination Processing step – No Cost</b>	0.02	0.23	0.21**	0.01	0.21	0.20**	0.04	0.04	-0.01	0.10	0.11**
<b>Termination Processing Step – With Cost</b>	0.01	0.01	0.01**	0.01	0.01	0.01	0.01	0.01	-0.01**	0.01	0.01*
<b>Terminations</b>	0.01	0.11	0.10**	0.01	0.12	0.12**	0.03	0.03	-0.01#	0.06	0.04**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level. The nonparticipant comparison group is comprised of Peoples customers.

Table V-20A shows that there was not a statistically significant change in the cost of collections for the treatment group as compared to the comparison groups.

**Table VI-20A**  
**Cost of Collections Actions**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,517			2,287			7,007			9,294	
<b>Letters</b>	\$0.05	\$0.09	\$0.04**	\$0.05	\$0.14	\$0.09**	\$0.05	\$0.04	-\$0.02**	\$0.04	\$0.01
<b>Calls</b>	\$0.01	\$0.01	\$0.01**	\$0.01	\$0.02	0.01**	\$0.01	\$0.01	-\$0.01**	\$0.01	\$0.01*
<b>Termination Processing Step</b>	\$0.27	\$0.42	\$0.15	\$0.54	\$0.62	\$0.08	\$0.32	\$0.16	-\$0.17**	-\$0.04	\$0.19
<b>Terminations</b>	\$5.46	\$6.71	\$1.25*	\$6.99	\$11.61	\$4.62**	\$1.95	\$1.62	-\$0.33#	\$2.15	-\$0.90
<b>Total Cost</b>	\$5.79	\$7.23	\$1.44**	\$7.59	\$12.39	\$4.80**	\$2.33	\$1.82	-\$0.51**	\$2.14	-\$0.71

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 2 accounts in the Treatment Group, 3 accounts in the Later Participant Comparison Group, and 14 accounts in the Nonparticipant Comparison Group are excluded from this tables due to missing Collections Actions information.

Table V-20B shows the results for the Peoples division customers. This table shows that there was a significant decline in the cost of collections of \$6.52 for the treatment group as compared to the comparison groups.

**Table V-20B**  
**Cost of Collections Actions - Peoples**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	1,591			1,518			7,007			8,525	
<b>Letters</b>	\$0.10	\$0.06	-\$0.04**	\$0.08	\$0.13	\$0.06**	\$0.05	\$0.04	-\$0.02**	\$0.02	-\$0.06**
<b>Calls</b>	\$0.01	\$0.01	-\$0.01**	\$0.01	\$0.02	<\$0.01**	<\$0.01	<\$0.01	>-\$0.01**	<\$0.01	-\$0.01**
<b>Termination Processing– With Cost</b>	\$0.57	\$0.32	-\$0.24	\$0.76	\$0.72	-\$0.04	\$0.32	\$0.16	-\$0.17**	-\$0.10	-\$0.14
<b>Terminations</b>	\$11.06	\$6.16	-\$4.90**	\$10.40	\$13.55	\$3.14**	\$1.95	\$1.62	-\$0.33#	\$1.41	-\$6.31**
<b>Total Cost</b>	\$11.74	\$6.55	-\$5.19**	\$11.26	\$14.42	\$3.16**	\$2.33	\$1.82	-\$0.51**	\$1.32	-\$6.52**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

Note: 2 accounts in the Treatment Group, 3 accounts in the Later Participant Comparison Group, and 14 accounts in the Nonparticipant Comparison Group are excluded from this tables due to missing Collections Actions information.

Table V-20C shows that there was a statistically significant increase in the cost of collections for the Equitable treatment group of \$3.15 as compared to the comparison groups.

**Table V-20C**  
**Cost of Collections Actions – Equitable**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	1,926			769			7,007			7,776	
<b>Letters</b>	\$0.01	\$0.12	\$0.11**	\$0.01	\$0.15	\$0.15**	\$0.05	\$0.04	-\$0.02**	\$0.07	\$0.04**
<b>Calls</b>	<\$0.01	\$0.02	\$0.01**	<\$0.01	\$0.01	\$0.01**	<\$0.01	<\$0.01	>-\$0.01**	<\$0.01	\$0.01**
<b>Termination Processing Step – With Cost</b>	\$0.03	\$0.50	\$0.47**	\$0.08	\$0.42	\$0.34	\$0.32	\$0.16	-\$0.17**	\$0.08	\$0.38*
<b>Terminations</b>	\$0.84	\$7.16	\$6.33**	\$0.25	\$7.80	\$7.54**	\$1.95	\$1.62	-\$0.33#	\$3.61	\$2.72**
<b>Total Cost</b>	\$0.88	\$7.80	\$6.91**	\$0.34	\$8.38	\$8.04**	\$2.33	\$1.82	-\$0.51**	\$3.76	\$3.15**

\*\*Denotes significance at the 99 percent level. \*Denotes significance at the 95 percent level. #Denotes significance at the 90 percent level.

### ***G. Summary***

This section provided an analysis of Peoples' CAP impacts on affordability, bill payment compliance, and collections actions. Key findings from the analysis are summarized below.

- **CAP Participation:** 82 percent of the treatment group who enrolled in 2015 and did not participate in CAP in the year prior to enrollment remained on CAP for at least a full year. While 92 percent of the Peoples treatment group participated in CAP for the full year, 74 percent of the Equitable treatment group participated in CAP for the full year.
- **CAP Credits:** All 2015 participants received an average of 4.6 credits and \$467, and full year participants received an average of 5.3 credits and \$541. While ten percent of all 2015 participants received \$1,000 or more in CAP credits, 12 percent of the full year participants received \$1,000 or more in CAP credits.

The treatment group analysis focuses on credits received in the year after the 2015 enrollment. Therefore, most of these customers are receiving credits for winter 2016, the 2nd warmest year on record in Pittsburgh according to the National Oceanic and Atmospheric Administration (NOAA)<sup>4</sup>. As a result, the 2015 treatment group has average CAP credits that are significant lower than all 2015 participants whose data includes winter 2015 when the weather was much colder than average. The treatment group received an average of 3.9 credits and \$194, and full year participants received an average of 4.2 credits and \$205. Only one percent received \$1,000 or more in CAP credits.

- **Monthly CAP Credit Receipt:** Approximately 28 to 40 percent of the treatment group had a CAP credit each month in the year following CAP enrollment.
- **CAP Discount:** The CAP discount is defined as the CAP credits divided by the customer's full bill. The mean discount across the full treatment group was 22 percent. Customers with income below 50 percent of the poverty level had the greatest percent discount, averaging 40 percent, and ten percent of these customers had a discount above 67 percent.
- **Calculated CAP Payment:** The CAP payment is calculated as eight, nine, or ten percent of income, depending on the poverty level. These values are consistent with the PUC's energy burden targets for CAP participants. For example, for customers with income between 101 and 150 percent of the poverty level, the energy burden target is nine to ten percent and Peoples percent of income payment is ten percent.
- **Minimum CAP Payment:** A large percentage of CAP participants have the minimum payment of \$25/month, especially in the lowest poverty group. While 71 percent of all 2015 participants with income below 50 percent of the poverty level have the minimum payment, 44 percent of all 2015 participants from zero to 150 percent of poverty have the minimum payment.

<sup>4</sup> <https://www.ncdc.noaa.gov/sotc/national/2016/13/supplemental/page-1>

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- **Energy Burden:** Energy burden is defined as the annual gas bill divided by annual household income. While energy burden was 38 percent in the year prior to CAP enrollment when there was a cold winter, energy burden averaged 23 percent in the year following CAP enrollment, a decline of 15 percentage points. Relative to the comparison group, CAP participants' energy burden declined by nine percentage points. The CAP had a significant positive impact on energy bill affordability.
  - **CAP Bills:** CAP participants' bills declined by an average of \$590 due to both the CAP credits and the warmer winter. Compared to the average comparison group change, CAP participants' bills declined by \$324.
  - **CAP Plus:** The CAP Plus amount is calculated by Peoples as the LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season divided by number of current active CAP participants and the projected number of CAP participants to join CAP that quarter. The CAP Plus amount is added to the calculated monthly CAP payment amount for all participating CAP customers. The 2015 participants received a mean of 6.3 CAP Plus charges totaling \$38 and the treatment group received a mean of 7.3 CAP Plus charges totaling \$46. The CAP Plus charges made up 5.8 percent of the discounted bill for all 2015 participants and 7.8 percent of the discounted bill for the treatment group.
  - **LIHEAP and Crisis:** While there was no significant net change in the amount of LIHEAP received, there was a decline in the amount of LIHEAP Crisis assistance received, likely due to a more affordable bill.
  - **CAP Payments Made:** CAP participants increased the number of cash payments made as compared to the decline experienced by the comparison groups. As a result of the reduced charges, customers reduced the amount of cash payments made. However, the net change, compared to the comparison groups, was a slight increase in cash payments.
  - **Total Coverage Rate:** The total coverage rate is the percent of charges covered by the customer's cash payments and all other credits, including assistance payments. The treatment group increased their total coverage rate from 85 percent in the pre-CAP enrollment period to 123 percent in the post-CAP enrollment period, indicating that these customers were paying off some of their balances. The net change was an increase of 36 percentage points compared to the comparison groups.

While only 33 percent of the treatment group paid their full bill or more prior to enrollment in CAP, 71 percent paid their full bill or more following enrollment. The comparison groups did not see the same improvement in bill coverage rates.

- **Arrearage Forgiveness:** CAP participants received an average of \$118 in arrearage forgiveness in the post-treatment period.

All customers with arrearages received at least one arrearage forgiveness payment. The full year 2015 CAP participants with arrearages received an average of 5.1 arrearage forgiveness payments and \$203 in arrearage forgiveness. The full year treatment group

with arrearages received an average of 5.2 arrearage forgiveness payments and \$176 in arrearage forgiveness.

- **Collections Actions:** There was a small, statistically significant reduction in the number of collection calls for the treatment group as compared to the comparison groups. There was a significant decline in the number of letters, calls, and terminations for the Peoples treatment group as compared to the comparison groups. There was a significant increase in the number of letters, calls, and terminations for the Equitable treatment group as compared to the comparison groups.
- **Collections Costs:** There was a significant decline in the cost of collections of \$6.52 for the Peoples treatment group as compared to the comparison groups. There was an increase in the cost of collections for the Equitable treatment group of \$3.15 as compared to the comparison groups.

## VI. Summary of Findings and Recommendations

This section provides responses to the evaluation questions and key findings and recommendations for each program.

### A. Evaluation Questions

The Evaluation of Peoples Natural Gas' Universal Service Programs answered the following research questions.

1. *Is the appropriate population being served? Does the enrollment level meet the needs in the service territory? Are the participants eligible for the programs as defined in the Universal Service Plan? Is re-certification completed according to the Universal Service Plan?*

The evaluation analyzed the number of households with gas heating service who were income-eligible for CAP and calculated the number who participated in Peoples CAP at any point in 2015. The table below shows that 44 percent of eligible households participated in CAP in 2015 and that participation rates were about 60 percent for households with income below the poverty level.

Poverty Group	2015 Data		
	Eligible (American Community Survey)	CAP Participants	Participation Rate
≤ 50%	16,565	9,471	57%
51% – 100%	26,668	17,120	64%
101% – 150%	39,193	9,835	25%
<b>Total</b>	<b>82,426</b>	<b>36,426</b>	<b>44%</b>

In addition to serving income-eligible households, the program serves a high percentage of households with vulnerable members. The analysis showed that 27 percent of the 2015 participants had a senior in the home and 46 percent had a child.

Re-certification is conducted according to the program plan. CAP recertification is generally completed on an annual basis. Customers who have received LIHEAP in the past 24 months or who have certain fixed income types (pension, social security, or disability) are recertified once every two years. DEF sends customers a letter 60 days prior to their recertification date requesting that the customer submit proof of income to remain active in the CAP program. A second letter is mailed 30 days later. If the customer does not provide the required income documentation within the 60-day period, the customer is dismissed from CAP.

2. *What is the customer distribution by CAP payment plan? Do participants' energy burdens comply with the CAP Policy Statement? How many and what percent of customers have a minimum payment?*

The table below shows that 26 percent of the 2015 CAP participants had income at or below 50 percent of the poverty level, 47 percent had income between 51 and 100 percent, and 27 percent had income between 101 and 150 percent of the poverty level. The associated payment levels of eight, nine, and ten percent of income payments are in accordance with the CAP Policy Statement. Forty-four percent of all 2015 participants had the minimum payment of \$25 per month.

Poverty Level	Percent of All 2015 Participants	Percent of Income Payment	PUC Energy Burden Target	All 2015 Participants		Treatment Group	
				Mean Payment	% with Minimum Payment	Mean Payment	% with Minimum Payment
≤50%	26%	8%	5%-8%	\$32	71%	\$34	68%
51%-100%	47%	9%	7%-10%	\$43	47%	\$47	46%
101%-150%	27%	10%	9%-10%	\$77	14%	\$77	16%
<b>All</b>	<b>100%</b>			<b>\$50</b>	<b>44%</b>	<b>\$56</b>	<b>39%</b>

While the CAP payment is designed to provide an energy burden that falls within the PUC targeted affordability level, there are several reasons why an individual CAP participant's energy burden would be higher than this calculated target.

- **Minimum payment:** As shown above, a large percentage of CAP participants have the minimum payment level assigned. By definition, these customers will have an energy burden that exceeds the percentage of income payment level.
- **Full year:** Customers who are not on CAP for the full year will not receive all CAP credits.
- **Did not receive all credits:** Historically, customers who did not make timely payments did not receive all CAP credits. The credit application policy has changed so that currently customers do receive a credit each month they are on CAP.
- **Arrearage forgiveness co-payment:** Customers with arrearages pay \$5 per month to reduce the arrearage while they are receiving arrearage forgiveness. This increases the monthly payment above the targeted percentage of income payment level.
- **CAP Plus co-payment:** All CAP participants have a CAP Plus co-payment which increases the monthly payment above the targeted percentage of income payment level.

The table below shows the energy burden for the treatment group before and after participating in CAP. The table shows a large reduction in average burden from 59 percent before participation to 35 percent while participating for customers with income below 50 percent of the poverty level. However, given the reasons noted above, a large percentage of these customers still have an energy burden that exceeds the PUC target.

Poverty Level	Treatment Group Mean Unadjusted Gas Energy Burden		PUC Energy Burden Target
	Pre	Post	
≤ 50%	59%	35%	5%-8%
51 – 100%	41%	25%	7%-10%
101 – 150%	24%	15%	9%-10%

Poverty Level	Treatment Group Percent with Burden Above PUC Target	
	Pre	Post
≤ 50%	96%	85%
51 – 100%	86%	71%
101 – 150%	71%	48%

The table below shows the impact that some of these factors have on energy burden. This table excludes customers with the minimum payment, excludes customers who did not participate in CAP for the full year, and excludes the arrearage forgiveness co-pay and the CAP Plus amount. When all of these adjustments are made, only ten percent of those with income below 50 percent of the poverty level have an energy burden above the target level.

Poverty Level	Treatment Group Mean Adjusted Gas Energy Burden		PUC Energy Burden Target
	Pre	Post	
≤ 50%	20%	3%	5%-8%
51 – 100%	18%	7%	7%-10%
101 – 150%	16%	7%	9%-10%

Poverty Level	Treatment Group Percent with Burden Above PUC Target	
	Pre	Post
≤ 50%	88%	10%
51 – 100%	73%	21%
101 – 150%	64%	21%

3. *What are the CAP retention rates? Why do customers leave CAP?*

The table below shows that 61 percent of the 2015 participants had enrolled on or before January 1, 2015 and had not been deactivated prior to January 1, 2016. Twenty percent did not participate for all of 2015 because they enrolled after January 2015, nine percent enrolled in January 2015 but were removed before December 2015, and ten percent enrolled after January 2015 and were removed before December 2015.

	All 2015 CAP Participants	
	#	%
Final Analysis Group	28,265	100%
Full Year in CAP	17,130	61%



	All 2015 CAP Participants	
	#	%
Not Full Year in CAP	11,135	39%
Enrolled after January	5,693	20%
Removed before December	2,656	9%
Enrolled after Jan and removed before Dec	2,786	10%

The table below displays the CAP removal reason for customers in each group who were deactivated. The table shows that the most common removal reason was that the customer did not provide documentation.

	All 2015 CAP Participants	
	#	%
Did Not Provide Documentation	3,820	70%
Income Too High	727	13%
Customer Request	294	5%
Final Bill or Disconnected	223	4%
System Error Correction	177	3%
Set up in Error	167	3%
Annual Credit Exceeds \$1,000	34	1%
Usage Exceeds 125%	0	0%
<b>Total</b>	5,442	100%

4. *Is there an effective link between CAP and energy assistance programs (LIHEAP, hardship, and other grants)?*

There is an effective link between CAP and energy assistance programs. Peoples encourages customers to apply for LIHEAP with bill inserts, posters, outreach, community events, and application assistance. If requested, Peoples will hand write the LIHEAP application for the customer and mail it to the customer to be signed and submitted. Dollar Energy asks customers if they applied for LIHEAP/Crisis if they are eligible. Customers must apply for LIHEAP/Crisis prior to receiving the Dollar Energy grant.

The table below shows that 38 percent of the CAP treatment group received LIHEAP in the year before CAP enrollment and 42 percent received LIHEAP in the year following CAP enrollment.

	Treatment Group		
	Pre	Post	Change
<b>Number of Customers</b>	3,516		
<b>Percent Received LIHEAP</b>	38%	42%	4%**
<b>Mean LIHEAP Grant – All Customers</b>	\$82	\$102	\$19**
<b>Mean LIHEAP Grant –Received LIHEAP</b>	\$219	\$242	\$23**
<b>Percent Received LIHEAP Crisis</b>	16%	11%	-5%**
<b>Mean LIHEAP Crisis Grant – All Customers</b>	\$68	\$38	-\$30**
<b>Mean LIHEAP Crisis Grant – Received Crisis</b>	\$425	\$357	-\$68**

5. *How effective are the CAP control features at limiting program costs? What are the number and percent of customers with minimum payments? What are the number and percent of customers who exceed the maximum CAP credits?*

The table below shows that approximately 40 percent of the CAP participants had the minimum payment.

Poverty Level	All 2015 Participants		Treatment Group	
	Mean Payment	% with Minimum Payment	Mean Payment	% with Minimum Payment
≤50%	\$32	71%	\$34	68%
51%-100%	\$43	47%	\$47	46%
101%-150%	\$77	14%	\$77	16%
<b>All</b>	<b>\$50</b>	<b>44%</b>	<b>\$56</b>	<b>39%</b>

Peoples generates a report to monitor customers who exceed \$1,000 in CAP credits. Customers are notified of their current use of CAP credits and offered information about the LIURP weatherization program when they reach \$500 in CAP credits and \$750 in CAP credits annually. The notification includes a description of the customer's responsibility to monitor gas usage and advises the customer that he/she may be responsible for CAP credits over \$1,000.

When an account exceeds the \$1,000 CAP credit amount, the account is reviewed and the customer is contacted to determine if excess CAP credits are justified. DEF completes a questionnaire with the customer. Justification may include an increase in household size, serious illness of a family member, usage was beyond the household's ability to control, or a very low CAP payment. Special needs customers identified through this process are referred to the CARES program. High usage customers are referred for weatherization.

Unjustified CAP credits in excess of \$1,000 may be reversed and the resulting bill will be the responsibility of the CAP participant.

The table below shows that only ten percent of the 2015 participants and one percent of the treatment group had \$1,000 or more in CAP credits.

	Obs.	Mean # CAP Credits	Mean Credits	Median Credits	Received \$1,000 or More CAP Credits
<b>Credits Received in 2015</b>					
<b>All 2015 Participants (0-150%)</b>					
All	28,265	4.6	\$467	\$378	10%
Full Year CAP	17,130	5.3	\$541	\$452	12%
<b>Credits Received in Year after Enrollment</b>					
<b>Treatment Group</b>					
All	3,519	3.9	\$194	\$125	1%
Full Year CAP	2,893	4.2	\$205	\$131	1%

6. *How effective is the CAP and LIURP link? Is the company's procedure for dealing with excessively high usage effective? If not, how can it be improved?*

At the time of CAP enrollment, participants receive information on conservation tips and weatherization programs. Customers with a history of high energy usage are referred to LIURP and any other appropriate programs. All participants are advised that their usage will be reviewed on an ongoing basis and unjustified excess CAP usage may be billed to the CAP customer or the CAP customer may be removed from CAP.

Peoples generates a daily report that allows the Company to identify CAP customers whose weather-normalized annual usage has increased by more than 25 percent. When a CAP customer's account appears in the report, the Company representative reviews the account and the customer is contacted to determine if the increase in gas usage is justified due to an increase in household size, serious illness of a family member, or usage was beyond the household's ability to control. Peoples has a questionnaire they provided to DEF to use when discussing usage with the customer. The majority of the cases reviewed meet one of these justified reasons for an increase in usage.

- Number of people living in the home increased
- Medical condition in the home
- New gas appliances installed
- Furnace condition
- Window condition
- Attic insulation condition
- Home drafts
- Whether home has been weatherized
- Other reasons

If DEF does not get in touch with the customer on the phone, they mail the questionnaire, the customer fills it in and mails it back, and they use the information that the customer provided.

7. *Has collection on missed CAP payments been timely? Has the company followed its own default procedures in its Universal Service Plan for CAP customers?*

Peoples follows normal collections procedures for CAP participants who do not make their payments in a timely manner. Customers who do not make their monthly payments may be placed in collections and have their service terminated. To avoid termination, the customer must pay the amount set forth in the termination notice prior to the scheduled termination date.

8. *Does participation in Universal Service Programs reduce service terminations?*

There was a small, statistically significant reduction in the number of collection calls for the treatment group as compared to the comparison groups, but no significant change in terminations.

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,517			2,287			7,007			9,294	
<b>Letters</b>	0.05	0.09	0.04**	0.05	0.14	0.09**	0.05	0.04	-0.02**	0.04	<0.01
<b>Calls</b>	0.07	0.12	0.05**	0.09	0.16	0.07**	0.04	0.02	-0.1**	0.03	0.03*
<b>Termination Processing step – No Cost</b>	0.12	0.19	0.07**	0.16	0.29	0.13**	0.04	0.04	-0.01	0.06	0.01
<b>Termination Processing Step – With Cost</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-0.01**	>-0.01	<0.01
<b>Terminations</b>	0.08	0.10	0.02*	0.11	0.18	0.07**	0.03	0.03	-0.01#	0.03	-0.01

9. *Does participation in Universal Service Programs decrease collections costs?*

There was not a statistically significant change in the cost of collections for the treatment group as compared to the comparison groups.

**Table VI-2A  
Cost of Collections Actions**

	Treatment Group			Later Participant Comparison Group			Nonparticipant Comparison Group			Average Comparison Group Change	Net Change
	Pre	Post	Change	Pre	Post	Change	Pre	Post	Change		
<b>Number of Customers</b>	3,517			2,287			7,007			9,294	
<b>Letters</b>	\$0.05	\$0.09	\$0.04**	\$0.05	\$0.14	\$0.09**	\$0.05	\$0.04	-\$0.02**	\$0.04	\$0.01
<b>Calls</b>	\$0.01	\$0.01	\$0.01**	\$0.01	\$0.02	0.01**	\$0.01	\$0.01	-\$0.01**	\$0.01	\$0.01*
<b>Termination Processing Step</b>	\$0.27	\$0.42	\$0.15	\$0.54	\$0.62	\$0.08	\$0.32	\$0.16	-\$0.17**	-\$0.04	\$0.19
<b>Terminations</b>	\$5.46	\$6.71	\$1.25*	\$6.99	\$11.61	\$4.62**	\$1.95	\$1.62	-\$0.33#	\$2.15	-\$0.90
<b>Total Cost</b>	\$5.79	\$7.23	\$1.44**	\$7.59	\$12.39	\$4.80**	\$2.33	\$1.82	-\$0.51**	\$2.14	-\$0.71

*10. Is the CAP program cost-effective?*

The CAP provides large subsidies to participants, averaging several hundred dollars each year, to improve the affordability of their energy bills. Given the size of these subsidies, it is not possible for the program to be cost-effective, defined as a subsidy cost that is less than the amount saved on collections costs and termination costs. However, there is evidence that the program provides important benefits to participants to improve their health and well-being, many of which cannot be quantified.

*11. How can Universal Service Programs be more cost-effective and efficient?*

Based on the evaluation research, we have the following recommendations to improve the effectiveness and efficiency of the Universal Service Programs.

CAP

- **Enrollment:** Peoples should consider whether there are cases where agency enrollment (rather than telephone enrollment) may provide important benefits to the customer such as quicker enrollment or more education and referrals, and should be recommended.
- **Re-certification:** It may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available to assist them in meeting their needs.
- **CAP Bill:** Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.

- **CAP Plus:** The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and assess how increases impact affordability, especially for the lowest-income customers.

### LIURP

- **Targeting:** Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment-troubled. They could target a subset of their high-usage list for additional LIURP outreach to encourage participation.
- **Measures:** Peoples should assess whether there are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.
- **Coordination:** Peoples should continue to work with the electric companies, as planned, to try to increase coordination, thus providing improved energy efficiency through a holistic approach.

### *12. Is the program sufficiently funded?*

The CAP budget as planned in Peoples' three-year Universal Services Plan was lower than the actual program costs. Over 230 percent of the planned budget was spent. The planned budget was based on natural gas rates at the time and approximate enrollment. In addition to changes in rates and enrollment, there are changes in vendor administration costs and payment behavior that impact the amount of arrearage forgiveness benefits. The transition from CAP credit application upon payment to CAP credit application upon billing resulted in a significant one-time increase in CAP costs.

2015			
Company	Budget	Expenditures	Percent of Budget Spent
Peoples	\$5,583,793	\$12,607,004	226%
Equitable	\$3,606,966	\$8,614,710	239%
Total	\$9,190,759	\$21,221,714	231%

## ***B. Customer Assistance Program***

Peoples has worked to make CAP as easy as possible for the customer to participate and remain enrolled. We have the following key findings and recommendations with respect to CAP.

### 1. Phone and Agency Enrollment

Most customers enroll in CAP over the telephone by calling DEF. Customers who have received LIHEAP in the past two years or are participating in an electric CAP and provide permission for that income verification to be used are not required to document their income. Customers who have not recently verified their income in one of these ways are required to mail or fax proof of income and are enrolled in CAP following receipt and approval of that documentation.

Customers appear to appreciate the convenience of CAP telephone enrollment. Most respondents to the CAP survey reported that the enrollment and the recertification process were very or somewhat easy. The few customers who stated that enrollment was somewhat or very difficult stated that it was difficult to find the time to visit the agency.

Very few customers visit an agency to enroll in CAP. Agency enrollment was developed mainly for those customers who were unable to enroll by phone. However, there may be additional cases where agency enrollment may provide important benefits to the customer and should be recommended.

- **Danger of Termination:** The DEF call center noted that the greatest challenge with CAP is obtaining information from customers to prove their income level. They ask customers to send their last two pay stubs and proof of employment, but customers do not always follow through. There are times when DEF only receives partial income even though they have sent letters and made several attempts to contact the customer. This is especially a challenge in termination season when the customer has a termination notice and receiving the information in time is a challenge. In these cases, Peoples should consider instructing DEF to recommend that the customer visit an agency to apply for CAP.
- **Challenged Customers:** Agencies have been trained to screen customers for CAP if customers visit the agency to apply for the DEF hardship fund. When the agency screens for DEF, they can also screen for CAP and provide the CAP enrollment. This is a beneficial service for such customers who have had serious problems making their gas bill payments.

At the time of CAP enrollment, customers are given a handout with energy conservation tips and a copy of the CAP customer agreement so they know how to be successful in CAP. Peoples has noted that they would like to provide more education at enrollment and ensure that they are doing a good job of explaining the CAP benefits. They want to emphasize the benefit of making the monthly payment, remaining on CAP, and receiving arrearage forgiveness. These benefits may be clarified if the customer meets with an agency caseworker in person. Such enrollment may be especially beneficial for customers who continue to struggle with their CAP payments, are re-enrolling in CAP following a termination, or express a need for additional assistance and referrals.

## 2. Income Verification

Peoples has reported that they are working to make it even easier for customers to provide income documentation, by creating additional mechanisms for customers to submit the information. Currently, customers can only mail or fax in the documentation, which requires a trip to the post office or library. DEF is working with a vendor to provide a method to allow customers to upload documents from a smart phone. This should provide benefits to customers who use this technology and an additional avenue to quickly enroll if they are facing a termination.

3. Recertification

As with enrollment, customers appear to appreciate the ability to recertify by mailing in their documentation rather than visiting an agency. Most respondents reported that the recertification process was very or somewhat easy. Peoples is working to understand how to make the recertification process more informative for customers. It may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available to assist them in meeting their needs.

4. CAP Bill

Peoples has designed a CAP bill that provides a clear presentation of the monthly CAP payment, the five dollar contribution for arrearages, and the CAP credit as the difference between actual usage and the CAP payment. The bill also shows the pre-CAP balance and customers who pay their bill will continue to see this amount decline as they receive arrearage forgiveness. The CAP survey shows that the bill does a good job of providing this information. While 97 percent said that the CAP bills shows the CAP payment in a way that is clear and easy to locate and understand, 91 percent said it showed the CAP credit benefit in a way that is clear and easy to locate and understand, and 84 percent said that it showed the arrearage forgiveness amount in a way that is clear and easy to locate and understand. Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.

5. CAP Plus

The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and assess how increases impact affordability, especially for the lowest-income customers.

6. Affordability

The CAP survey and the transactions data analysis clearly showed that the program has improved affordability for participants.

- CAP survey respondents were much less likely to state that their CAP bills were difficult to pay after enrollment in CAP. While 58 percent said it was very difficult to pay the monthly gas bill prior to CAP enrollment, only five percent said it was very difficult to pay the bill following enrollment.



- CAP survey respondents were less likely to report that they had to delay the expenditure or skip paying the bill following enrollment in CAP. While 60 percent said they had to skip paying for food prior to CAP enrollment, 24 percent said they did so following CAP enrollment. Large declines in difficulty paying bills were also reported for the telephone, medical or dental, mortgage or rent, and credit card or loans.
- Relative to the comparison group, CAP participants' energy burden declined by nine percentage points.
- CAP participants' bills declined by an average of \$590 due to both the CAP credits and the warmer winter. Compared to the average comparison group change, CAP participants' bills declined by \$324.
- There was a decline in the amount of LIHEAP Crisis assistance received, likely due to a more affordable bill.

#### 7. Bill Payment

CAP also had a positive impact on bill payment.

- CAP participants increased the number of cash payments made as compared to the decline experienced by the comparison groups.
- The total coverage rate is the percent of charges covered by the customer's cash payments and all other credits, including assistance payments. The treatment group increased their total coverage rate from 85 percent in the pre-CAP enrollment period to 123 percent in the post-CAP enrollment period, indicating that these customers were paying off some of their balances. The net change was an increase of 36 percentage points compared to the comparison groups.
- While only 33 percent of the treatment group paid their full bill or more prior to enrollment in CAP, 71 percent paid their full bill or more following enrollment. The comparison groups did not see the same improvement in bill coverage rates.

#### 8. CAP Satisfaction

Customers reported that CAP was very important in helping them to meet their needs and their satisfaction was high.

- When asked how important CAP had been in helping them meet their needs, 92 percent said it was very important and five percent said it was somewhat important.
- When asked about satisfaction with CAP, 93 percent said they were very satisfied and six percent said they were somewhat satisfied.

### ***C. Hardship Fund***

The following key findings and recommendations were made with respect to the Hardship Fund.

1. DEF Partnership

Peoples has developed a good partnership with DEF to deliver Hardship Fund grants. There are over 150 local organizations that participate and some organizations may have multiple locations, so there are several hundred physical locations where customers can apply. The agencies that process the grant applications refer eligible customers to CAP, LIURP and CARES.

2. Customer Communication

DEF continues to work to improve the process for the customer. They are working to enhance their phone system to enable customers to use text messaging in place of speaking with a representative. This would help lower income customers whose cell phone plan includes only a certain amount of calling, but has unlimited texting.

### ***D. CARES***

The following key findings and recommendations were made with respect to CARES.

1. Benefits

CARES provides important benefits to special needs customers, including education about the Earned Income Tax Credit and LIHEAP, thermostats for visually-impaired customers, and short-term assistance to ensure that customers are able to access the resources that they are referred to. The program referrals include Peoples' Universal Service Programs, available energy assistance sources, and public assistance such as Supplemental Nutrition Assistance Program ("SNAP"), and Medicaid. CARES customers receive substantial financial assistance from social service agencies including Catholic Charities, the Salvation Army, and St. Vincent de Paul Society, in addition to traditional energy assistance programs.

2. Employee Education

Peoples has leveraged CARES to educate employees about special needs customers, increase the sensitivity of their employees, and increase customer referrals.

### ***E. LIURP***

The following key findings and recommendations were made with respect to LIURP.

1. Energy Education

Peoples has developed an extensive education program for their LIURP participants. They implemented a Pledge Form to involve the customers with the contractor. The Pledge Form helps the LIURP participants understand that the purpose of the program is energy conservation and to understand the measures that were installed in their home. There is also an Action Plan form that lists the actions that the customer committed to take to further reduce gas usage.

Peoples contracts with energy consultants who perform random inspections on about 25 percent of the completed jobs. The consultants provide additional energy education to the customers about the work completed and additional actions the customers can take to save energy.

2. Energy Savings

Peoples has achieved high savings from LIURP, averaging about 20 percent of the customers' pre-treatment natural gas usage. However, given the high level of pre-treatment usage, and the investment level, Peoples should consider whether it may be possible to achieve even higher savings through targeting and the efficiency services that are provided.

3. Targeting

Once each year Peoples puts together a referral list of income-eligible customers who have not received weatherization in the last seven years. CCI sends mailings to customers on Peoples contact list with an instruction letter and application form. Generally the response rate to the mailing is about 15 to 20 percent. In December 2016 CCI mailed 2,000 letters with the goal of serving about 400 customers in 2017.

Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment-troubled. They could target a subset of the list for additional outreach to encourage participation.

4. Energy Efficiency Measures

Peoples should assess whether there are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.

5. Coordination

Peoples Gas works to complete jobs that are combined with the PA Department of Community and Economic Development Weatherization Program and with electric companies. They completed 17 combined jobs in 2014, 23 combined jobs in 2013, and 33 combined jobs in 2012. Peoples should continue to work with the electric companies, as planned, to try to increase coordination, thus providing improved energy efficiency through a holistic approach.

**PEOPLES TO CAAP – SET II**  
**INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS**

PNG to CAAP-II-1

Please reference CAAP Statement No. 1, p. 7, lines 5-9. Please provide a complete list of CAAP's "member agencies." For each member agency, please provide the following:

- (a) Name and location of the provider;
- (b) Description of that member agency's specific LIURP administrative experience; and
- (c) Description of current LIURP administration contracts with other utilities. The current LIURP administrative contract information should include the length of each current contract, the dates of overall service to the utility, and a thorough description of all administrative tasks provided under each contract.

**ANSWER:** The list of agencies that are part of CAAP is listed as an exhibit to CAAP's Petition to Intervene filed in this case. In using the term LIURP to describe the work done by these agencies I was referring to weatherization work generally done by the some of the agencies pursuant to the Weatherization Assistance Program (WAP) and LIHEAP. The agencies that I believe do that WAP and LIHEAP are as follows:

Armstrong County Community Action Agency, 705 Butler Road, Kittanning, PA 16201

Blair County Community Action Agency, 2100 Sixth Avenue, Suite 102, Altoona, PA 16603

Community Action, Inc. of Clarion, 105 Grace Way, Punxsutawney, PA 15767

Central Pennsylvania Community Action, Inc., 107 East Cherry Street, Clearfield, PA 16830

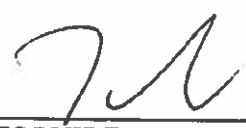
Lawrence County Community Action Partnership, 241 West Grant Street, New Castle, PA 16101

Community Action Partnership of Mercer County, Inc., 75 South Dock Street, Sharon, PA 16147

I am unfamiliar with the nature of their contracts to perform that work, and some of the above-listed agencies may do LIURP work for utility companies

but I am not privy to their specific contracts or the nature of their duties under those contracts.

Dated: May 13, 2019



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