



Human Services

**FirstEnergy
Universal Service Programs
Updated Plan Filing**

UPDATED VERSION

**Metropolitan Edison Company
Pennsylvania Electric Company**

June 12, 2007

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Introduction

This Report is being provided by FirstEnergy Human Services on behalf of Metropolitan Edison Company (“Met-Ed”) and Pennsylvania Electric Company (“Penelec”) (collectively, “Company”), to the Pennsylvania Public Utility Commission (“Commission” or “PaPUC”) in accordance with the 52 Pa. Code Chapter 54 Reporting Requirements for Universal Service and Energy Conservation Programs as published in the Pennsylvania Bulletin on August 8, 1998, and PaPUC Order in the Consolidated Proceeding at Docket Nos. R-00061366, R-00061367, P-00062213, P-00062214, A-110600F0095 and A-110400F0040 entered January 11, 2007.

The Company is committed to providing customer-focused, quality-driven, results-oriented Universal Service and energy conservation programs¹ in a cost-effective and holistic manner. This commitment is made evident by the following statements:

“The primary formal result of the independent evaluation is that the FirstEnergy companies in Pennsylvania (Metropolitan Edison, Pennsylvania Electric Company, and Penn Power) are in excellent technical compliance with the Universal Service provisions of the Pennsylvania Code as applied to Electric Distribution Companies.”

“Across the three companies, in many interviews and through several meetings and interactions via telephone and via Internet we found no staff in the utilities who were other than fully committed to working for their companies and their customers in delivering the Universal Service programs in good faith. There is a complete and sincere effort to carry out Universal Service programs with company direction and in conformance with state regulations and guidance. This kind of result should always be expected, but it is not always found. For this reason we want to call attention to the all around dedication and performance. Everything in the area of management and staff performance is being done both properly and well.”

H. Gil Peach & Associates/Scan America®
Impact Assessment of the FirstEnergy Universal Service Programs
October 29, 2004

¹ As defined in Section 2803 of the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. § 2803, Universal Service and energy conservation refers to those "policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs, application of renewable resources and consumer education.”

The goals of the Company's Universal Service and energy conservation programs are to:

- Protect consumer's health and safety by helping low-income customers maintain affordable utility service;
- Provide for affordable utility service by making available payment assistance to low-income customers;
- Help low-income customers conserve energy and reduce residential utility bills; and
- Ensure utilities operate universal service and energy conservation programs in a cost-effective and efficient manner.

To achieve these goals, the Company will continue working with eligible customers to establish affordable payment agreements that maintain electric service and move them toward self-sufficiency in paying their electric bill. Retail shopping will not preclude participation in Universal Service and energy conservation programs or the protections afforded to residential customers pursuant to the provisions of 52 Pa. Code Chapter 56, Standards and Billing Practices for Residential Utility Service, and 66 Pa. C. S. §1401 et seq. Responsible Utility Customer Protection Act (Chapter 14).

Universal Service Program Allowances were established by PaPUC Order at Docket Nos. R-00061366 and R-00061367, P-00062213, P-00062214, A-110600F0095 and A-110400F0040 entered January 11, 2007.

This Report describes the Company's portfolio of Universal Service and Energy Conservation programs for Calendar Years 2006, 2007 and 2008 (unless otherwise noted), including specific proposed program enhancements or modifications which will be adopted upon Commission approval. Implementation of approved program enhancements or modifications will be subject to completion of necessary computer programming requirements.

Customer Assistance and Referral Evaluation Services (“CARES”)

A. Program Overview and Objectives

The CARES Program provides assistance on a short-term basis to payment-troubled residential customers. Based upon the circumstances, Company CARES representatives make referrals to social agencies and provide information on appropriate Company and/or external programs. Over the past several years, CARES has evolved into a component of CAP. The majority of CARES referrals are immediately enrolled into CAP and do not continue as part of the casework load of the CARES representative.

B. Eligibility

Any customer experiencing a recent hardship such as:

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

C. Company Organizational Structure

Assistant Business Analysts (i.e., CARES representatives) are strategically located throughout the Met-Ed and Penelec service territories.

Company Employees	Employee Positions	Employee Location	% of Time
Farabauh, Paula *	Asst. Business Analyst	Altoona	Minimal
Gamler, Gary	Supervisor	Reading	Minimal
Keltz, Timothy	Advanced Business Analyst	Reading	Minimal
Kazmaier, Audrey *	Asst. Business Analyst	Erie	Minimal
Kleppinger, Linda *	Asst. Business Analyst	Phillipsburg NJ ²	Minimal
Ramos-Vega, Stephanie *	Asst. Business Analyst	Reading	Minimal
Schotsch, Dennis *	Advanced Business Analyst	Clark	Minimal
Wheeler, Sue *	Asst. Business Analyst	Towanda	Minimal

* Performs CARES Representative Duties

D. Increased Case Management Time

Prior to 4th Quarter of 2006, five CARES representatives were serving as local area administrators and caseworkers in support of CAP, which includes a program component known as CARES. A sixth position, Dennis Schotsch in Clark PA, was added during the 4th Quarter to reduce overall caseload.

² Provides case management for CARES participants located within the Met-Ed service territory along the Delaware River.

Customer Assistance Program ("CAP")³

Current Program Design – Operational Through April of 2008

A. Program Overview and Objectives

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

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

B. Eligibility Requirements

- Household income at or below 150 percent of the Federal Poverty Guidelines⁴;
- Residential account with an active account status;
- If eligible, must apply for the Low Income Home Energy Assistance Program ("LIHEAP");
- Applicant/Ratepayer must reside at the service address;
- Must agree to participate in the WARM Program, if eligible; and
- Applicant has not been dismissed from the program within the past 6 months.

C. Payment Requirements

The payment obligations of CAP participants are determined based on gross income. CAP program participants will pay the lesser of specified amounts or the actual current bill amount. The Percentage of Income Payment Plan ("PIPP") is determined by using the following guidelines in conjunction with the household's total gross income:

³ This version of CAP was referred to as "Option #1" in the FirstEnergy Universal Service Programs Updated Plan Filing - Updated Version – Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company – May 12, 2006.

⁴ Customers claiming to have no income are not immediately enrolled into CAP. Instead, they are referred for cash grant consideration from one of the Company's emergency hardship funds, to help them cope financially until a source of income begins. CAP participants claiming to have lost all income will be allowed to remain in CAP for a 3-month grace period before being dismissed from the program. The grace period will allow them to find an income source while remaining in CAP. During this time, they will be required to pay the CAP minimum bill amounts. Being dismissed for lack of income, rather than for nonpayment of bill, allows re-entry into the program when income is established. CAP stay-out provisions do not apply to this situation.

C. Payment Requirements (continued)

Non Heat Accounts: (minimum bill = \$12)

0% to 50% of Federal Poverty	=	4% of Income Payment
51% to 100% of Federal Poverty	=	5% of Income Payment
101% to 150% of Federal Poverty	=	7% of Income Payment

Heat Accounts: (minimum bill = \$18)

0% to 50% of Federal Poverty	=	9% of Income Payment
51% to 100% of Federal Poverty	=	11% of Income Payment
101% to 150% of Federal Poverty	=	16% of Income Payment

Note: CBOs may assign a lower percentage of income based on extenuating circumstances beyond the household's control. All exceptions shall be documented and then reviewed and approved by a FirstEnergy CARES representative.

Although participants are charged a specified monthly payment amount, they are not placed on the Company's Budget Billing Program. The monthly shortfall subsidy amount "floats" with the monthly bill amount. For example:

	Month 1	Month 2	Month 3
Customer's Bill Amount	\$ 76.34	\$ 85.28	\$ 33.54
Customer's Designated CAP Payment	\$ 35.00	\$ 35.00	\$ 33.54
CAP Shortfall Benefit Amount	\$ 41.34	\$ 50.28	\$ 0.00

This routine causes participants' monthly bill amounts to be completely satisfied each month.

D. Bill Subsidy

Annual (calendar year) bill subsidy limits are set at \$800 for non-heating accounts and \$1,800 for electric heating accounts. When exceeded, the monthly bill subsidy is automatically stopped, until January 1, of the following year. Customers must pay their full consumption bill amount until such time the monthly bill subsidy resumes. Bill subsidies resume on January 1, for CAP participants who have made their consumption bill payments as required.

E. Debt Forgiveness Guidelines

Program participants with a debt at or below \$500 are scheduled for a 12-month amortization, participants with a debt between \$501 and \$2,000 a 24-month amortization, and participants with a debt exceeding \$2,000 a 36-month amortization.

E. Debt Forgiveness Guidelines (continued)

Debt forgiveness credits are awarded only after in-full payments are received from program participants.

F. Default Provisions

CAP participants who do not make payments in accordance with the terms of the program are subject to dismissal and will be returned to the normal collection cycle. The normal collection process will include all of the notification and procedural steps required in Chapter 56, Standards and Billing Practices for Residential Utility Service, and Chapter 14, Responsible Utility Customer Protection Act. All participants in CAP are informed of the consequences of defaulting from the CAP, prior to enrollment.

Failure of the participant to comply with one of the following may result in dismissal from the CAP.

- Providing false information during application or re-certification, or
- Three consecutive missed or partial payments, or
- Refusing to participate in the WARM Program (if qualified), or
- Failing to re-certify annually, or upon request, or
- Failing to apply for LIHEAP benefits (if qualified), or
- Becoming income ineligible.

The Company extends every reasonable consideration to CAP participants to avoid dismissal from the program. Program requirements and benefits are clearly explained to the customer at the time of enrollment. Delinquent notices are issued as follows:

CAP Past Due – 1st Notice

Issued 1 day after invoicing for the 2nd month on CAP
1 bill in arrears

CAP Dismissal Warning Notice

Issued 1 day after invoicing for the 3rd month on CAP
2 bills in arrears

CAP Dismissal Notice & Automatic Dismissal

Issued 4 days before invoicing for the 4th month, but after the due date of the 3rd month on CAP
3 bills in arrears

Customer communications are welcomed and extenuating circumstances are evaluated appropriately. The Company currently has a six-month CAP Stay-out Provision for customers who have failed the program. The Company will maintain the stay-out provision until the transition to the new CAP model is completed.

G. Re-certification Requirements

Participants in CAP will be required to re-apply for CAP benefits on an annual basis by submitting the appropriate details of income and household members as requested by the administering agency. CAP participants are also required to re-apply for CAP when they move from one service address to another.

The Company has entered into an agreement with the Pennsylvania Department of Public Welfare ("DPW") to use electronic file transfers, to determine if CAP participants are in fact active or LIHEAP certified with DPW.

I. Company Organizational Structure

Company Employees	Employee Positions	Employee Location	% of Time
Behary, Linda	Adv. Customer Associate	Clark	15 %
Berglund, Scott	Adv. Business Analyst	Reading	10 %
Farabaugh, Paula	Adv. Business Analyst	Altoona	90 %
Gamler, Gary	Supervisor	Reading	10 %
Kazmaier, Audrey	Asst. Business Analyst	Erie	90 %
Kehm, Deborah	Adv. Customer Associate	Reading	5 %
Keltz, Timothy	Adv. Business Analyst	Reading	30 %
Kleppinger, Linda	Asst. Business Analyst	Phillipsburg NJ	60 %
Mercado, Nilda	Adv. Customer Associate	Reading	66 %
Ramos-Vega, Stephanie	Asst. Business Analyst	Reading	90 %
Wheeler, Sue	Asst. Business Analyst	Towanda	90 %

A listing of the CBOs with which the Company contracts to perform program intake and re-certification activities is included in this document as Attachment "A".

Met-Ed and Penelec Customer Assistance Program ("CAP")⁵

Model Design Under Development with Computer Programming and Implementation to Follow Implementation Tentatively Scheduled for May, 2008

A. Program Overview and Objectives

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

⁵ This version of CAP was referred to as "Option #3" in the FirstEnergy Universal Service Programs Updated Plan Filing – Updated Version – Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company – May 12, 2006.

A. Program Overview and Objectives (continued)

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

The revised CAP model better serves these objectives by:

- Eliminating CAP dismissal for nonpayment of bill;
- Eliminating CAP stay-out provisions;
- Awarding bill subsidy credits at time of billing; and
- Lowering the target energy burden to 3% for non heat and 6% for electric heat.

B. Eligibility Requirements

- Household income at or below 150 percent of the Federal Poverty Guidelines;
- Residential account with an active account status;
- If eligible, must apply for the Low Income Home Energy Assistance Program ("LIHEAP");
- Applicant/Ratepayer must reside at the service address; and
- Must agree to participate in the WARM Program, if eligible.

C. Intake Processes

A variety of intake processes will be employed, to facilitate effective and efficient program expansion and for purposes of customer convenience.

- 1st Preference
 - FirstEnergy Human Services / Department of Public Welfare Electronic Data Exchanges
 - Used for processing automated participant enrollments and re-certifications.
- 2nd Preference
 - FirstEnergy Revenue Operations Referrals
 - Used for processing automated participant enrollment. Accelerated re-certifications scheduled in three or four months.
- 3rd Preference
 - CBO Interviews
 - Used for processing participant enrollments and re-certifications. Re-certifications scheduled in twelve months.

C. Intake Processes (continued)

- 4th Preference
 - Telephone Interviews
 - Used for processing participant enrollments and re-certifications. Re-certification scheduled in twelve months.
- 5th Preference
 - WARM Program Referrals
 - Customers referred to appropriate CBO.
 - Used for processing participant enrollments and re-certifications. Re-certification scheduled in twelve months.

D. Subsidy Calculation and Payment Requirements

CAP participants will pay the difference between their total consumption bill and their monthly CAP subsidy credit, which will be applied at the time of billing.

The monthly CAP subsidy credit will be determined based on gross income, primary heat source and energy burden. The maximum CAP electric bill burden will be as follows:

Non Heat Accounts:

Benefit Calculation Based on 3% Electric Bill Burden

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

Heat Accounts:

Benefit Calculation Based on 6% Electric Bill Burden

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

D. Subsidy Calculation and Payment Requirements (continued)

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

- Annual Income, Family of Four	= \$ 16,500
- Annual Electric Bill	= \$ 1,020
- LIHEAP Benefit	= \$ 0

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

Annual Household Income	= \$ 16,500
CAP Electric Bill Burden	= $\frac{x}{3\% \text{ of income}}$
	= \$ 495

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

Annual Electric Bill	= \$ 1,020
Minus LIHEAP Benefit	= <u>\$ 0</u>
Actual Electric Bill Burden	= \$ 1,020 (more than 3% of income)

Step #3 – CAP will pay the difference

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

D. Subsidy Calculation and Payment Requirements (continued)

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

- Annual Income, Family of Four	= \$ 16,500
- Annual Electric Bill	= \$ 2,200
- LIHEAP Benefit ⁶	= \$ 800

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

Annual Household Income	= \$ 16,500
CAP Electric Bill Burden	= $\frac{x}{6\% \text{ of income}}$
	= \$ 990

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

Annual Electric Bill	= \$ 2,200
Minus LIHEAP Benefit	= \$ <u>800</u>
Actual Electric Bill Burden	= \$ 1,400 (more than 6% of income)

Step #3 – CAP will pay the difference

Actual Electric Bill Burden	= \$ 1,400
CAP Electric Bill Burden	= \$ <u>990</u>
Annual CAP Benefit	= \$ 410 ÷ 12 = \$ 34.16 per month

⁶ Benefit calculations / automated re-certifications (via DPW) will be scheduled immediately after LIHEAP grants are received. This will facilitate the use of the current year's actual LIHEAP grant amounts, to accurately calculate the new CAP benefit amounts.

E. Debt Forgiveness Guidelines

When entering CAP, all pre-program debt will be deferred and included in the CAP Debt Forgiveness Component.

Debt forgiveness credits (1/24 of pre-program debt) will be awarded in response to customer payments⁷ of in-full monthly CAP bills, whenever those payments occur.

Dunning notices, including termination notices, will be issued for any unpaid current bills. Deferred pre-program debt balances will be included in dunning notices.

F. Default Provisions

CAP participants who do not make payments in accordance with the terms of the program will remain in CAP and be subject to CAP Dunning Processes, up to and including service termination. CAP Dunning Processes will include all of the notification and procedural steps required in Chapter 56, Standards and Billing Practices for Residential Utility Service, and Chapter 14, Responsible Utility Customer Protection.

Summer Dunning Process:

CAP Past Due – 1st Notice via US Mail

Issued 1 day after invoicing - 1 bill in arrears

CAP Past Due – 2nd Notice via US Mail

Issued 1 day after invoicing - 2 bills in arrears

CAP Past Due – Payment Counseling Discussion via Telephone⁸

Performed 1 day after invoicing - 2 bills in arrears

CAP Past Due – Termination Notice via US Mail

Issued 4 days before invoicing - 2 bills in arrears

⁷ LIHEAP, emergency hardship fund grants, or any other non-customer payments will not cause debt forgiveness credits to be awarded.

⁸ A payment counseling letter will be mailed in the event a telephone discussion does not occur due to the customer being unavailable by phone.

F. Default Provisions (continued)

Winter Dunning Process:

CAP Past Due – 1st Notice via US Mail

Issued 1 day after invoicing - 1 bill in arrears

CAP Past Due – 2nd Notice via US Mail

Issued 1 day after invoicing - 2 bills in arrears

CAP Past Due – Payment Counseling Discussion via Telephone⁹

Performed 1 day after invoicing - 2 bills in arrears

CAP Past Due – 3rd Notice via US Mail

Issued 1 day after invoicing - 3 bills in arrears

CAP Past Due – 4th Notice via US Mail

Issued 1 day after invoicing - 4 bills in arrears

CAP Past Due – Termination Notice via US Mail

Issued 4 days before invoicing - 4 bills in arrears

Payment requirements to avoid termination of service:

- CAP Bills Brought Current

Payment requirements for restoration of service and continuation in CAP following service termination – prior to the account being final billed on the 10th day following service termination:

- CAP Bills Brought Current; and
- Reconnection Fee as per Current Tariff.

Payment requirements for restoration of service and continuation in CAP following service termination – after the account is final billed on the 10th day following service termination:

- CAP Bills Brought Current or 1/24 of Account Balance, Whichever is Greater;
- Reconnection Fee as per Current Tariff; and
- CAP Re-Certification.¹⁰

⁹ A payment counseling letter will be mailed in the event a telephone discussion does not occur due to the customer being unavailable by phone.

¹⁰ Reconnection of service will not be delayed pending completion of a scheduled CAP re-certification.

F. Default Provisions (continued)

Failure of the participant to comply with one of the following could result in temporary suspension of CAP bill subsidy benefits, while remaining within CAP. CAP bill subsidy benefits would resume when situation has been corrected. Written notification would be provided at least 20 calendar days prior to suspension of benefits.

- Providing false information during application or re-certification, or
- Refusing to participate in WARM / LIURP (if qualified), or
- Failing to re-certify annually, or upon request.

The LIHEAP application requirement for program participants with permanently installed electric heat and with incomes at or below 150% of the Federal Poverty Guidelines will be strictly enforced. If a LIHEAP grant has not been received by January 31, a letter requesting proof of application will be sent. Participants will have twenty days to respond with appropriate documentation. Failure to provide appropriate documentation will result in the recalculation of monthly CAP subsidy benefits, minus the use of a LIHEAP benefit amount factor.

G. CAP Status Designations

CAPAC - CAP Active / Receiving Arrears Forgiveness & Monthly Subsidy Credits
CAPSP - CAP Active / Benefits Temporarily Suspended
CAPTN - CAP Active / Service Terminated for Non Payment
CAPRM - CAP Removed / Income Ineligible

H. Re-certification Requirements

Participants in CAP will be required to re-certify for CAP benefits on an annual basis by submitting the appropriate details of income and household members as requested by the administering agency.

The Company will continue to use electronic file transfers, between the Pennsylvania Department of Public Welfare ("DPW") and FirstEnergy Human Services, to determine if CAP participants are in fact active or LIHEAP certified with DPW, to eliminate the need for in-person recertification.

I. Application of Cash Grants to CAP Accounts

LIHEAP

- First applied against delinquent current bills; and
- Then applied against future current bills.

Emergency Hardship Fund Grants

- Applied against delinquent current bills, to avoid service termination for households with significant extenuating circumstances and upon approval of a FirstEnergy CARES representative. Extenuating circumstances include, but are not limited to, death in the family, significant changes in household income, and catastrophic medical expenses.

Emergency Hardship Funds

A. Program Overview and Objectives

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

B. Dates of Operation and Maximum Grant Amounts

The Dollar Energy Fund accepts applications from the beginning of October through the end of February from customers who have had their service terminated. Applications are accepted from all customers beginning March 1 and through the end of September. One maximum grant of \$500 may be awarded to a customer during a program year.

C. Contacts and Administering Agencies

The Company contact person is:

Mr. Dennis Schotsch
C/O FirstEnergy
2939 North Hermitage Road
P. O. Box 361
Clark, PA 16113-0361

Telephone: 724-962-1034
Email: schotschd@firstenergycorp.com

The Dollar Energy Fund contact person is:

Ms. Cindy Datig, Executive Director
The Dollar Energy Fund, Inc.
P. O. Box 42329
Pittsburgh, PA 15203-0329
Telephone: 412-390-3863
Email: cindyd@dollarenergy.org

The distribution of funds is administered by a network of community-based organizations which are located throughout the Company's service territory. A listing is contained within this document as Attachment "B".

D. Eligibility Guidelines for The Dollar Energy Fund

- Residential single home or apartment
- Name on account must be an adult resident
- Total household income (gross) must be at or below 200 percent of the Federal Poverty Guidelines (exceptions will be made based on circumstances)
- Must have a reasonable payment(s) on their account within the past 90 days (exceptions will be made for extreme hardships)
- Account balance must be at least \$100 (senior citizens age 60 and over may have a \$0 balance, but not a credit balance) (exceptions will be made based on circumstances)
- Must provide income and expense information

Note: The Dollar Energy Fund is a "fund of last resort." Customers must first apply for LIHEAP through the Pennsylvania Department of Public Welfare, when available, and must first participate in CAP, when eligible.

E. Company Organizational Structure:

Company Employees	Employee Positions	Employee Location	% of Time
Gamler, Gary	Supervisor	Reading	Minimal
Keltz, Timothy	Adv. Business Analyst	Reading	10 %
Mercado, Nilda	Adv. Customer Associate	Reading	Minimal
Schotsch, Dennis	Adv. Business Analyst	Clark	10 %

Gatekeeper Program

A. Program Overview and Objectives

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

B. Eligibility Guidelines

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

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

Company Organizational Structure

Company Employees	Employee Positions	Employee Location	% of Time
Farabaugh, Paula	Asst. Business Analyst	Altoona	10 %
Kazmaier, Audrey	Asst. Business Analyst	Erie	10 %
Kleppinger, Linda	Asst. Business Analyst	Phillipsburg NJ	10 %
Ramos-Vega Stephanie	Asst. Business Analyst	Reading	10 %
Schotsch, Dennis	Advanced Business Analyst	Clark	10 %
Wheeler, Sue	Asst. Business Analyst	Towanda	10 %
Field Personnel	Meter Readers, etc.	Throughout PA	Minimal

WARM Program

A. Program Overview and Objectives

The WARM Program is Met-Ed's and Penelec's Low Income Usage Reduction Program ("LIURP"). The program provides free energy conservation and education to low-income customers. The program targets customers whose gross income is less than 150 percent of Federal Poverty Guidelines. The program's primary objectives are to:

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

WARM achieves these objectives through two approaches. First, energy-saving home improvements are installed in the customer's home. Second, a weatherization contractor provides conservation education to family members and refers them to other potentially beneficial social service programs. All work performed through the WARM program is provided at no cost to program participants.

B. Eligibility Guidelines

Income Eligibility:

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

The Company also provides WARM services to "special needs" customers whose household income is between 150 percent and 200 percent of the Federal Poverty Guidelines.

Up to 20 percent of the LIURP budget may be used for households whose incomes are between 151 percent and 200 percent of the Federal Poverty Guidelines.

Electric Use Eligibility:

Customers who qualify under the income guidelines also must have an average usage of approximately 600 kWh per month or 7200 kWh annually.

B. Eligibility Guidelines (continued)

Residency Eligibility:

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

C. Company Organizational Structure

Company Employees	Employee Positions	Employee Location	% of Time
Behary, Linda	Adv. Customer Associate	Clark	15 %
Gamler, Gary	Supervisor	Reading	Minimal
Berglund, Scott	Adv. Business Analyst	Reading	40 %
Frederick, Maria	Adv. Business Analyst	Reading	40 %
Honsberger, Joyce	Adv. Customer Associate	Reading	23 %
Kehm, Deborah	Adv. Customer Associate	Reading	50 %
Seidel, Judy	Associate Business Analyst	Reading	65 %
Thomas, David	Associate Business Analyst	Reading	100 %
Vasquez, Cheryl	Adv. Customer Associate	Reading	50 %
Reyes, Lori	Temp. Customer Associate	Reading	50 %

A list of the contractors who perform program installation, education and inspection activities on behalf of the Company is included in this Report as Attachment "C".

Summary of Proposed Enhancements for All Programs

CARES Program

- More Manageable Caseload for CARES Representatives

Customer Assistance Program ("CAP")

Current Program Design – Operational Through April of 2008

- There are no enhancements or modifications planned.

Met-Ed and Penelec Customer Assistance Program ("CAP")

Model Design Under Development with Computer Programming and Implementation to Follow Implementation Tentatively Scheduled for May, 2008

- Redesign of Program Materials
- Maximum Electric Bill Burden of 3% for Non-Heating Accounts and 6% for Electric Heating Accounts
- Subsidy Benefits Applied at Billing - \$960 Annually For Non-Heating Accounts and \$2400 Annually For Electric Heating Accounts
- Elimination of Program Dismissal and Stay-Out Provisions
- Pre-Program Debt Forgiveness – Amortization of 24 Months

Emergency Hardship Funds:

- There are no enhancements or modifications planned.

Gatekeeper Program:

- There are no enhancements or modifications planned.

WARM Program:

- There are no enhancements or modifications planned.

Applied Technologies in Support of Universal Service Programs

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

C-Net On-line Help System (Lotus Notes)

Provides the Company Information Center ("CIC"), Outsourcing Solutions, Inc. ("OSI" Collection Center), and the Human Services Department employees with detailed on-line information on Federal, State and Company Universal Service Programs.

Chronicles Case Management Software

An on-line, web-based case management tool that has been provided to a wide network of Community-Based Organizations, the Dollar Energy Fund and the Company CARES Representatives. The software supports a holistic approach in the delivery of Company Universal Service Programs by automatically matching household member demographic and financial information with available Federal, State, utility and local human service programs. Within this process, The Company Universal Service Program application forms are automatically produced by Chronicles.

SAP

The host system containing the customer master file.

Human Services Web Site

Allows community-based organizations administering the Company's low-income programs to easily obtain current customer billing, payment, and other information without Customer Information Center or Human Services involvement. Entry to the site is password protected. Over 350 individuals representing 101 different organizations currently take advantage of this tool.

WARM3

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

- The ability to run in various windows operating systems and browsers;
- User friendly screens that facilitate data entry;
- An invoice tool that allows contractors to invoice FirstEnergy electronically;
- Numerous reports and date fields to assist with job tracking, invoice payment, job inspections, etc.;
- A demographics panel where PUC-required demographics are housed;
- An automated post-completion customer survey letter; and
- Liberal text fields for documentation.

Metropolitan Edison Company Universal Service Needs Assessment

Statistics Based Upon 2000 Census Poverty Data

Estimated Residential Customer <150% of Poverty % to Total = 14.45%

Estimated Eligible Payment Troubled Customers = 60,000¹¹

Estimated Number of Potential Program Participants = 30,000¹²

County	Total Households	Households Under 150% Of Poverty	Percent of Households Under 150% Of Poverty	Number of Residential Customers	Estimated Number of Residential Customers <150% of Poverty
Adams	33,647	5,001	14.86 %	27,499	4,087
Berks	141,609	22,070	15.59 %	122,015	19,016
Bucks	218,773	19,515	8.92 %	5,035	449
Chester	158,025	14,104	8.93 %	1,120	100
Cumberland	83,047	10,266	12.36 %	9,548	1,180
Dauphin	102,667	16,920	16.48 %	5,895	972
Lancaster	172,780	23,088	13.36 %	1,724	230
Lebanon	46,611	7,135	15.31 %	47,461	7,265
Lehigh	121,947	19,371	15.88 %	3,339	530
Monroe	49,508	7,893	15.94 %	19,924	3,176
Montgomery	286,255	25,210	8.81 %	9,450	832
Northampton	101,631	14,973	14.73 %	53,095	7,822
Pike	17,447	2,603	14.92 %	14,026	2,093
York	148,288	19,906	13.42 %	144,158	19,352
Total	1,682,235	208,055	12.37 %	464,287	67,105

¹¹ Estimation based upon low-income payment agreement statistics (Collection Reporting Line Items #1 and #2) from the Met-Ed Universal Service Report filed April 1, 2004.

¹² Estimation assumes a 50% participation rate.

Pennsylvania Electric Company Universal Service Needs Assessment

Statistics Based Upon 2000 Census Poverty Data

Estimated Residential Customer <150% of Poverty % to Total = 23.39%

Estimated Eligible Payment Troubled Customers = 108,000¹³

Estimated Number of Potential Program Participants = 54,000¹⁴

County	Total Households	Households Under 150% Of Poverty	Percent of Households Under 150% Of Poverty	Number of Residential Customers	Estimated Number of Residential Customers <150% of Poverty
Armstrong	28,932	6,922	23.93 %	103	25
Bedford	19,800	4,409	22.27 %	9,785	2,179
Blair	51,622	12,543	24.30 %	48,562	11,799
Bradford	24,427	5,316	21.76 %	19,243	4,188
Cambria	60,568	15,047	24.84 %	57,245	14,222
Centre	49,336	13,068	26.49 %	4,418	1,170
Clarion	16,011	4,247	26.53 %	4,887	1,296
Clearfield	32,792	8,074	24.62 %	29,733	7,321
Crawford	34,695	7,914	22.81 %	22,546	5,143
Cumberland	83,047	10,266	12.36 %	4,463	552
Erie	106,488	23,108	21.70 %	103,749	22,514
Forest	1,996	559	28.01 %	3,523	987
Franklin	50,574	8,108	16.03 %	4,835	775
Huntingdon	16,778	3,827	22.81 %	11,347	2,588
Indiana	34,098	9,815	28.78 %	22,868	6,583
Jefferson	18,396	4,285	23.29 %	22,868	5,327
Juniata	8,580	1,731	20.17 %	679	137
Lycoming	47,040	10,598	22.53 %	769	173
McKean	18,027	4,106	22.78 %	14,569	3,318
Mifflin	18,446	4,639	25.15 %	18,885	4,749
Perry	16,742	2,707	16.17 %	986	159
Potter	6,988	1,690	24.18 %	2,554	618
Somerset	31,193	7,645	24.51 %	26,630	6,527
Sullivan	2,667	667	25.01 %	2,864	716
Susquehanna	16,543	3,886	23.49 %	11,696	2,747
Tioga	15,942	3,981	24.97 %	10,239	2,557
Venango	22,788	5,600	24.57 %	19,035	4,678
Warren	17,700	3,314	18.72 %	15,028	2,814
Wayne	18,300	4,121	22.52 %	2,853	643
Westmoreland	149,870	27,704	18.49 %	2,089	386
Wyoming	10,822	2,301	21.26 %	6,946	1,477
Total	1,031,208	222,198	21.55 %	505,999	118,367

¹³ Estimation based upon low-income payment agreement statistics (Collection Reporting Line Items #1 and #2) from the Penelec Universal Service Report filed April 1, 2004.

¹⁴ Estimation assumes a 50% participation rate.

Universal Service Program Budgets 2006 through 2008

The Universal Service Program Allowances established by PaPUC Order at Docket Nos. R-00061366, R-00061367, P-00062213, P-00062214, A-110600F0095 and A-110400F0040 (“Consolidated Proceeding”) entered January 11, 2007, resolved the historical funding issues at both Met-Ed and Penelec.

Metropolitan Edison Company	2006	2007	2008
Customer Assistance & Referral for Evaluation of Services (“CARES”)	\$ 94,000	\$ 94,000	\$ 94,000
Customer Assistance Program (“CAP”) ¹⁵	7,477,000	9,324,050	10,127,993
Fuel Fund Administration	60,000	65,000	70,000
Gatekeeper Program	1,000	1,000	1,000
WARM Program ¹⁶	1,826,000	1,971,788	1,971,788
Total	\$ 9,458,000	\$ 11,455,838	\$ 12,264,781
Pennsylvania Electric Company	2006	2007	2008
Customer Assistance & Referral for Evaluation of Services (“CARES”)	\$ 94,000	\$ 94,000	\$ 94,000
Customer Assistance Program (“CAP”) ¹⁷	10,818,800	13,214,880	15,859,994
Fuel Fund Administration	60,000	65,000	70,000
Gatekeeper Program	1,000	1,000	1,000
WARM Program ¹⁸	1,962,000	2,208,074	2,208,074
Total	\$ 12,935,800	\$ 15,582,954	\$ 18,233,068

¹⁵ 2006 amount shown excludes the transfer of unspent retail consumer education dollars from Restructuring Settlement (see Option #1) in order to illustrate upward trending of expenditures. 2007 and 2008 amounts shown reflect PaPUC Order at Docket No. R-00061366.

¹⁶ 2006 amount shown based upon Restructuring Settlement level of expenditures. 2007 and 2008 amounts shown reflect PaPUC Order at Docket No. R-00061366 instructing the Company to increase its requested WARM expenditures by the same percentage increase granted by the PaPUC to residential rates in that rate proceeding (7.984%).

¹⁷ 2006 amount shown excludes the transfer of unspent retail choice consumer education dollars from restructuring settlement (see Option #1) in order to illustrate upward trending of expenditures. The 2007 and 2008 amounts shown reflect PaPUC Order in the Consolidated Proceeding.

¹⁸ 2006 amount shown based upon Restructuring Settlement level of expenditures. 2007 and 2008 amounts shown reflect PaPUC Order at Docket No. R-00061367 instructing the Company to increase its requested WARM expenditures by the same percentage increase in residential rates granted by the PaPUC in that rate proceeding (12.542%).

Conclusion

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

- Chapter 56, Standards and Billing Practices for Residential Utility Service
- 66 Pa. C. S. §1401 et seq. (Responsible Utility Customer Protection Act – chapter 14).
- 52 Pa. Code §§54.71-54.78 – Reporting Requirements for Universal Service and Energy Conservation Programs
- 52 Pa. Code §§58.1-18 (regarding LIURP)
- 52 Pa. Code §§69.261 – 267 – CAP Policy Statement
- CAP Policy Statement of July 25, 1992, Docket No. M-00920345
- Electricity Generation Customer Choice and Competition Act of December 3, 1996. 66 Pa. C. S. §§2801 et seq.
- Commission Universal Service and Energy Conservation Programs Guidelines, Docket No. M-00960890F0010 – July 10, 1997
- Commission Universal Service and Energy Conservation Program Reporting Requirements, Docket No. L-00970130 – April 30, 1998
- PaPUC Order at Docket No. M-00051870 entered August 22, 2006 – FirstEnergy's Universal Service and Energy Conservation Plan Submission in Compliance with 52 Pa. Code § 54.74
- Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923 entered December 18, 2006
- PaPUC Orders at Docket No. R-00061366, R-00061367, P-00062213, P-00062214, A-110600F0095 and A-110400F0040 entered January 11, 2007

The Company has had a long history of leadership in the creation, development and implementation of Universal Service and energy conservation programs. Among the leadership initiatives that have been implemented are:

- Developing a Human Services Web Site;
- Installing the Chronicles Case Management Software;
- Installing WARM3;
- Enhancing both Chronicles and WARM3 to operate as web-based systems;
- Collaborating with the Pennsylvania Department of Public Welfare to make LIHEAP more accessible (via Chronicles);

Conclusion (continued)

- Collaborating with the Pennsylvania Department of Public Welfare to make CAP re-certification more efficient through electronic data transfer of information; and
- Transitioning to CAP Option #3 (New Jersey USF Model).

FirstEnergy will continue its commitment toward providing customer-focused, quality-driven and results-oriented Universal Service and energy conservation programs.

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**Customer Assistance Program (CAP)
List of Community-based Organizations**

Met-Ed:

Boyertown Area Multi-Service	Boyertown
Dollar Energy Fund, Incorporated	Pittsburgh
East Stroudsburg Salvation Army	East Stroudsburg
Easton Area Neighborhood Center	Easton
Families First	Pen Argyl
Hanover Community Progress Council	Hanover
Lebanon County American Red Cross	Lebanon
New Hope Ministries	Dillsburg
	Dover
	Mechanicsburg
Pike County Community Planning & Human Development	Milford
Reading Salvation Army	Reading
South Central Community Action Program	Gettysburg
Southern Community Services	New Freedom
York Salvation Army	York

Penelec:

Bedford-Fulton Housing Council	Everett
Blair County Community Action	Altoona
Cambria County Community Action Council	Ebensburg
	Johnstown
Central PA Community Action	Clearfield
	DuBois
	Houtzdale
	Philipsburg
Community Action, Incorporated	Clarion
	Punxsutawney
Community Services of Venango County	Oil City
Dollar Energy Fund, Incorporated	Pittsburgh
Erie Redevelopment Authority	Corry
Greater Erie Community Action Committee	Erie
Indiana County Community Action Program	Indiana
Northern Tier Community Action Corporation	Emporium
Saint Martin's Center	Erie
South Central Community Action Program	Chambersburg
Tableland Services	Hollsopple
	Myersdale
	Somerset

Penelec (continued):

Treatment and Rehabilitation Center	Dushore Honesdale Montrose Towanda Tunkhannock Wellsboro
Venango Office of Economic Opportunity	Franklin Meadville
Warren-Forest Counties Economic Opportunity Council	Warren
Weatherization, Incorporated	Huntingdon

**The Dollar Energy Fund, Inc.
List of Community-based Organizations**

Met-Ed:

Boyertown Area Multi-Service	Boyertown
Dollar Energy Fund, Incorporated	Pittsburgh
East Stroudsburg Salvation Army	East Stroudsburg
Easton Area Neighborhood Center	Easton
Families First	Pen Argyl
Hanover Community Progress Council	Hanover
Lebanon County American Red Cross	Lebanon
New Hope Ministries	Dillsburg
	Dover
	Mechanicsburg
Pike County Community Planning & Human Development	Milford
Reading Salvation Army	Reading
South Central Community Action Program	Gettysburg
Southern Community Services	New Freedom
York Salvation Army	York

Penelec:

Bedford-Fulton Housing Council	Everett
Blair County Community Action	Altoona
Cambria County Community Action Council	Ebensburg
	Johnstown
Central PA Community Action	Clearfield
	DuBois
	Houtzdale
	Philipsburg
Community Action, Incorporated	Clarion
	Punxsutawney
Community Services of Venango County	Franklin
Dollar Energy Fund, Incorporated	Pittsburgh
Greater Erie Community Action Committee	Erie
Indiana County Community Action Program	Indiana
Northern Tier Community Action Corporation	Emporium
Saint Martin's Center	Erie
South Central Community Action Program	Chambersburg
Tableland Services	Hollsopple
	Myersdale
	Somerset
Titusville YWCA	Titusville

Penelec (continued):

Treatment and Rehabilitation Center	Dushore Honesdale Montrose Towanda Tunkhannock Wellsboro
Venango Office of Economic Opportunity	Franklin Meadville
Warren-Forest Counties Economic Opportunity Council	Warren
Weatherization, Incorporated	Huntingdon

WARM Program List of Contractors

Met-Ed WARM Contractors:

Community Action Comm. of Lehigh Valley	Bethlehem
Dauphin County Weatherization	Elizabethville
Harron's Home Center	Reading
Pure Energy (quality assurance)	Lancaster
South Central Community Action Program	Gettysburg
Weaver Weatherization	Myerstown

Penelec WARM Contractors:

Action Housing, Inc. (quality assurance)	Pittsburgh
Bill Busters, Inc.	Indiana
Blair County Community Action Program	Altoona
Cambria County Community Action Council	Johnstown
Center for Community Services	Everett
Central PA Community Action	Clearfield
Community Action, Inc.	Punxsutawney
Erie County Housing Authority	Corry
Greater Erie Community Action Committee	Erie
Indiana County Community Action Program	Indiana
Northern Tier Community Action	Emporium
Northwest PA Weatherization	Meadville
SEDA – Council of Governments	Lewisburg
South Central Community Action Program	Gettysburg
Tableland Services	Somerset
Treatment and Rehabilitation Center	Montrose
Venango County Office of Economic Opp.	Franklin
Warren-Forest Economic Opportunity Council	Warren
Weatherization, Inc.	Huntingdon