

# *Universal Service Reporting Requirements*

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*2000*

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**Pennsylvania Electric  
Distribution Companies**

***Pennsylvania Public Utility Commission  
Bureau of Consumer Services***

**2000 Report  
on Universal Service Reporting Requirements**

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Distribution Companies**

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Bureau of Consumer Services**

**<http://puc.paonline.com>**

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## Introduction

At the end of 1996, Governor Tom Ridge signed into law the Electricity Generation Customer Choice and Competition Act (Act). The Act revised the Public Utility Code by adding Chapter 28, opening Pennsylvania to electric competition.

The Act includes language that requires the electric distribution companies (EDCs) to maintain, at a minimum, the protections, policies and services that assist customers who are low-income to afford utility service. §2802(10) The Act also requires the Commission to ensure that universal service and energy conservation policies are appropriately funded and available in each electric distribution territory. §2804(9) To assist the Commission in ensuring compliance with the Act, the Commission established standard reporting requirements for universal service and energy conservation (52 Pa. Code Chapter 54, Sections 54.71 – 54.78). The Commission adopted the final rulemaking that established the Universal Service and Energy Conservation Reporting Requirements (USRR) on April 30, 1998. Upon publication in the Pennsylvania Bulletin, the regulations became effective August 8, 1998.

This report is the Bureau of Consumer Services' (BCS) first annual summary report on the universal service performance of each major EDC using the data collected as a result of the USRR. This data will assist the Commission in monitoring the progress of the EDCs in achieving universal service in their respective service territories.

These regulations require covered EDCs to report annually on residential low-income collections and universal service and energy conservation programs. The list of covered EDCs includes Allegheny Power, Duquesne Light, GPU, PECO, Penn Power and PPL.

This report is based primarily on 52 Pa. Code § 54.75 relating to annual residential collection and universal service and energy conservation program reporting requirements. This section reads: "Each EDC shall report annually to the Commission on the degree to which universal service and energy conservation programs are available and appropriately funded."

The EDCs began reporting the required data to the Commission on April 1, 2001, for the reporting year 2000. Upon receipt of the data, BCS conducted a data cleaning and error-checking process that continued through December. This process included both written and verbal dialogue between BCS and the EDCs. Uniformity issues were uncovered in this process and are documented in various tables, charts and appendices. These uniformity issues are also discussed in more detail in the appropriate chapters that follow.

Some EDCs filed petitions for waivers in regard to data that is either missing or not in compliance with the regulations. Missing data is clearly labeled as such in all tables and charts in this report. Variations in the data because of compliance issues appear as either a footnote to tables and charts, or referenced and documented in an appendix.

The remainder of the report is organized into chapters and sections that reflect the various universal service costs and programs. The chapters and sections appear in the following order: Collection, Universal Service Program Demographics, Low Income Usage Reduction Programs (LIURP), Customer Assistance Programs (CAP), Customer Assistance and Referral Evaluation Services (CARES) and Hardship Funds. Each chapter includes an introduction, a discussion of the data elements, definitions where necessary, data tables, charts and narrative highlights.

The BCS has been reporting some of the data found in the instant report in the annual report the BCS prepares entitled *Utility Consumer Activities Report and Evaluation* (UCARE). While this year's 2001 UCARE will continue to include this data for both electric and gas companies, the BCS' goal is to eliminate universal service data from UCARE for both electric and gas companies in 2003 when the bureau issues the 2002 UCARE.

The BCS has taken the added precaution of sharing the data in this report in advance with the EDCs for validation. In addition, our representation of missing data, data not in compliance with the regulations, and data that is not uniform has also been verified by the EDCs. The BCS will continue to work with the EDCs to obtain uniform data that fully complies with the regulations.

### **Treatment of PECO Data**

PECO serves three types of customers, those who receive only electric service (Electric Only), those who receive both electric and gas service (Electric and Gas) and those who receive only gas service (Gas Only). We surveyed PECO to find out which customers are included in the USRR variables and each table below includes a footnote where appropriate to explain PECO's data. In some instances, PECO included only the electric portion of the dual-utility customers in Group 2.

# 1. Collection

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The regulations require the EDCs to report various residential collection data including gross residential write-offs, the number of accounts in arrears and on a payment arrangement, the number of accounts in arrears and not on a payment arrangement, the dollars owed by these two groups of overdue customers, the number of terminations, the number of reconnections, and the total annual revenues (billings).

The instant summary report reviews each of these collection measures by reporting the raw data itself and by using the data to arrive at calculated variables that are more useful in analyzing collections performance. All of the data and statistics used in this chapter are drawn from information submitted to BCS by the companies.

Please note that the instant summary report does not include data on the “Confirmed Low Income” category. This is because some companies were unable to complete all of the necessary programming changes to allow for the collection and reporting of this data for the period covered by the instant report. The BCS anticipates that the 2001 data submitted by the EDCs will allow BCS to include “Confirmed Low Income” data in the collection section in next year’s USRR summary.

## **Number of Residential Customers**

The number of residential customers reported in the following table represents an average of the 12 months of month-end data reported by the companies. The data includes all residential customers, including universal service program recipients.

### **Number of Residential Customers**

<b>Company</b>	<b>Number of Residential Customers</b>
Allegheny Power	589,092
Duquesne	522,726
GPU	935,636
PECO*	1,360,838
Penn Power	132,675
PPL	1,119,772

\*PECO includes the Electric Only group.

- ◆ There are more than 4.6 million residential customers for the six major EDCs in 2000.

## Termination and Reconnection of Service

Termination of utility service is one consequence of customer nonpayment. The BCS views termination of utility service as a utility's last resort when customers fail to meet their payment obligations. The termination rate allows the reader to compare the termination activity of utilities with differing numbers of residential customers. The termination rate is calculated by dividing the number of service terminations by the number of residential customers. Any significant increase in termination rate would indicate a trend or pattern that the Commission may need to investigate.

Reconnection of service occurs when a customer either pays his debt in full or makes a significant up-front payment and agrees to a payment agreement for the balance owed to the company. The ratio of reconnections to terminations is obtained by dividing the number of reconnections by the number of terminations. The result is generally indicative of how successful customers whose service has been terminated are at getting service reconnected.

### **Terminations and Reconnections**

<b>Company</b>	<b>Number of Residential Customers</b>	<b>Terminations</b>	<b>Reconnections</b>	<b>Termination Rate</b>	<b>Ratio of Reconnections to Terminations</b>
Allegheny Power	589,092	7,889	4,243	1.34%	54%
Duquesne	522,726	4,764	2,659	0.91%	56%
GPU	935,636	4,635	1,221	0.50%	26%
PECO*	1,360,838	32,296	18,619	2.37%	58%
Penn Power	132,675	1,423	601	1.07%	42%
PPL	1,119,772	7,117	4,489	0.64%	63%

\*PECO includes Electric Only and Electric and Gas groups.

- ◆ In 2000, PECO terminated the highest percentage of customers (2.37%) and GPU terminated the smallest percentage (0.50%).
- ◆ PPL had the highest reconnect ratio (63%) while GPU had the lowest (26%) during the reporting year 2000.

## **Number of Customers in Debt**

There are two categories for reporting customers who are overdue or in debt to the companies. The first includes customers who are on a payment agreement and the second includes customers who are not on a payment agreement. The number of customers in debt is affected by many factors including customer income level, customer ability to pay and the size of customer bills. The size of customer bills is influenced by retail rates and customer end-usage characteristics.

As to which of the two reporting categories that a customer in debt falls into depends upon the factors listed above as well as the notable addition of company collection policies. These policies include various treatments for different customer income levels.

BCS believes it is important to note one of the premises of the Chapter 56 regulations. One of the stated purposes at §56.1 of the Chapter 56 regulations is to “provide functional alternatives to termination.” In section 56.97 one of the methods of avoiding termination is to enter into a payment agreement. BCS interprets these and other interrelated provisions of Chapter 56 as positing the belief that payment agreements are a better method of managing debt where ability to pay indicates that it is not possible for a customer to tender payment in full. Also, the fact that the customer has entered into a payment agreement means that the customer is aware of the outstanding debt, has acknowledged this to the utility and has agreed to a plan to address the debt.

There are two factors which affect the uniformity of the data reported below regarding the number of overdue customers and the dollars in debt that are associated with these customers. First, companies use different methods for determining when an account is overdue. Companies consider day zero to be either the due date of the bill or the transmittal date of the bill. The transmittal date is twenty days before the due date. The Bureau expressed its interpretation of overdue in its “Universal Service Reporting Requirements Data Dictionary and Clarifications Offered by BCS.” Specifically, we asked the companies to consider the due date as day zero and to report debt that is at least 30 days overdue.

Duquesne Light and GPU both reported according to our interpretation. The variance among the other four EDCs shows a difference of no more than 20 days from our interpretation. Allegheny Power, Penn Power and PECO report debt that is only 10 days old instead of 30 days old. Thus, these three companies are overstating their debt. On the other hand, PPL reports debt that is 40 days old instead of 30 days old. PPL is understating its debt. See Appendix 1 for company specific information on this issue.

The second factor that affects the uniformity of the arrearage data below is the determination of when a company moves a terminated account or a discontinued account from active status (included in the reporting) to inactive status (excluded from the reporting). Company collection policies and accounting practices affect the timing. The differences in the amount of time it takes to move the accounts from active status to inactive status is reported in Appendix 2.

CAP recipients are excluded from all data tables below that reference the number of customers in debt, the dollars in debt and gross residential write-offs.

### **Number of Customers in Debt**

<b>Company</b>	<b>Number of Customers in Debt on an Agreement*</b>	<b>Number of Customers in Debt not on an Agreement*</b>	<b>Total Number of Customers in Debt*</b>
Allegheny Power	24,384	98,242	122,626
Duquesne	15,105	24,058	39,163
GPU	39,057	78,781	117,838
PECO**	31,129	98,887	130,016
Penn Power	4,285	23,459	27,744
PPL	25,542	110,758	136,300

\*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

\*\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ◆ Allegheny Power, GPU, PECO and PPL each reported more than 100,000 customers in debt.

### **Percent of Customers in Debt**

The percent of customers in debt is a useful statistic that supports the need for EDCs to implement universal service programs. An EDC with a low percent of its residential customers in debt will experience better cash flow and have a better credit rating than one with a high percent of its residential customers in debt.

The percent of customers in debt is calculated by dividing the number of customers in debt by the total number of residential customers. This calculation is done for both groups of customers in debt, those on a payment agreement and those not on a payment agreement.

### Percent of Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Allegheny Power	4%	17%	21%
Duquesne	3%	5%	8%
GPU	4%	8%	12%
PECO**	2%	7%	9%
Penn Power	3%	18%	21%
PPL	2%	10%	12%

\*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

\*\*PECO includes all three groups (Electric Only, Electric and Gas, and Gas Only) for the number of customers in debt and the Electric Only group for the number of customers.

- ◆ The percent of customers in debt and on a payment agreement is nearly identical for the EDCs.
- ◆ The percent of customers in debt varies more widely among the EDCs for customers who are not on a payment agreement.

### **Amount of Money at Risk - Residential Customer Debt in Dollars Owed**

The amount of money in debt has an impact on company expenses. The specific expense category is called Cash-Working-Capital and it is part of a company's distribution charge. An increase in the total debt over time may eventually cause an increase in the distribution charge, once the distribution rate cap is removed.

As an indicator, the amount of debt is more negative for a company than the number of customers in arrears. The higher the amount of payments in arrears, the greater its effect will be on cash flow and credit rating.

### Dollars in Debt

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny Power	\$12,825,703	\$9,266,989	\$22,092,692
Duquesne	\$11,605,827	\$12,654,197	\$24,260,024
GPU	\$28,768,471	\$16,700,637	\$45,469,108
PECO**	\$9,551,664	\$25,451,387	\$35,003,051
Pennsylvania Power	\$3,154,117	\$2,894,850	\$6,048,967
PPL	\$9,190,258	\$31,121,350	\$40,311,608

\*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

\*\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ◆ Five of the six companies reported total debt exceeding \$20 million.

### Percent of Total Dollars Owed – On An Agreement Versus Not On An Agreement

The percent of dollars owed in the two reporting categories is calculated by dividing the total dollars owed in a category by the overall total dollars owed.

#### Percent of Debt on an Agreement

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny Power	58%	42%
Duquesne	48%	52%
GPU	63%	37%
PECO**	27%	73%
Penn Power	52%	48%
PPL	23%	77%

\*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

\*\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ◆ Four of the six companies maintain nearly half or more of its total customer debt on payment agreements.

## **Average Arrearage**

Average arrearage is calculated by dividing the total dollars in debt by the number of customers in debt. Larger average arrearages may take more time for customers to pay off and pose more of an uncollectible risk than smaller average arrearages.

### **Average Arrearage**

<b>Company</b>	<b>Average Arrearage on an Agreement*</b>	<b>Average Arrearage not on an Agreement*</b>
Allegheny Power	\$526	\$94
Duquesne	\$768	\$526
GPU	\$737	\$212
PECO**	\$307	\$257
Penn Power	\$736	\$123
PPL	\$360	\$281

\*See Appendix 1 for an explanation of the different methods for determining when an account is overdue and Appendix 2 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

\*\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

## **Gross Residential Write-Offs in Dollars**

The table below presents the gross residential write-offs in dollars for the EDCs in 2000. Write-offs are the final treatment of overdue accounts in the collection process. A residential account is written off after all pre-write-off collection actions are taken and the customer fails to make payment on the balance owed. Generally, a company writes-off accounts either on a monthly basis or on an annual basis. The frequency of the write-offs does not seem to affect the total amount that is written off.

### Gross Write-Offs

Company	Gross Dollars Written Off*
Allegheny Power	\$7,410,709
Duquesne	\$7,979,777
GPU	\$19,135,208
PECO**	\$36,221,085
Penn Power	\$2,778,250
PPL	\$17,798,494

\*Does not include CAP Credits or Arrearage Forgiveness.

\*\*PECO includes the Electric Only group.

- ◆ All total, the EDCs wrote off more than \$91 million in 2000.

### Percentage of Gross Residential Billings Written Off as Uncollectible

The percentage of residential billings written off as uncollectible is the most commonly used long-term measure of collection system performance. This measure is calculated by dividing the annual total gross dollars written off for residential accounts by the total annual dollars of residential billings. The measure offers an equitable basis for comparison.

### Gross Write-Offs Ratio

Company	Annual Residential Billings	Gross Dollars Written Off*	Gross Write-Offs Ratio*
Allegheny Power	\$402,258,192	\$7,410,709	1.84%
Duquesne	\$391,652,000	\$7,979,777	2.04%
GPU	\$719,781,117	\$19,135,208	2.66%
PECO**	\$1,542,484,247	\$36,221,085	2.35%
Penn Power	\$124,447,293	\$2,778,250	2.23%
PPL	\$942,211,869	\$17,798,494	1.89%

\* Does not include CAP Credits or Arrearage Forgiveness.

\* PECO write-offs include only the Electric Only group and PECO revenues include all three groups: Electric Only, Electric and Gas, and Gas Only.

- ◆ There is a moderate range in the gross write-offs ratio among the EDCs in 2000, from a low of 1.84% to a high of 2.66%.

## **Annual Residential Revenues (Billings)**

The annual total residential revenues (billings) are presented below. We use the label “Annual Residential Billings” because it is a more accurate description of what is reported by the EDCs. This clarification is based on the results of a survey of the EDCs where we found that all of the companies submit annual residential billings when reporting residential revenues. The table below includes universal service program recipients.

### **Residential Revenues (Billings)**

<b>Company</b>	<b>Annual Residential Billings</b>
Allegheny Power	\$402,258,192
Duquesne	\$391,652,000
GPU	\$719,781,117
PECO*	\$1,542,484,247
Penn Power	\$124,447,293
PPL	\$942,211,869

\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only

- ◆ The EDCs reported more than \$4.1 billion in residential billings in 2000.

## **Annual Residential Billings per Customer**

The annual residential billings per customer are calculated by dividing the total dollars in residential billings by the number of residential customers. Annual customer usage levels, company retail rates and heating saturation are the primary factors that affect this measure.

### **Billings per Customer**

<b>Company</b>	<b>Annual Billings per Customer</b>
Allegheny Power	\$683
Duquesne	\$749
GPU	\$769
PECO*	\$1,133
Penn Power	\$938
PPL	\$841

\*PECO includes all three groups (Electric Only, Electric and Gas, and Gas Only) for Annual Billings and The Electric Only group for the number of customers.

There is a wide range in annual billings per customer among the EDCs in 2000, from a low of \$683 to a high of \$1,133.

## 2. Universal Service Programs

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### Demographics

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission the demographics of its program recipients, including the number of household members under age 18 and over age 62, household size, income and source of income. The regulation defines low-income customer as a residential utility customer whose household income is at or below 150% of the Federal poverty guidelines (poverty guidelines). The table below shows poverty levels in relation to household size and income.

<b>2000 Federal Poverty Guidelines</b>				
<b>Size of Household</b>	<b>0-50% of Poverty</b>	<b>51-100% of Poverty</b>	<b>101-150% of Poverty</b>	<b>151-200% of Poverty</b>
1	\$4,175	\$8,350	\$12,525	\$16,700
2	\$5,625	\$11,250	\$16,875	\$22,500
3	\$7,075	\$14,150	\$21,225	\$28,300
4	\$8,525	\$17,050	\$25,575	\$34,100
5	\$9,975	\$19,950	\$29,925	\$39,900
6	\$11,425	\$22,850	\$34,275	\$45,700
7	\$12,875	\$25,750	\$38,625	\$51,500
8	\$14,325	\$28,650	\$42,975	\$57,300
For each additional person, add	\$1,450	\$2,900	\$4,350	\$5,800

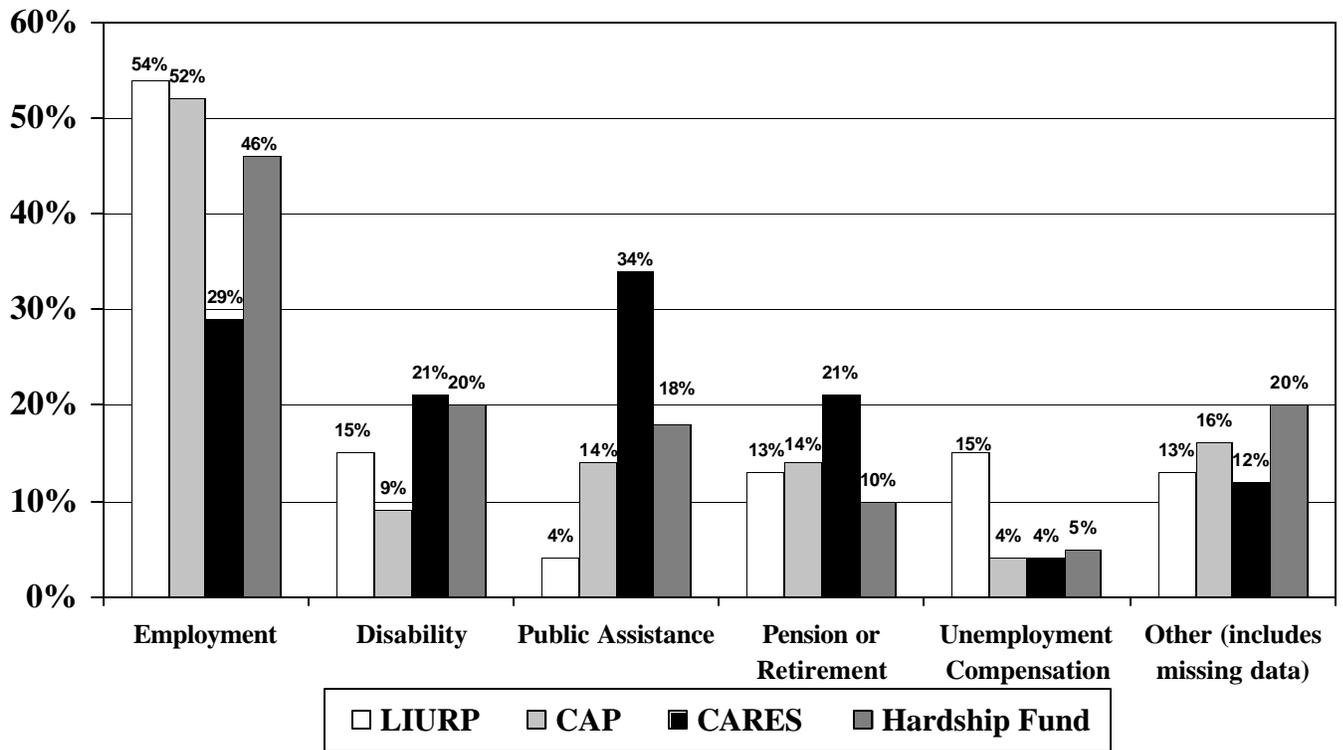
### **Source Of Income, Average Household Size And Income**

The 2000 results show that customers who participate in universal service and energy conservation programs are poor. Generally, households have average incomes that are less than \$14,000. These households include an average of three people, with almost two members under 18 years old. Average household incomes for program participants are well below 100% of the poverty guidelines of \$21,948 for three people. The majority of customers participating in universal service programs are enrolled in CAP and LIURP programs. More than 50% of the households enrolled in LIURP and CAP have incomes from employment. Less than 5% of the households who receive

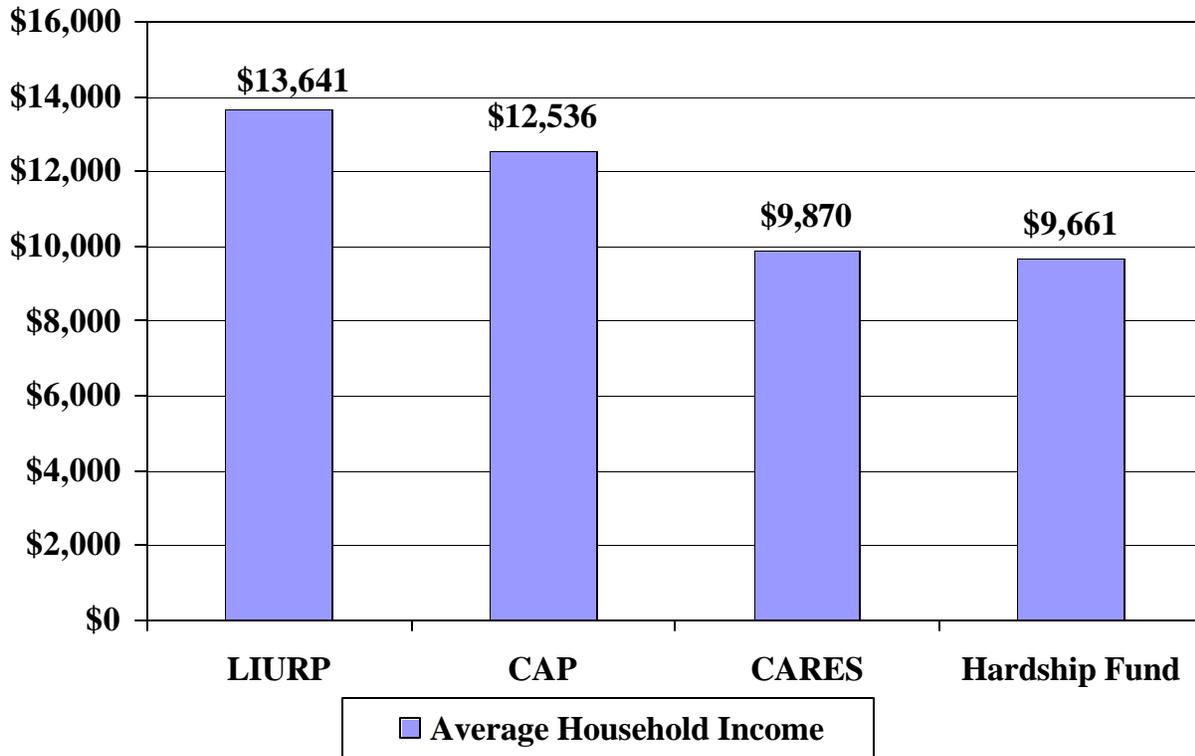
LIURP services receive their incomes from public assistance compared with about 15% of CAP households. Most customers enrolled in CAP and LIURP are the “working poor”. Their incomes from lower wage jobs are insufficient to meet basic needs.

The 2000 Census Data reports that 2.51 people live in an average size household in Pennsylvania. The Census also reports that the median income in Pennsylvania is \$39,562. Households who participate in universal service and energy conservation programs are slightly larger and have significantly lower incomes than the average Pennsylvania household.

### Source of Income for Universal Service Participants Summary for All Companies



**Participants in Universal Service Programs  
Average Household Income  
Summary for All Companies**



**LIURP**

The Pennsylvania Low Income Usage Reduction Program (LIURP) is a statewide, utility-sponsored, residential usage reduction program mandated by Pennsylvania Public Utility Commission regulations at 52 Pa. Code, Chapter 58. The primary goal of LIURP is to assist low-income residential customers to reduce energy bills through usage reduction (energy conservation) and, as a result, making bills more affordable.

LIURP is targeted toward customers with annual incomes at or below 150% of the federal poverty level. However, beginning in 1998, the LIURP regulations permit companies to spend up to 20% of their annual LIURP budgets on customers with incomes between 150% and 200% of the federal poverty level. LIURP places priority on the highest energy users who offer the greatest opportunities for bill reductions. Generally, electric utilities target customers with annual usage of at least 6,000 kWhs. When feasible, the program targets customers with payment problems (arrearages). The program is available to both homeowners and renters. LIURP services all housing types, including single family homes, mobile homes, and small and large multi-family residences.

The LIURP funds are included in utility rates as part of the distribution cost that is passed on to all residential customers. The current LIURP funding levels for each utility were set in the restructuring case of the utility and set for some time into the future, usually from 3 to 5 years. After the end of these established annual funding levels, each utility will submit a proposed funding level as part of its Universal Service program plans as required in regulations. These plans are to be filed every three years. The utility is required to develop a funding level based upon a needs assessment, which, in turn, will likely be based on Census data and utility data.

The PUC has regulatory oversight of LIURP and the utilities administer the program using both non-profit and for-profit contractors. The LIURP funds are disbursed directly to program contractors, usually on a monthly basis. The various program costs and installed usage reduction measures are agreed to in contracts between the contractors and the utilities.

Program measures are installed on a simple payback basis of 7 years or less for most program measures. There are exceptions that must meet a 12-year simple payback and these include sidewall insulation, attic insulation, furnace replacement, water heater replacement and refrigerator replacement. Payback is the time it takes to recover the cost of the installed program measure through projected energy savings. Examples of the program measures include: air infiltration measures using the blower door air sealing techniques; all types of insulation such as attic and sidewall; heating system treatments and replacements; water heating tank and pipe wraps; water heater replacements; compact fluorescent lighting; refrigerator replacement; water bed replacement with a form-fitted foam mattress; incidental repairs (not home rehabilitation); and conservation education.

The factors that have an impact on energy savings are the level of pre-weatherization usage, occupant energy behavior, housing type and size, age of the dwelling, condition of the dwelling, end-uses such as heating, cooling and water heating, and contractor capabilities.

The list of customer benefits includes: bill reduction; improved health, safety and comfort levels; LIHEAP leveraging; arrearage reduction; reduced collection activity; improved bill payment behavior; reduced use of supplemental fuels and secondary heating devices; more affordable low income housing; impact on homelessness; and less housing abandonment.

The data presented in the instant report reflect the USRR regulations at §54.75. This provision requires the reporting of various LIURP data including annual program costs for the reporting year, number of family members under 18 years of age, number of family members over 62 years of age, family size, household income, source of income, participation levels for the reporting year, projected annual spending for the current year,

projected annual participation levels for the current year, and average job costs. In addition, the report also includes data on completed jobs provided to us by the EDCs in accordance with the LIURP Codebook, which is originally based in the LIURP regulations at §58.15 and incorporated in the USRR regulations.

### **LIURP Spending**

The 2000 LIURP budget for each EDC was established in each EDC's restructuring case at the beginning of electric deregulation. As a rule, companies try to spend all of the LIURP funds that are budgeted each year but this is not always possible. Unspent funds are carried over from one program year to the next on an ongoing basis. Thus, the actual spending for the program year 2000 and the projected spending for the program year 2001 that is reported below may contain unspent funds that the EDC is obligated to spend.

#### **LIURP Spending**

<b>Company</b>	<b>2000 Actual Spending</b>	<b>2001 Projected Spending</b>
Allegheny Power	\$1,700,000	\$2,029,042
Duquesne	\$1,059,166	\$1,690,934
GPU	\$2,468,329	\$3,240,000
PECO*	\$6,079,000	\$6,475,000
Penn Power	\$346,366	\$490,000
PPL	\$5,713,649	\$5,700,000

\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ◆ PECO and PPL have the largest LIURP programs among the EDCs while Penn Power has the smallest program.
- ◆ Five of the six EDCs have projected a higher level of program spending in 2001 than in 2000, mainly as a result of restructuring orders.

### **LIURP Production**

LIURP production levels are influenced by many factors including the size of the company's LIURP program budget, the heating saturation among the company's customer population, housing characteristics such as the type, size and condition of the housing stock, contractor capability, contractor capacity and, to a lesser extent, customer demographics and customer behavior.

Company	2000 Actual Production			2001 Projected Production		
	Heating Jobs	Water Heating Jobs	Baseload Jobs**	Heating Jobs	Water Heating Jobs	Baseload Jobs**
Allegheny Power	222	819	319	312	1,171	468
Duquesne	0	23	1,260	50	50	1,500
GPU	571	1,150	623	670	1,300	700
PECO*	1,983	0	6,570	2,343	0	6,160
Penn Power	40	284	270	50	375	375
PPL	1,720	735	418	1,400	300	700

\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

\*\* A baseload job is a type of electric usage reduction job that does not contain the installation of electric heating or electric water heating usage reduction program measures

- ◆ Overall, as expected, PECO and PPL completed the most jobs in 2000.
- ◆ Generally, companies have projected that they will complete more jobs in 2001 than in 2000. This is a result of higher projected spending in 2001 than in 2000.
- ◆ PECO plans to complete more heating jobs and fewer baseload jobs in 2001 than in 2000.
- ◆ PPL appears to be targeting more baseload jobs, fewer heating jobs and fewer water heating jobs in 2001 than in 2000.

### **LIURP Average Job Costs**

As discussed earlier, there are three types of LIURP jobs (job types) for the electric industry: electric heating, electric water heating and electric baseload. Customer usage profiles are typically highest for heating jobs followed by water heating jobs and baseload jobs. Average job costs are based on the total number of completed jobs in the job type category and the total costs associated with those jobs. Specifically, the average job cost is calculated by dividing the total dollars spent on a type of job by the number of jobs completed.

The determination of the job type first depends on whether or not the customer heats with electricity. If most of the dollars spent on the completed job are on heating related program measures, then the job is classified as a heating job. Next, if the customer does not heat with electricity but uses electricity for water heating, and most of the dollars spent on the completed job are on water heating measures, then the job is classified as a water heating job. If the customer does not use electricity for either

heating or water heating, the completed job is automatically classified as a baseload job. This is a simplistic model for classifying the type of job and this model is easy to apply to the vast majority of electric jobs in LIURP.

<b>Company</b>	<b>2000 Heating Jobs</b>	<b>2000 Water Heating Jobs</b>	<b>2000 Baseload Jobs</b>
Allegheny Power	\$1,900	\$400	\$318
Duquesne	Not Applicable	\$116	\$839
GPU	\$1,431	\$518	\$526
PECO*	\$1,649	Not Applicable	\$384
Penn Power	\$1,254	\$524	\$512
PPL	\$2,019	\$585	\$427

\*PECO includes all three groups: Electric Only, Electric and Gas, and Gas Only.

- ◆ Heating jobs are the most expensive type of job because the program measures which address the needs of heating customers are more extensive and usually more expensive than the measures used in treating the other customers.

### **LIURP Energy Savings and Bill Reduction**

LIURP energy savings are calculated by subtracting the customer's usage during the 12 months following the provision of program measures from the usage during the 12 months preceding the treatments. The energy savings reported below represent an average of the company results.

The estimated annual bill reduction is calculated by multiplying the average kWhs saved during the post-treatment period by the average price per kWh during the post-treatment period that the company voluntarily reports to BCS on an annual basis. The estimated annual bill reductions that are presented below are based on the average of the company results.

<b>Job Type</b>	<b>1999 Energy Savings*</b>	<b>1999 Estimated Annual Bill Reduction*</b>
Electric Heating	9.1%	\$150
Electric Water Heating	6.9%	\$80
Electric Baseload	10.1%	\$103

\*PECO includes Electric Only and Electric and Gas groups.

- ◆ LIURP energy savings and estimated bill reductions are consistent with the results from past years.

## **Customer Assistance Programs**

Customer Assistance Programs (CAPs) provide an alternative to traditional collection methods for low-income, payment troubled utility customers. Customers make regular monthly payments, which may be for an amount that is less than the current bill for utility service, in exchange for continued provision of the service. Most payments are based on a percentage of a customer's income. Some payments are based on a rate discount, while others are based on a percentage of the bill or historical payments. However, household size and income generally determine the size of any discount. Besides regular monthly payments, customers need to comply with certain responsibilities and restrictions to remain eligible for continued participation. This section presents a progress report on the implementation of the Commission's CAP policy statement and §2802(10) and §2804(9) by the major EDCs in Pennsylvania.

### **CAP Participation**

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission the number of customers enrolled in CAP. The Commission defines participation as those participants enrolled in CAP at the end of the program year. As part of each EDC's restructuring proceeding, a program phase-in size was established.

The 2000 results compare actual CAP enrollment with program phase-in size. Only Penn Power and PECO met their enrollment level. BCS works with EDCs to improve enrollment levels. In 2000, Allegheny Power experienced billing system problems that impeded enrollment. Restrictive eligibility criteria contributed to Duquesne's low enrollment numbers. PPL's restructuring proceeding established CAP funding levels but did not establish enrollment levels. As part of its universal service plan at §54.74, PPL developed CAP enrollment estimates based on funding levels. In its universal service plan at § 54.74, PPL submitted the CAP enrollment estimates shown in the table below.

### **CAP Participation**

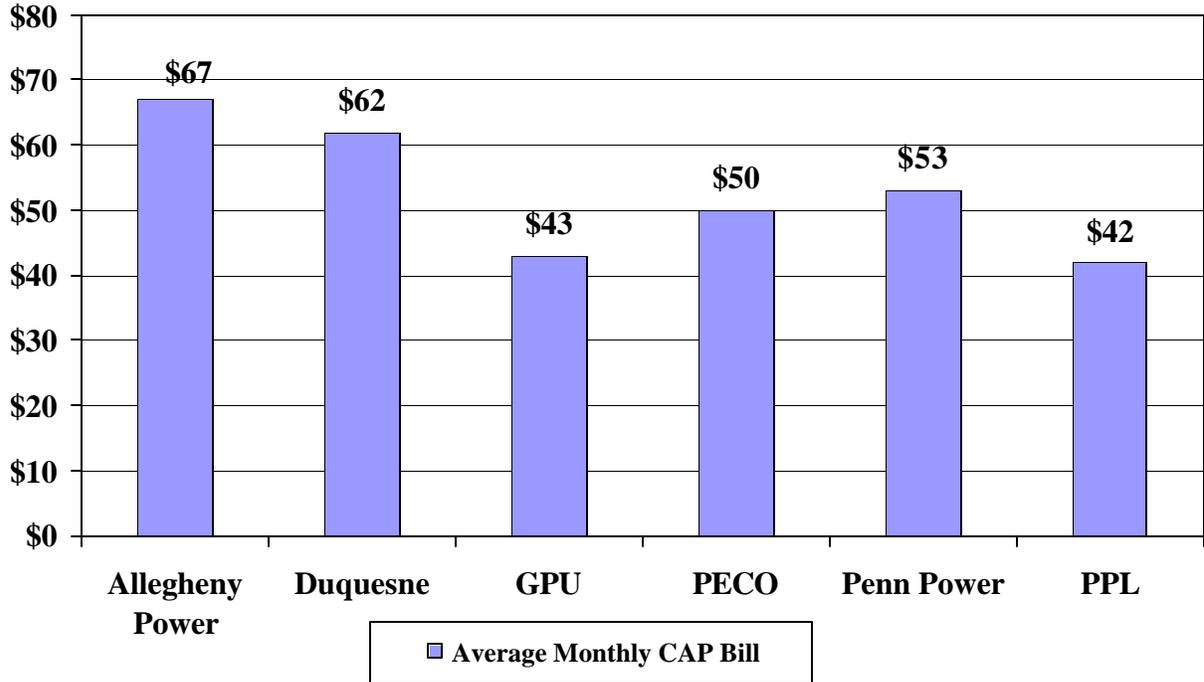
<b>EDC</b>	<b>Participants Enrolled as of 12/31/00</b>	<b>2000 Program Phase-In Size</b>
Allegheny Power	5,225	8,943
Duquesne	4,264	6,379
GPU	7,980	8,554-11,492
PECO	82,205	80,000
Penn Power	2,188	1,133-1,500
PPL	4,579	11,000
<b>Total</b>	<b>106,441</b>	<b>116,008-119,613</b>

### **CAP Benefits – Bill, Credits & Arrearage Forgiveness**

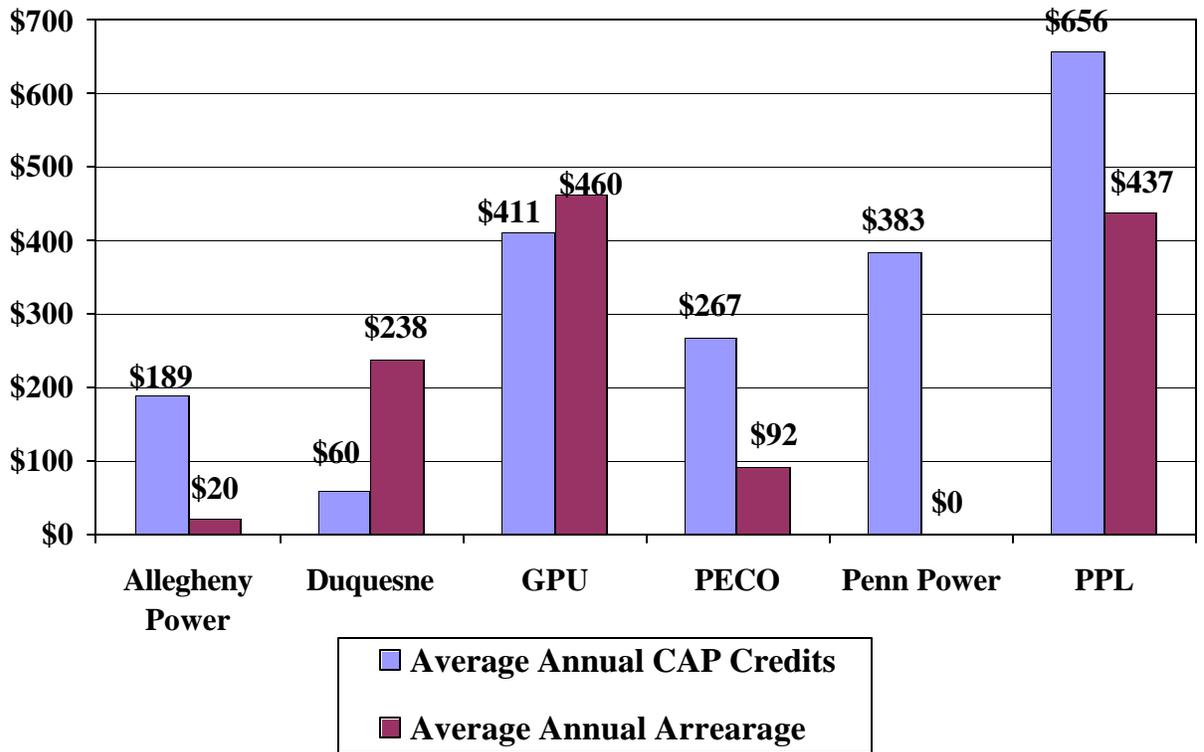
In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission on CAP benefits. The regulation defines CAP benefits as the average CAP bill, average CAP credits, and average arrearage forgiveness. EDCs report by month the number of participants enrolled in CAP. Because CAP enrollment fluctuates during the year, the Commission bases average CAP credits and arrearage forgiveness benefits on average monthly number of CAP participants rather than the number of CAP participants enrolled at the end of the year.

The Commission has further defined the three components of CAP benefits. The Commission defines average CAP bill as the total CAP billed (total of the expected monthly CAP payment) amount divided by total number of CAP bills rendered. The Commission defines average CAP credits as the total amount of the difference between the standard billed amount and the CAP billed amount divided by the average monthly number of CAP participants. The Commission defines average arrearage forgiveness as the total preprogram arrearages forgiven as a result of customers making agreed upon CAP payments divided by the average monthly number of CAP participants. The tables below show average monthly CAP bill and CAP benefits.

### Average Monthly CAP Bill



### CAP Benefits

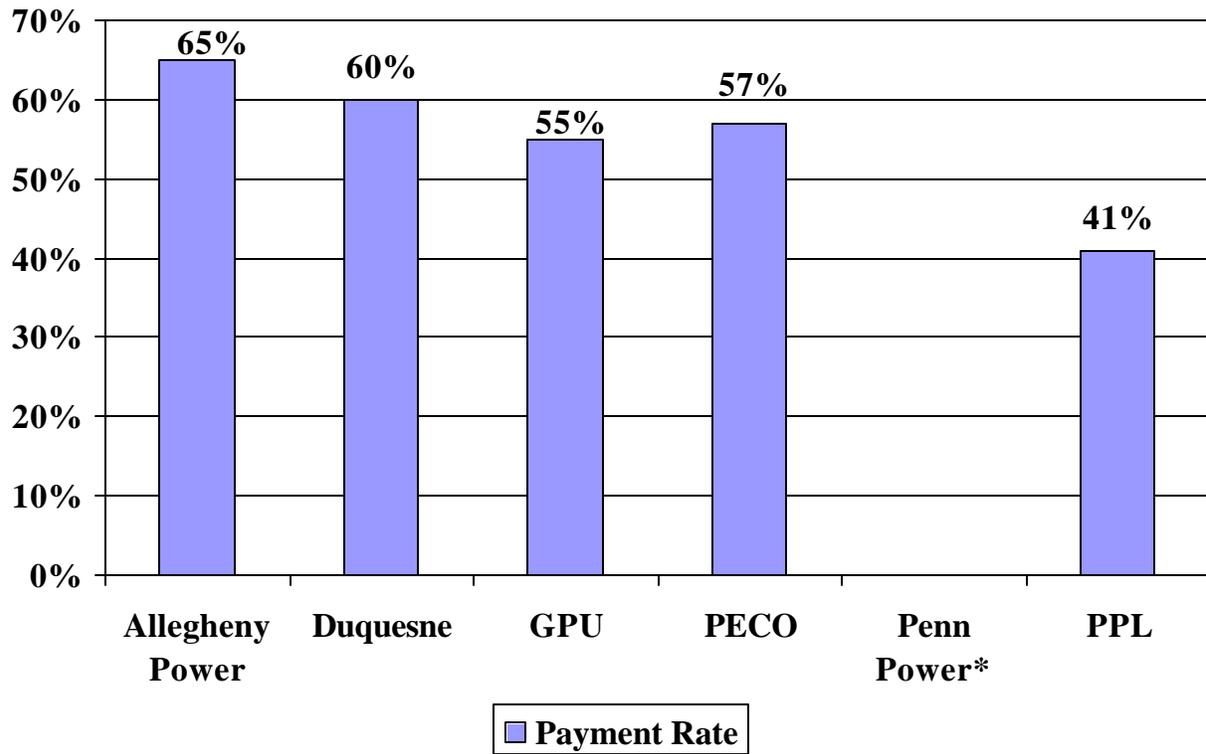


## **CAP Payment Rate**

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission on CAP payment rate. The regulation defines payment rate as the total number of full CAP monthly payments received from participants in a given period divided by the total number of monthly bills issued to CAP participants in the same period. The Commission has defined a given period as a calendar year. In addition to utility bills, poor households experience other financial stress such as housing and medical emergencies. Because they are poor, CAP customers are often unable to make twelve full CAP payments in twelve months. However, many customers catch-up those missed payments in a twelve month period. CAP payment rate viewed along with the percentage of CAP bill paid by customers provides a more accurate picture of performance than CAP payment rate alone. CAP payment rate may be low due to customers catching-up missed payments. For example, if a customer misses a payment and makes two payments in one month, that payment will count as one full payment not two. The percentage of bill paid reflects payment of the missed CAP amounts.

The 2000 results shown below do not include data for Penn Power. For the 2000 reporting year, Penn Power was unable to provide the number of full monthly payments received from CAP participants. Timely collection activity and affordability of CAP bills influences CAP payment rate.

### CAP Payment Rate



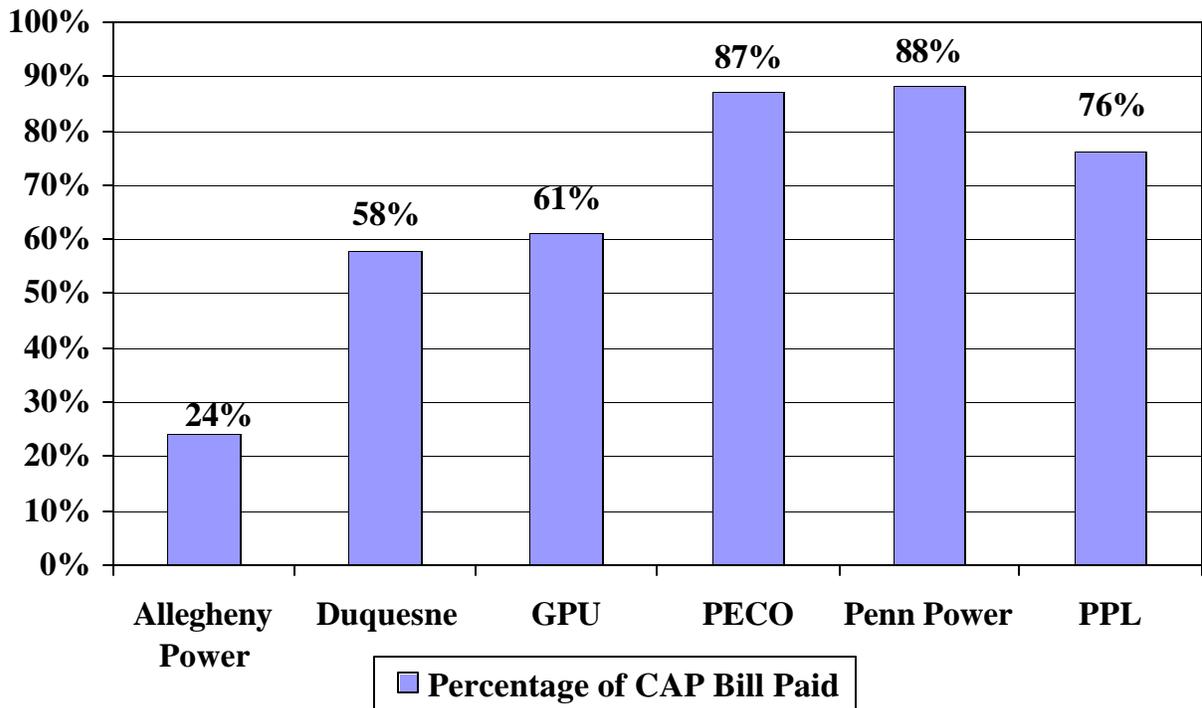
\*N/A – Not Available

## Percentage of Bill Paid

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission on the percentage of CAP billed. "CAP billed" is the annual total of the expected monthly CAP payment. This amount includes the amount the EDC bills the CAP customer rather than the tariffed rate amount. EDCs report on the annual total amount of payments by CAP customers. The Commission defines percentage of CAP bill paid as the total amount of payments by CAP customers divided by the total dollar amount of CAP billed. The table below shows percentage of CAP bill paid by CAP customers.

Allegheny Power reports that due to computer systems changes that impeded collections its percentage of CAP bill paid is abnormally low. In June 2000, Allegheny Power automated its collection system. Before automation, Allegheny Power conducted very little collection activity. Before this automation, customers paid less than 10% of their CAP bills. After automation, Allegheny Power CAP customers paid almost 40% of their bills.

**Percentage of CAP Bill Paid**



## CARES

The purpose of a CARES program is to provide a cost-effective service that helps selected, payment-troubled customers maximize their ability to pay utility bills. A utility CARES representative works with program participants on a personal basis to help them secure energy assistance funds. By securing these funds, customers with special needs can maintain safe and adequate utility service. Besides directly providing assistance to needy customers, CARES representatives also perform the task of strengthening and maintaining a network of community organizations, and government agencies that can provide services to the program clients.

Quantifying the advantages of CARES is difficult; a CARES program generally helps address health and safety concerns relating to utility service by providing important benefits. One example of a CARES function is that staff conducts outreach and make referrals to programs that provide energy assistance grants. CARES staff make referrals to LIHEAP (the federal program that provides energy assistance grants) hardship funds, and other agencies that provide cash assistance.

### CARES Participation

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission the number of customers enrolled in CARES. Utilities report the number of CARES customers enrolled at the end of each month. Most customers receive CARES services for no more than six months. The Commission defines CARES participation as the average monthly number of customers who are enrolled in CARES.

<b>Company</b>	<b>Average Monthly CARES Participation</b>
Allegheny Power	203
Duquesne	347
GPU	19
PECO	2,000
Penn Power	25
PPL	97
<b>Total</b>	<b>2,690</b>

## **CARES Benefits**

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission on CARES benefits. The Commission defines CARES benefits as the total number and dollar amount of LIHEAP benefits applied to all low-income customers' accounts. LIHEAP benefits include both LIHEAP cash and LIHEAP crisis grants. The regulation defines direct dollars as dollars that are applied to a CARES customer's electric utility account, including all sources of energy assistance applied to utility bills such as LIHEAP, hardship fund grants and local agencies' grants. Because CARES programs are small, the direct dollars will be a smaller number than the total LIHEAP dollars.

In 2000, PECO was unable to provide direct dollars. GPU enrolls and monitors all CARES participants in its CAP rather than separately monitoring these accounts.

### **CARES Benefits**

<b>Company</b>	<b>Total LIHEAP Grants for Low-income Customers (including CARES' Customers)</b>	<b>Low-income Customers Who Received LIHEAP Grants</b>	<b>Direct Dollars for CARES' Customers</b>
Allegheny Power	\$1,776,409	5,648	\$73,268
Duquesne	\$1,695,765	6,263	\$1,393,879
GPU	\$2,063,022	6,147	Not Applicable
PECO	\$5,689,283	29,232	Not Available
Penn Power	\$814,193	3,285	\$16,798
PPL	\$2,797,635	8,452	\$70,846
<b>Total</b>	<b>\$14,836,307</b>	<b>59,027</b>	<b>\$1,554,791</b>

### **Utility Hardship Fund Programs**

Utility company hardship funds provide cash assistance to utility customers who "fall through the cracks" of other financial programs or to those who still have a critical need for assistance after other resources have been exhausted. The funds make payments directly to companies on behalf of eligible customers. Contributions from shareholders, utility employees, and customers are the primary sources of funding for these programs.

## **Ratepayer and Shareholder Contributions**

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission on the amount of ratepayer and shareholder contributions to their hardship funds. The Commission defines ratepayer contributions as contributions from utility employees, ratepayers and special contributions. Special contributions include monies from formal complaint settlements, overcharge settlements, off-system sales, and special solicitations of business corporations. The Commission defines shareholder contributions as grants for program administration, outright grants to the funds, and grants that match the contributions of ratepayers. Shareholder and ratepayer contributions are shown in the table below.

<b>Company</b>	<b>Ratepayer &amp; Employee Contributions</b>	<b>Average Ratepayer &amp; Employee Contribution per Customer</b>	<b>Shareholder Contributions</b>
Allegheny Power	\$ 202,607	\$ 0.34	\$ 166,648
Duquesne	\$ 355,640	\$ 0.68	\$ 420,640
GPU	\$ 145,330	\$ 0.15	\$ 300,000
PECO	\$ 288,541	\$ 0.21	\$ 516,064
Penn Power	\$ 58,304	\$ 0.44	\$ 132,300
PPL	\$ 471,644	\$ 0.42	\$ 601,358
<b>Total</b>	<b>\$ 1,522,066</b>		<b>\$ 2,137,010</b>
<b>Weighted Average</b>		<b>\$ 0.33</b>	

## **Hardship Fund Benefits**

In conformance with the Reporting Requirements for Universal Service and Energy Conservation, the EDCs are to report to the Commission on hardship fund benefits. The Commission defines hardship fund benefits as the cumulative total number and dollar amount of grants disbursed for the program year as of the end of the program year.

### Utility Hardship Fund Grant Benefits

Company	Ratepayers Receiving Grants	Average Grant	Total Benefits Disbursed
Allegheny Power	1,499	\$200	\$300,000
Duquesne	3,395	\$210	\$711,280
GPU	1,103	\$355	\$391,296
PECO	1,719	\$371	\$638,478
Penn Power	589	\$294	\$172,915
PPL	2,665	\$292	\$779,442
<b>Total</b>	<b>10,970</b>		<b>\$2,993,411</b>
<b>Weighted Average</b>		<b>\$273</b>	

## Appendices

### Appendix 1

#### When is an Account Considered to be Overdue

Company	When is Day Zero (0)	How Many Days Overdue	Days of Variance from BCS Interpretation
Allegheny Power	Bill Due Date	10 Days	20 Days Sooner
Duquesne	Bill Due Date	30 Days	0 Days
GPU	Bill Due Date	30 Days	0 Days
PECO	Bill Transmittal Date	30 Days	20 Days Sooner
Penn Power	Bill Transmittal Date	30 Days	20 Days Sooner
PPL	Bill Transmittal Date	60 Days	10 Days Later

### Appendix 2

#### When Does an Account Move from Active to Inactive Status

Company	After an Account is Terminated	After an Account is Discontinued
Allegheny Power	15 Days after Termination Date	0 to 1 Days after Final Bill Transmittal Date
Duquesne	7 Days after Termination Date	3 to 5 Days after Discontinuance
GPU	65 Days after Termination Date	Final Bill Due Date
PECO	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
Penn Power	75 Days after Final Bill Transmittal Date	75 Days after Final Bill Transmittal Date
PPL	5 to 8 Days after Termination Date	Bill Transmittal Date