

Columbia Gas of Pennsylvania, Inc.

Universal Service

And

Energy Conservation Plan

(2009 – 2011)

Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan

Plan Submission

Pursuant to “Regulation 52 PA Code 62.4 Universal Service and Energy Conservation Plans,” Columbia Gas of Pennsylvania, Inc. (“Columbia”) hereby submits for the approval of the Pennsylvania Public Utility Commission (“Commission”) its proposed plan for years 2009 through 2011. Because Universal Service includes energy conservation programs such as LIURP, for simplification in this document, Universal Service and Energy Conservation will be referred to as “Universal Service”, or the “Plan.”

Historic Overview

Columbia submitted its first Universal Service plan in August 1999 as part of its Restructuring Filing as required by the Natural Gas CHOICE and Competition Act in Case No. R-00994781. The Commission approved the Plan as part of settlement agreements in October and December of 1999. Provisions within those settlements included an enrollment target for the Customer Assistance Program (CAP) and a funding level for the Low Income Usage Reduction Program (LIURP). Additionally, the approved settlements provided for a temporary funding source for Columbia’s Universal Service Program with the expectation that a permanent funding mechanism would be developed later. The Commission approved modifications to the CAP funding mechanism in 2001 and 2002.

Columbia’s second Universal Service and Energy Conservation Plan was submitted in November 2002 and approved by the Commission in January 2003. In October 2003 Columbia received Commission approval for a permanent funding mechanism, which allowed for recovery of projected shortfall and application costs, based upon the current and estimated customers in the program and the cost of gas. The mechanism is part of the customer distribution charge and is adjusted at the same time as the quarterly gas cost adjustment

In 2005, Columbia submitted the third Universal Services and Energy Conservation Plan which was later approved in January 2006. It included the establishment of a remedial conservation education program for high consumption CAP customers who were already weatherized along with an external evaluation on its LIURP program. Funding and enrollment remained consistent with the original funding settlement of 2003.

Differences to the PLAN

Columbia conducted an external evaluation performed by Michael Blasnik and Associates which reviewed the cost effectiveness of its LIURP program measures and weatherization contractors. The evaluation, with recommendations, was submitted to the Bureau of Consumer Services of the Public Utility Commission for review along with Columbia's intention to implement proposed changes. Recommendations from these studies formed the basis for changes within the Plan as it pertains to LIURP compared to the current plan that was approved by the Commission in January 2006.

These changes address the replacement of old and inefficient heating systems as a conservation measure beyond safety; the examination of contractor performance; the establishment of spending limits for larger homes and increased program funding.

Other changes to the plan include additional resources for the CARES program; the continuation of the remedial conservation education program for high usage CAP customers; default provision for excessive consumption and accelerating the arrearage forgiveness component for CAP customers.

A revised needs assessment was completed and included in this document. Overall the Plan continues to be implemented as approved by the Commission in January, 2006.

External Studies

March 2007 – LIURP Impact Cost Effectiveness Evaluation – Michael Blasnik and Associates. The objective of the study was to determine cost effectiveness of weatherization measures and contractors within the LIURP Program. Overall the evaluation supports that Columbia “produces impressive energy savings that rival the best residential retrofit programs in the nation.”

Key findings:

- Brick Row houses: The work in brick row houses by Contractor B produced much lower savings than Contractor A's work. Row houses provide particular challenges for insulation measures because walls can't be insulated and attic insulation is more difficult. Contractor B's attic insulation approach of cutting a long slot through the roof deck and then repairing it does not appear to be cost-effective and less expensive alternatives are needed. Contractor B should explore the applicability of the attic crawling approach taken in Philadelphia row houses that costs less than half as much. In houses where alternatives are unworkable, the program should focus on other measures.

- **Blower Door Guided Air Sealing:** Air sealing with a blower door is a very cost-effective measure, especially in the leaky housing stock served by Warm Choice (LIURP). Contractor A uses the blower door in virtually every home while Contractor B does not do any blower door guided air sealing. All homes should receive blower-door guided air sealing unless they are deemed to not need any air sealing at the audit.
- **High Efficiency Furnaces:** Warm Choice (LIURP) replaces furnaces only as a safety measure. Higher gas prices coupled with high usage targeting should provide some opportunities for cost-effective furnace replacements in Warm Choice (LIURP). These replacements may be especially worthwhile for customers where post-treatment usage is expected to remain high – such as the high use brick row houses that may not receive any insulation. Program costs may not raise much if the expensive row house attic insulation treatments are discontinued since furnace replacements are expected to cost a little less than the attic insulation and should provide considerably more gas savings.

Integration

Columbia continues to utilize an integrated approach to outreach and solicitation for all Universal Service programs which focuses on two principle strategies: First, Columbia incorporates referrals into existing processes, and second Columbia coordinates services with dedicated staff.

Columbia uses existing customer services processes, such as the Cold Weather Survey, collection, compliance, energy assistance receipts and contact management to create opportunities to increase enrollment in Universal Service programs.

Columbia's Contact Center has a designated call group composed of specially trained employees dedicated to the promotion and enrollment of Universal Service programs. Through Universal Service Customer Service Representatives, the customer is referred to all available and appropriate programs to include CAP, LIURP, CARES and energy assistance, etc. In addition, Columbia's trained representatives refer eligible customers to non-utility assistance programs such as earned income credits, food banks and Salvation Army facilities.

This expedites the referral and intake process resulting in efficient enrollment. Once a customer self-declares that they are payment-troubled, or is identified to be payment troubled by a customer service representative, the customer is referred to the Universal Service line. The Universal Service representative will pre-screen a customer, and where applicable, enroll a customer in one of Columbia's Universal Service programs immediately. This "one-stop-shop" approach is administratively efficient because it identifies which programs are appropriate for the customer at the single point of contact.

Payment assistance and conservation benefits are offered simultaneously to offset program costs which are absorbed by good paying customers through rates. Columbia prioritizes CAP customers for LIURP benefits to reduce future consumption and shortfall. This coordination occurs at the time of referral at the contact center. As a result, only one application is needed to apply for both CAP & LIURP.

LIHEAP grants assist in subsidizing Columbia's CAP by reducing shortfall costs while maintaining customer affordability. The federal LIHEAP dollars are a critical supplemental funding source for the CAP program. LIHEAP dollars assist Columbia in maximizing Universal Service benefits to low-income customers with minimum burden to the ratepayer.

Outreach

Columbia promotes its Universal Service programs and engages in external outreach opportunities throughout its service territory to include the following:

- Sponsorship and participation in senior fairs
- Representation on local community assistance boards and task forces
- Participation and coordination of Be Utility Wise events
- Information available on the Columbia Gas Website
- Bill Inserts once a year on Universal Service Programs
- Customer Contact referrals

Columbia also sponsors outreach activities to support individual Universal Service programs to include:

CAP

- Coordination with electric utility to solicit CAP customers for enrollment and re-verification.
- Coordination with Dollar Energy Fund Grant Program.
- Limited solicitation of targeted groups
 - Previous Dollar Energy Grant customers
 - Removed CAP customers
- Mail solicitation of targeted groups.
 - Previous and potential LIHEAP recipients
 - Dormant Survey packets
- Training.
 - Customer Service Representatives
 - Administrating and screening agencies
 - Credit and collections representatives

HARDSHIP FUNDS

- Bill inserts once a year requesting contributions and encouraging application.
- Solicitation included on monthly bills
- Participation in fundraising events.

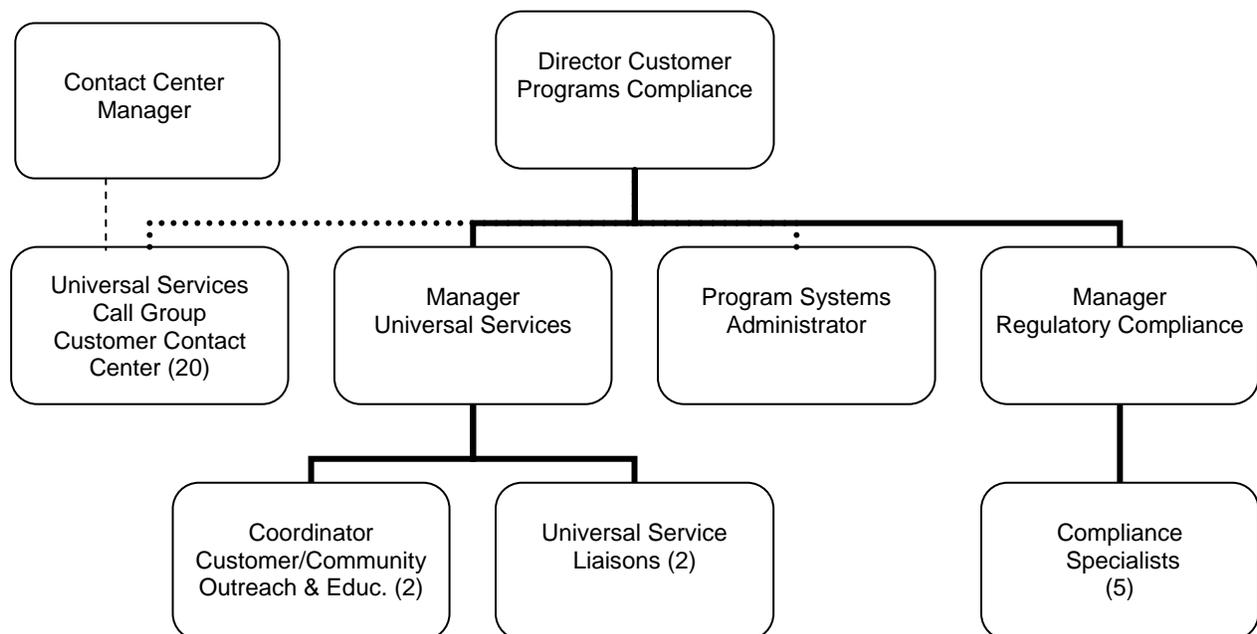
LIHEAP

- Partnership with other gas utilities to promote LIHEAP.
- Annual press conference on LIHEAP day.
- Press releases.
- TV commercials featuring Franco Harris.
- Bill inserts promoting LIHEAP.
- Inserts promoting CRISIS in eligible termination notices.
- Letters to previous recipients reminding them to apply.
- Letters to identified eligible customers.
- Operation of a toll-free hotline for inquiries and assistance with applications.
- Outbound calls to Crisis eligible customers as part of Direct Referral Process.
- Information about Energy Assistance while customers are on hold for customer service.
- Training on LIHEAP guidelines and benefits to all call center and field service personnel.
- Promotion on Columbia's Internet site.
- Participation and sponsorship of education/communications workshop for state LIHEAP office employees.

Staffing

Columbia utilizes the resources of staff employees with the experts of community partners to implement all of its Universal Service programs.

Columbia Gas Universal Services Organization



Program Responsibilities

Director Customer Program Compliance	Strategic direction all programs/policies
Manager Universal Service	Implementation/compliance all programs
Programs Systems Administrator	Program reporting all programs
Coordinator Customer/Community Outreach & Education (2)	Outreach coordination all programs
Universal Service Customer Contact Center	Information, referral and enrollment all programs
Universal Services Liaisons (2)	Supervise LIHEAP hotline, coordination with all LHEAP, Fuel Fund and CAP agencies for grants and applications; accounting support for all universal service programs

Community Partnerships

Columbia partners with community organizations for both the delivery of the program services and also feedback on program practices and policies.

CAP	
Columbia Gas of PA	Management
Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Dollar Energy Fund, Inc.	Outreach and Intake Administration
Dollar Energy Screening Agencies	On-site applications
Essential Energy, Inc.	Conservation/Consumer Education

LIURP	
Columbia Gas of PA	Management and Pre-screening
Columbia Gas Universal Service Call Group	Information, Referral and Enrollment
Mincin Insulation Services	Weatherization, Customer Communication and Data Tracking
Columbia will be increasing the number of weatherization providers to better serve our customers throughout our territory	Weatherization, Customer Communication and Data Tracking
Conservation Consultants, Inc.	Conservation Education/Inspections
Pure Energy, Inc.	Conservation Education/Inspections

HARDSHIP FUNDS	
Columbia Gas of PA	Management, Enrollment and Referral
Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Dollar Energy Fund, Inc.	Outreach and Intake Administration
Dollar Energy Fund Screening Agencies	Outreach and Intake Implementation
Citizen's Energy Corporation	Fuel Fund Administrator for Citizen's Energy Program

CARES	
Columbia Gas of PA	Management
Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Community-Based Organizations	Resource Development

The following lists the positions held by Columbia's Universal Service team on various task forces, committees and boards within the community.

Social Services Advisory Committee

Member

Task Force, Committee or Board

Position

National Low Income Energy Consortium

Member/Board

PA Energy Association, Customer Service

Member/Committee

Gerontology Taskforce

Member/Task Force

South Side Housing Consortium

Member

Human Service Forum

Member/Association

Black Women's Leadership Conference

Member/Association

BPW Business/Professional Women's Club

Member/Association

NAACP

Member/Association

Council of Community Services

Member/Association

Joint Gas Company LIHEAP Outreach

Member/Committee

Aging Consortium - PA

Sponsor

Aging Consortium - PA

Member/Committee

Be Utility Wise (S W PA)

Member/Sponsor

Coordinated Child Care Advisory Council

Member/Council

Special Needs Christmas Projects

Coordinator

Tri-Region Be Utility Wise

Member/Sponsor

United Way Day of Caring

Volunteer

Health and Welfare Council

Member/Council

Universal Service Task Force

Member

CARES Network

Member

Head Start, Beaver County

Executive Board Member

Fayette County Energy Task Force

Member/Committee

Senior Expo Planning Committee, Washington County

Member/Committee

Heats on Community Service Project

Member/Committee

NASW

Member

Budgets

Universal Service expenses are monitored and tracked specific to each program with the exception of Hardship Funds. Because oversight of the Hardship Funds resides within the CARES program, all internal administrative expenses are included in the CARES budget.

PROJECTED BUDGET

	2009	2010	2011
LIURP	\$3,000,000	\$3,000,000	\$3,000,000
Energy Assistance Outreach and Processing	\$146,000	\$146,000	\$146,000
CARES Community Outreach	\$228,000	\$228,000	\$228,000
CAP Administration and Applications	\$742,000	\$742,000	\$742,000
Shortfall*	\$27,100,000	\$28,600,000	\$30,100,000
Arrearage Retirement	\$1,060,000	\$1,060,000	\$1,060,000
Hardship Funds**	\$150,000	\$150,000	\$150,000

*The shortfall is estimated based on Columbia's PGC rate as of Oct 1, 2007 and projected enrollment.

**\$375,000 also provided through partnership with Citizen's Energy Program

Program Descriptions

Pursuant to 52 Pa Code §62.4(b), the components of Columbia's universal service and energy conservation plan are described in detail. Following are program descriptions, including eligibility criteria, a needs assessment, and projected enrollment levels for the programs.

CARES (Customer Assistance Referral and Evaluation Services)

Scope

The CARES program has been offered to Columbia Gas customers since 1986. Since its inception, over 39,300 customers have received the assistance of staff social workers through resource referrals, consumer education, LIHEAP Outreach and affordable payment plans tailored to the customer's ability to pay. CARES is designed to be a short-term program for first time payment-troubled customers who require energy assistance and other necessary resources and referrals.

In addition, CARES assists vulnerable CAP customers who need extra protection and account monitoring. It is also the final step in the Cold Weather Survey intervention process. The Customer/Community Outreach Coordinator makes additional attempts to contact those without heat. This intervention is continuous throughout the heating season.

The CARES program is also the network that informs all customers of available programs and resources through an information and referral call group at the customer contact center. The Customer/Community Outreach Coordinator trains Columbia employees on available resources.

Key Objectives

- Safe sustained energy
- Customer self sufficiency
- Resource development
- Successful payment recovery
- Continuous payment frequency
- Reduced credit/collection costs
- Identification and cost avoidance associated with crisis/safety issues
- Customer satisfaction
- Reduced commission complaints
- Community networking
- Goodwill

Eligibility Criteria

- Payment-troubled, evidenced by missed payments or anticipated payment stoppage due to personal crisis resulting in financial hardship.
- Columbia Gas heat customer.
- Identified as vulnerable by community partners, Columbia employees, friends or family of ratepayer
- Financial difficulty must be short term.

Program Components

- Case management approach to solving individual payment problems.
- Home visit assessment when necessary.
- Protection from termination during program.
- Short-term, affordable payments based on “ability to pay”.
- Budget counseling.
- Referrals and linkage to community, state and federal resources for direct and indirect monetary assistance.
- Information and referral dissemination.

Projected Enrollment

	2009	2010	2011
CARES	800	800	800

* Approximate number of customers assisted by CARES outreach services is 800. Actual customers in CARES caseload is approximately 69 reported in Annual Universal Services Report

LIURP (Low Income Usage Reduction Program)

Scope

Columbia Gas has provided its customers the Low Income Usage Reduction Program since 1988. Approximately 5,000 homes have been weatherized. Consumption savings average 21%-24%. Arrearages have been reduced significantly, eliminating bad debt in over 50% of the homes completed. Average spending per home is \$5,731. All measures used have a 7-12 year payback. Columbia proposes to increase funding from \$1.3 million to 3 million annually in 2009.

Key Objectives

- Safe, affordable energy for low-income customers.
- Reduced uncollectible arrearages and write-offs.
- Reduce wasted consumption.
- Create affordable budgets/bills for customers.
- Improved payment frequency.
- Reduced CAP shortfall deficit by bill reduction.
- Improved customer satisfaction.
- Environmental awareness/protection.

Eligibility Criteria

- Income at or below 150% of Federal Poverty Level. With up to 20% of annual budget eligible for special needs customers as defined in Section 58.2, (relating to definitions).
- Homeowner or renter; renter must have property owner permission.
- Average winter monthly consumption must be higher than 180 CCF's.
- Customer must be enrolled in the Company's CAP program and must not have been previously weatherized. Up to twenty percent of the annual budget will be reserved for non-CAP customers who otherwise meet the LIURP eligibility requirements
- Dwelling must be approved during audit to be in proper condition to weatherize.

Program Components

- Home Energy Audit. Each home is audited to determine if dwelling is in proper condition for weatherization. Weatherization measures are recommended at that time. Referrals to other housing development agencies for repair work are made if necessary.
- Energy Education component is completed at time of audit.
- Gas Furnace Safety Inspection. Heating system is inspected, cleaned and repaired as needed prior to weatherization treatment
- Gas Furnace may be upgraded to 90% efficiency if deemed to be extremely inefficient.
- Weatherization. Operational measures are performed specific to audit recommendations. Treatment is determined based on highest efficiency results. Measures include sidewall and attic insulation, blower door guided air sealing measures such as caulking, sealing and window stripping.
- Inspection. Twenty-five percent of homes are inspected for quality and safety
- Post-Weatherization Consumption Evaluation. Pre-treatment usage is compared to post treatment usage to determine savings.

Projected Enrollment

	2009	2010	2011
LIURP	500	500	500

HARDSHIP FUND

Scope

Columbia Gas of Pennsylvania contributes one dollar of shareholder money for every dollar contributed by its ratepayers. Annually, CPA raises \$100,000-125,000 in customer contributions. Combined with a shareholder match, this total of \$250,000 is contributed towards the accounts of payment-troubled, low-income customers.

Columbia also partners with the Citizen's Energy Corporation (CED), a non-profit organization that serves low-income housing and energy needs. Through a gas purchasing agreement, an additional \$375,000 is allocated from Columbia to CED who contracts with an administrating fuel fund agency to provide grants to payment-troubled, low-income customers.

Ten percent of awarded grant dollars are earmarked for administration. This money is paid to the Administrator for the outreach and intake application process in the community. Currently, 92 community-based organizations take applications within communities that Columbia serves.

Key Objectives

- Reduce outstanding balances.
- Prevent termination.
- Sustain gas service.
- Restoration of service

Eligibility Criteria

- Opening & closing dates established yearly based on funding
- Household income at or below 200% of Federal Poverty Level
- Received all other energy assistance programs if eligible
- Minimum arrearage balance
- Must have made a recent utility payment
- Special exceptions will be reviewed for consideration

Treatment of CAP Customers

Columbia only allows hardship funds to be applied to CAP accounts when a customer is off for non-pay during the month of October, November or December (cold weather procedure) or if the customer has been out of the program for more than one year. At that time, for the purpose of re-instatement into CAP, Columbia will allow the hardship fund grant to substitute a customer payment.

Program Components

- Screening and referrals at Columbia's Customer Contact Center
- Outreach and intake at local community-based organizations.
- Grant determination by Columbia employees for customers without service to expedite grant making and reconnections.

CAP (CUSTOMER ASSISTANCE PROGRAM)

Scope

Columbia's Customer Assistance Program (CAP) was established in 1992 and has since enrolled over 37,000 Columbia Gas customers, with a current active total of approximately 24,000.

The program was created as an alternative to traditional credit and collection measures to assist long-term, payment-troubled customers by offering affordable payment options.

Under provisions of the 1999 Natural Gas CHOICE and Competition Act, Columbia filed a settlement agreement under which it expanded the program to 22,000 customers. Through a subsequent settlement agreement which was approved by the Commission in Docket P-00032057, the upper enrollment limit of the CAP was modified to 27,100. Over the past three years Columbia's CAP has not reached the enrollment ceiling.

Key Objectives

- Provide affordable payment options.
- Reduce credit/collection costs.
- Reduce arrearage write-off.
- Efficient, cost-effective program.
- Customer understanding of program benefits.
- Increased "on time" payment frequency.
- Energy Efficiency
- Minimized shortfall through conservation and energy supplements.
- Targeted identification of low-income, payment-troubled customers.
- Reduced commission complaints.

Eligibility Criteria

- Columbia residential heat customers.
- Household income at or below 150% of Federal Poverty Level.
- Payment-troubled; having received a termination notice and or at least one failed payment agreement within past 12 months, or otherwise identified through cross utility referral and credit scoring.
- Must not reside in a multi unit dwelling served by one meter.

Program Components

Administration

- A Community Based Organization (“CBO”) performs clerical and administrative duties for portions of the CAP program. These functions include screening, enrollment, and re-verification.
- The Administrating Organization (the “Administrator”) networks with over 40 designated screening agencies/CBOs to complete on-site applications when necessary. The Administrating Organization (Administrator) also operates a phone enrollment process.

Columbia’s CAP payment structure maximizes customer payments while maintaining affordability for the customer. This flexibility allows the Administrator to select the most affordable option not to be less than the average amount received over the previous 12 months. Columbia offers the lowest average CAP payment in the industry and believes that the percentages are fairly set and should remain as follows.

Option #1:	Percentage of Income.		
	0 – 110% of Poverty	=	7%
	110 – 150% of Poverty	=	9%

Option #2: Average of last 12 months of customer payments. (Available for customers with at least six months of un-interrupted service.)

Option #3: Flat rate of 50% of budget billing (adjusted annually)

Senior CAP: Flat rate of 75% of budget billing for customers over 60 years of age with no arrears or payment plan default

A minimum payment amount of twenty-five dollars is required.

The CAP customer is also required to pay a five-dollar co-payment towards pre-program arrears.

The Administrator reviews the application and income verification, if required, confirms the payment amount, enters information into Columbia data systems and mails a confirmation letter to the customer.

Columbia’s CAP plans are designed to be the most affordable (lowest) payment plan offered by Columbia. If at any time, a customer’s CAP payment exceeds the tariff budget, the account is reviewed by the Universal Service Liaison to determine if the customer’s payment should be lowered or if the customer should be removed from the CAP.

Intake and Enrollment

External studies support the use of telephonic applications as appropriate which is intended to increase customer ease, efficiency, and the number of applications completed while decreasing administrative costs.

The Columbia Gas Universal Services Call Group coordinates referrals to the agencies and the Administrator for on-site and telephonic applications, with an emphasis on telephonic applications when appropriate.

A customer without service having a balance from a prior account is required to pay no more than \$150, apply for all energy assistance programs available and complete a CAP application to restore service.

A customer who refuses to enroll in the CAP program is subject to the provisions of Columbia's traditional credit & collections practices governed by chapter 14. This includes paying a re-connect fee, if service is off and a security deposit.

Any customer found stealing gas will be charged separately from their CAP payment or billed separately for CAP prior to reconnection for the amount of the theft.

Customer Responsibilities

A CAP customer must agree to and uphold the following obligations:

- The initial application and subsequent re-application are subject to agreed-upon conditions, which serve as a contract between the customer and the company.
- Income verification as required.
- The monthly payment amount and the customer five-dollar co-pay must be paid by the due date.
- The customer must apply for all available energy assistance and agree that this amount will be credited to the shortfall balance on their Columbia account.
 - LIHEAP CRISIS applied to make up missed payments
 - CAP customers are not eligible for hardship fund grants unless the following conditions exist:
 - A customer's service is off in October, November or December
 - A customer has been out of CAP for one year. In this instance, a hardship fund grant may be used to make up missed CAP payments.
- The customer must apply for any eligible free weatherization services offered through the Department of Community Affairs State Weatherization Agencies and Columbia LIURP.

- The customer must agree that Columbia can act as the customer's purchasing agent for CAP Choice aggregation.
- Any customer with non-essential gas appliances such as a pool heater will agree to not use the device in an effort to contain energy consumption.

Consumer Education

- Program evaluation studies showed that although there is some impact from conservation education, weatherization remains the primary catalyst to reduce consumption.
- Program information and customer responsibilities continue to be emphasized to the customer along with conservation materials provided at the time of intake.
- To minimize the shortfall of high consumption users, Columbia will continue to implement the remedial conservation education pilot for high usage CAP customers who already received weatherization from LIURP.

Remedial Conservation Pilot

Columbia will continue the High Usage Remedial Conservation Program for customers who have been weatherized and usage is still above the shortfall limits.

Columbia will contract with a third party educator to provide conservation education on an individual basis.

Contractor will also monitor usage and provide feedback on an on-going basis for one year.

If usage continues to be outside the allowable shortfall limits, contractor will recommend an increased payment option or removal from CAP.

Default Provisions

A CAP participant can default from the program for non-compliance of program guidelines and customer responsibilities.

Default Provisions for Nonpayment of CAP Budgets

During April 1 through October 31, a CAP customer is in default after two-missed CAP budget payments.

Columbia Gas of Pennsylvania will issue a termination notice no sooner than 10 days after a customer fails to pay two missed CAP budget payments by the due date.

If a CAP customer does not make up all missed CAP payments within 10 days of the date of the termination notice, Columbia Gas will attempt to terminate service for non-payment of the CAP budget bill. Columbia Gas, in its sole discretion, may delay termination in the event of extenuating circumstances.

To restore service, the customer must pay all missed CAP budget payments that were the subject of termination as well as any missed CAP budget payments that became past due during the termination notice period.

During November 1 through March 31, a CAP customer will not be removed from CAP for failing to make missed CAP payments.

Starting with the April 1st termination date, Columbia will issue a termination notice to CAP customers who failed to pay CAP budget payments during the November to March period. The amount on the termination notice shall be for all missed CAP payments.

To restore service, the customer must pay all missed CAP budget payments that were the subject of the termination as well as any missed CAP budget payments that became past due during the termination notice period.

Default Provisions for Customers Requesting Removal from CAP

A customer requesting removal from CAP will be sent a personalized letter explaining their benefits in CAP & a return envelope. They will be required to sign and return this letter. Once returned, they will be removed from CAP.

The letter will also stipulate they may not join CAP again for one year from the time of removal.

Default Provisions for Customers with High Consumption

A customer refusing weatherization through Columbia Gas without demonstration of a legitimate waiver will be reviewed by the Customer /Community Outreach coordinator

Waivers include but not limited to:

- Fear of personal safety
- Medical condition which may be affected by weatherization measures
- Extreme difficulty in accommodating weatherization crew schedules.

A customer may have their CAP budget payment raised to a higher payment option or removed pending the review.

Re-connect Procedures

Reconnection and subsequent re-instatement when the customer's **gas service was terminated** after removal from CAP:

- All CAP payments must be made, including the five-dollar co-pay for each of the months during which gas service was retained.
- All payments made by the customer after his removal from CAP will be deducted from the amount needed for program re-entry.
- Any charges incurred after the customer defaulted, which are not paid by the customer, are treated as current bill shortfall amounts.
- A customer will be required to re-apply including providing proof of income if the customer has been without service for 6 months or more.
- This process also applies to defaulted CAP customers who move to a new address after termination for non-payment.

Security Deposits

- CAP customers will not be charged security deposits.
- Any paid security deposits on accounts with an approved CAP application will be credited according to the provisions of 66 PA. C.S. § 1404 c to the arrears prior to CAP enrollment.
- Unpaid security deposits on customers entering into CAP will be waived after income verification is complete.

Re-connect fees

- All reconnect fees will be waived for CAP eligible customers with valid CAP applications.

Re-instatement

Re-instatement when the customer **retained gas service** after removal from CAP:

- The customer must pay the entire balance of missed CAP payments including the five-dollar co-pay to the pre-program arrears.
- Any payments made by the customer after removal are deducted from the amount needed for program re-entry.
- A customer must resolve any outstanding issues related to removal from CAP, such as verifying current income or accept free weatherization services.
- The pre program arrearage will be the same at the time of reinstatement as at the time of default.

- Any charges incurred after default, which are not paid by the customer, are treated as current bill shortfall.
- This process also applies to CAP customers who move to a new service address with no interruption of service due to termination.

Re-verification

Re-verification of income on a yearly basis is necessary to ensure that only low income customers are offered the subsidized payment plan under CAP. While Columbia supports the need for customers to take some responsibility for their participation in the CAP program, Columbia provides customer ease by offering flexibility with regard to income re-verification.

Customers who have received LIHEAP, Dollar Energy Fund or another Columbia Universal Services program are exempt from annual re-verification. However Columbia reserves the right to ask these customers to re-verify on an as-needed basis. CAP participants who did not receive LIHEAP are required to mail in verification of their household income to the administrator for processing. Their new payment amount will be mailed to the customer in a letter explaining their continuance in CAP. If the customer prefers to re-verify in person, an appointment can be made available to the customer with a screening agency.

Columbia recognizes the difficulty re-verification could be for seniors particularly considering the often-minimal income changes that occur with this population. CAP customers 60 years and older who are also on Social Security or Disability Assistance are exempt from annual re-verification. They are required to either re-verify their income every other year or receive energy assistance.

Columbia will continue to issue a letter to the customer 30 days prior to the customer's anniversary date. Columbia will remove from CAP any customer failing to re-verify within 30 days after the anniversary date and 60 days after the initial notification that verified income is required.

Prior to removing a customer from CAP for lack of re-verification, Columbia proposes to partner with electric CAP programs to obtain proper verification and retain the customer in CAP.

Once removed a customer will be re-entered into CAP immediately after eligible proof of income is received.

Arrearage Retirement

CAP rules require that the customer exhibit regular monthly payment practices to receive arrearage retirement benefits, including the five-dollar monthly co-pay toward the customer's pre-program arrearage. Customer co-payments will be spread over a

maximum of a three year time period, commencing when a customer is accepted into the program. The unpaid portion of the pre-program arrears is forgiven over the 3 years. The customer co-pay and retirement is clearly noted on the account summary portion of the monthly CAP bill.

Gas Transportation

As a result of the Natural Gas CHOICE and Competition Act, Columbia formulated a low-income aggregation for CAP customers concurrent with Columbia's Choice program.

As a condition of CAP, the customer is required to agree in writing to allow Columbia to act as an agent, on their behalf to contract for the purchase of gas supplies from a licensed natural gas supplier ("NGS"). The NGS is selected by Columbia based upon responses to a Request for Proposal (RFP), which is sent to license NGSs on the Columbia system. In order to make CAP more cost-effective, the RFP seeks to obtain a cost of gas that is lower than Columbia's sales service rate. Through this arrangement, CAP customers may benefit from the competitive market for gas supply, and from the economies of scale gained through the aggregation of their volumes into the larger CAP group.

In 2001, Columbia presented a feasibility study to the Public Utility Commission on its CAP aggregation. In summary, the aggregation model proved to be a successful alternative to traditional CHOICE. External studies offered additional support for the continuance of an aggregation.

Columbia has not received a competitive bid from NGSs for the last two years. CAP customers are currently on tariff sales gas. Columbia will continue the RFP process to obtain a qualified bid through subsequent RFPs, however request re-consideration of the portability requirement in light of the market changes since the inception of CHOICE.

Universal Service Projected Needs Assessment

Columbia wrote the projected needs assessment on the premise that Universal Service Programs should be offered as part of a menu of options to suit the circumstances of individual customers. Columbia looks at the potential participant and recommends what programs would best suit his payment-troubled situation. One size does not fit all, nor does one program suit all customers.

Columbia has implemented this philosophy through administrative processes within its customer services protocols to handle the low-income, payment-troubled customers at the first point of contact. This process was previously referred to as the One-Stop-Shop approach.

Columbia referenced several sources to complete this assessment. The first is the 2000 Federal Census Data and the second is Columbia's customer information system. In line with the Bureau of Consumer Services' document dated May 9, 2001, Columbia based the first step of the needs assessment on the following six criteria:

1) The Number of Identified Low-Income Customers

In recognition that the CAP is designed to address the needs of chronic low-income, payment-troubled customers, Columbia began its process of identifying potential CAP customers by reviewing customers who have continued to meet certain criteria for a twelve month period. The selection criteria used was: all level 1 and 2 customers who have had payment agreements; all accounts that have received LIURP, CAP, LIHEAP or other energy assistance programs including Hardship Funds; all accounts whose financial summaries show incomes below 150% of Federal Poverty Guidelines; and those accounts that met the income criteria who were not on payment plans.

The following table identifies that using this criteria, 59,704 customers are identified as low-income on Columbia's records; those who have received energy assistance or another Universal Service program that have confirmed their income to be below 150% of federal poverty guidelines. Also included are customers who have declared their income to be such; however, have not confirmed it through income verification.

The Number of Identified Low-income Customers

59,704

	CAP	Level 1&2	Total
Jan-07	22,618	38,477	61,095
Feb-07	22,623	38,784	61,407
Mar-07	23,844	37,857	61,701
Apr-07	23,881	37,299	61,180
May-07	24,453	36,026	60,479
Jun-07	24,751	34,850	59,601
Jul-07	24,728	34,140	58,868
Aug-07	24,618	33,516	58,134
Sep-07	24,599	33,525	58,124
Oct-07	24,531	33,890	58,421
Nov-07	24,391	33,910	58,301
Dec-07	24,107	35,029	59,135
Average	24,095	35,609	59,704

2) An Estimate of Low-income Customers

As another means of determining the number of low-income customers, Columbia estimated the number of low-income customers using updated federal census data. Columbia used the most recent census data available at the county level to obtain this number. The table below references the number of households that Columbia serves and equates that to a percentage (22.95%) compared to the total number of households within each county. The census data states that there are 315,812 low-income households within the counties Columbia serves. Using the same percentage (22.95%), 70,346 households are estimated to be Columbia low-income households.

70,346

County	Customer Count ⁽¹⁾	Census Household ⁽²⁾	Percent Customers CPA ⁽³⁾	Census Household Low-Income ⁽⁴⁾	Low-Income CPA ⁽⁵⁾
Adams	12,347	33,652	36.69%	5,001	1,835
Allegheny	96,225	537,150	17.91%	106,443	19,068
Armstrong	914	29,005	3.15%	6,922	218
Beaver	34,370	72,576	47.36%	13,626	6,453
Bedford	11	19,768	0.06%	4,409	2
Butler	7,971	65,862	12.10%	11,159	1,351
Centre	9,198	49,323	18.65%	13,068	2,437
Clarion	3,716	16,052	23.15%	4,247	983
Elk	34	14,124	0.24%	2,337	6
Fayette	22,111	59,969	36.87%	18,744	6,911
Franklin	4,107	50,633	8.11%	8,108	658
Fulton	5	5,660	0.09%	1,225	1
Greene	2,761	15,060	18.33%	4,128	757
Indiana	559	34,123	1.64%	9,815	161
Jefferson	383	18,375	2.08%	4,285	89
Lawrence	18,514	37,091	49.92%	8,630	4,308
McKean	3,269	18,024	18.14%	4,106	745
Mercer	28	46,712	0.06%	9,530	6
Somerset	4,409	76,529	5.76%	7,645	440
Venango	708	22,747	3.11%	5,600	174
Warren	2,439	17,696	13.78%	3,314	457
Washington	39,739	81,130	48.98%	15,860	7,769
Westmoreland	20,458	149,813	13.66%	27,704	3,783
York	87,378	148,219	58.95%	19,906	11,735
Totals	371,654	1,619,293	22.95%	315,812	70,346

- 1) **CPA Customer Count** – Number of households per county identified by Columbia Gas as being served by Columbia Gas.
- 2) **Census Household** – Number of households per county identified by census data.
- 3) **Percent Customers CPA** – Percent of total county households served by Columbia Gas (#1 / #2).
- 4) **Census Household Low-Income** – Number of low-income households per county identified by census data.
- 5) **Low-Income CPA** – Estimated number of low-income households per county served by Columbia Gas (#3 X #4).

Definitions:

- **Low-Income** – At or below 150% of Federal Poverty level.
- **Payment-Troubled** – Customers who have payment agreements or who have failed at least one agreement within 12 months.

3) The Number of Identified Payment-troubled, Low-income Customers

Next, Columbia used data gained from its actual experiences with payment plans to identify the number of chronically payment-troubled customers. Columbia used a Payment Plan Status Report, BCS and Non-BCS Agreements, Level 1 - Defaulted Delinquency, Cancelled Plans and Terminated Plans from January through December 2007 and took the highest monthly average (2,493). Based upon the definitions at 52 Pa. Code §§ 54.72, 62.2 and 69.262, "Payment Troubled" is defined as a household that has failed to maintain one or more payment arrangements in a one-year period.

4) An Estimate of Potentially Payment-troubled, Low-income Customers

Next, Columbia compared the data obtained from its customer information system to census data. The number of customers identified as low-income customers based on Columbia's customer information system is 59,704. The number of customers estimated by census data to be low income is 70,346. The census figures suggest that Columbia's service territory has 10,642 more low income customers than Columbia's data indicate.

5) The Number of Customers Who Still Need LIURP Services and the Cost to Serve That Number

Pursuant to BCS's May 9, 2001 document, Columbia identified the number of customers that meet the LIURP eligibility criteria, excluding those customers who have already received weatherization services. According to data from Columbia's customer information system, 36,653 customers meet the LIURP eligibility criteria. Of these customers, 4,918 have already received weatherization services. Therefore, 31,735 customers could receive weatherization services. Of that number 14,000 are property owners while the remaining 17,735 are renters. Columbia historically has had difficulty obtaining landlord approvals to weatherize homes. Realizing a 50% success rate, Columbia anticipates that 1/2 of the 17,735 renters in addition to the 14,000 property owners, totaling approximately 22,000, could receive weatherization services.

Based on Columbia's weatherization experience, the average cost to weatherize each home is \$5,731. Therefore, it would cost \$126,082,000 to weatherize all the potentially eligible households in the Columbia service territory. Columbia annually funds LIURP at a spending level of \$1,369,000 and proposes to increase funding to approximately \$3,000,000 in 2009 and 2010.

6) The Enrollment Size of CAP to Serve All Eligible Customers

Finally, Columbia determined the appropriate size of the CAP to serve all eligible customers. Using the data discussed above and Columbia's enrollment history we believe the appropriate size of the CAP should remain at 27,135 customers –

Columbia's previously established enrollment limit. Despite ongoing enrollment efforts, the active total number of customers enrolled in CAP has remained stable at approximately 23,500 customers. This strongly suggests that the program is properly sized; that every customer who has had a need for CAP has been permitted to participate in the program; and that no customer has been turned away due to the upper limit on enrollment. Based on Columbia's experience there is no evidence suggesting that the CAP enrollment limit is insufficient or that it should be increased.

Columbia therefore recommends that the Commission re-approve the existing 27,135 as the upper limit of CAP enrollment.

The Universal Services Programs, CARES, CAP, Hardship Funds and LIURP respond to the identified needs in different ways. Over 23,000 customers are currently receiving benefits from CAP, while 800 additional customers have received assistance through CARES services. Hardship Fund recipients average 2,500 annually along with an additional 200 households weatherized each year. Columbia identified that there are 27,135 customers who are potential participants for CAP. Columbia looks to serve these customers through the menu of options available under Universal Services.

Projected Enrollment *

	2009	2010	2011
LIURP	500	500	500
CARES**	800	800	8000
CAP	25,000	26,000	27,000
Hardship Funds	2800	2800	2800

*. These projected enrollments stated in this table are rough estimates. Actual enrollments may vary from these projections.

** Customers assisted by CARES outreach services. Actual customers in CARES caseload is approximately 69.

Conclusion

Columbia's Universal Service Program is designed to address the multifaceted needs of Columbia's diverse customer base. The present array of Universal Service Programs is an appropriate mix of services that meets the requirements of 66 Pa. C.S.A. §2203(8) and 52 Pa Code Chapter 62. Columbia respectfully requests that the Commission approve the previously described changes. Columbia also respectfully requests that the Commission approve this updated Universal Service and Energy Conservation Plan in its entirety