



**UGI Utilities, Inc. – Gas Division  
Universal Service Plan  
July 2, 2007  
For  
2008 through 2010**

**UGI Utilities, Inc. – Gas Division  
Universal Service Plan  
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**Summary of Plan Changes**

Over the last three years UGI has made many changes and enhancements to its Universal Service Programs. Listed below are the changes from the last filed Plan that are included in this Plan.

**Operation Share Energy Fund**

- On June 1, 2006, UGI Operation Share Fuel Fund was given 501(c) (3) status
- Beginning program year 2006-2007 UGI changed the methodology of how contributions were distributed, staying in the community from which they were donated, to the method directed in Docket No. A-120011F2000, A125146F5000, A125146 and described in the body of the document. (See page 8).
- UGI increased the maximum grant to \$300 from \$200 and increased the income eligibility to 200% FPIG from 150%. This change is in response to Finding 22 of UGI recent Universal Service Program Evaluation filed June 1, 2007
- UGI amended the guideline requirements for payments to require that an applicant have paid at least 3 out of the last 12 energy bills. This change is in response to Finding 22 of UGI recent Universal Service Program Evaluation filed June 1, 2007.
- UGI will begin to investigate the possibility of contracting with an umbrella agency to administer Operation Share Energy Fund as also suggested in Finding 22 of the Evaluation

**Low Income Self Help Program (LISHP)**

- The LISHP system enhancements and were completed and put into production on June 28, 2007. The updated system addresses findings 2, 3, and 11.
- UGI will continue to monitor LISHP and its participants to address findings 5, 7, 8, and 10.
- In December 2006 UGI increased the LISHP shortfall maximum from \$840 to \$1146 for heating customers and from \$560 to \$640 for non heating customers.
- Increased enrollment from 4,000 to 8,000

**Low Income Usage Reduction Program (LIURP)**

- Completed the Solar Water Heating Pilot

**Customer Assistance and Referral Evaluation Services (CARES)**

- No changes

**UGI Utilities, Inc. – Gas Division  
Universal Service Plan  
July 2, 2007**

**Plan Summary**

UGI Utilities, Inc. – Gas Division serves approximately 291,590 residential customers in fifteen counties in eastern Pennsylvania. Approximately 45,000 of these residential customers are delinquent in paying their gas bills at any given time. Approximately 29,645 customers are currently confirmed low-income.

To assist our low-income customers as well as others who may be having difficulty paying their bills, UGI has established universal service and energy conservation programs and policies that are consistent with regulatory requirements and good business practices. UGI provides customers with information on available programs and assists them in receiving assistance from community based organizations. Program information is delivered to customers via regular bill inserts and through the Company's customer service representatives when appropriate. In addition, the Company has special toll-free telephone numbers that customers can call to get program information. UGI's Universal Service Programs include Customer Assistance and Referral Evaluation Services (CARES), Hardship Funds (Operation Share), the Low Income Usage Reduction Program (LIURP) and a Customer Assistance Program (LISHP). The Company also actively encourages payment troubled customers to apply for grants from the Low Income Home Energy Assistance Program (LIHEAP).

In 2006, the Company, through its Universal Service and energy conservation programs, assisted over 25,000 customers. A summary of UGI's program expenditures and participants follows.

Program Title	LISHP	LIURP	CARES/LIHEAP	Fuel Fund	Total
Number of Participants	9,485*	254	15,294	462	25,495
Annual Cost of program	\$3,396,393	\$659,649	\$63,841	\$56,000**	\$4,119,883

- Total number of customers enrolled to maintain program participation of 8,000
- UGI initial funding of \$40,000 and \$16,000 matching funds

**Projected Participation and Estimated Funding for 2007 through 2010**

<b>Program Title</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
LISHP Participants *	9,500	9,500	9,500	9,500
LISHP Costs	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
LIURP Participants	415	415	415	415
LIURP Costs	\$1,022,825	\$1,022,825	\$1,022,825	\$1,022,825
CARES/LIHEAP Participants	16,000	16,500	17,000	18,000
CARES/LIHEAP Costs	\$65,000	\$70,000	\$75,000	\$80,000
Fuel Fund Participants	500	500	500	500
Fuel Fund Costs**	\$56,000	\$56,000	\$56,000	\$56,000

\* Total number of customers enrolled to maintain program participation of 8,000

\*\*\$16,000 of budget total is available as matching grants for customer contributions

Staff structure for Universal Service Programs is as follows:

Manager, Customer Accounting Services

Regulatory Compliance and Customer Outreach Supervisor

Responsible for the supervision of the group and all reporting requirements.

Senior Customer Outreach Representative (1)

Primarily responsible for LIHEAP and CARES outreach and supervision of seasonal LIHEAP personnel.

Customer Outreach Representatives (4 full time, 1 part time)

Responsible for the day to day operations of the LIURP, LISHP and Operations Share Fuel Fund. Each maintains daily contact with the Community Based organizations responsible for the administration of each program.

UGI staff is trained to insure that eligible customers are referred to all appropriate Universal Service Programs in order to provide the greatest benefit to the customer. The company uses a dedicated 800 number (1-800-UGI-WARM) for Universal Service referrals. UGI and contractors have the capability to screen, enroll and refer customers for all available Universal Service programs.

UGI staff incorporates all Universal Service program referrals into existing processes (CWIP, collection, compliance and contract management) and coordinates services with dedicated Universal Service Staff. The Universal Service staff also coordinates and makes referrals to all universal service program components, as well as LIHEAP and State Weatherization.

**UGI UTILITIES, INC.**  
**GAS DIVISION**  
**CUSTOMER ASSISTANCE AND REFERRAL EVALUATION SERVICES**  
**CARES**  
**Universal Service Plan**  
**July 2, 2007**

**DESCRIPTION OF CARES PROGRAM**

Goals and Objectives

The goal of the CARES Program is to provide personal assistance and referrals to payment-troubled customers which help to ameliorate their delinquent bill payment problems. CARES concentrates on, but is not exclusively for, the low income segment that may lack the knowledge of energy conservation, budget counseling and fuel assistance programs. Unlike other UGI customer assistance programs, CARES is geared toward the customer who has a temporary, immediate need, such as loss of income, loss of head of household, illness, or any other temporary situation resulting in an inability to pay. CARES is intended to be a short-term assistance referral program to guide a customer through a rough time and return him to full ratepayer status. The CARES program also provides extensive LIHEAP outreach.

Program Design

The UGI CARES consists of two components, traditional CARES and seasonal LIHEAP outreach. At any time throughout the year, appropriate customers are referred to CARES primarily by the Credit and Collection, Customer Accounting, Customer Service and Meter Reading departments. UGI will also accept referrals from any appropriate community-based organization. A UGI representative may contact the customer to identify the reason for the referral. The representative may work with the customer to find a solution for the nonpayment and/or refer the customer to any and all appropriate social services (budget counseling, food banks, job training, literacy programs, etc.). In addition, the customer may be assisted in applying for all appropriate energy grants and establishing a realistic payment arrangement.

Each CARES customer may receive a follow-up contact. Every quarter, payment agreements are reviewed and revised if necessary.

At appropriate times of the year, each eligible CARES customer receives information on additional UGI Customer Outreach programs such as:

- LIHEAP
- Earned Income Tax Credit
- UGI LIURP
- UGI LISHP
- UGI Operation Share
- Hypothermia, Heat Stress
- UGI Customer Assistance Guide

If at any time a customer refuses to apply for or cooperate with Program services, he may be removed from the Program and referred to the Credit and Collection department for collection procedures.

### **ELIGIBILITY CRITERIA**

Any customer with a delinquent balance or a negative ability to pay may be eligible for CARES. In addition, a customer with a special need such as: recent unemployment, a disability, loss of head of household, inability to understand their UGI bill, temporary illness or aged is also eligible for CARES.

### **NETWORKING**

Customer Outreach employees maintain contact with community-based organizations through referrals and educational services. Upon request, UGI employees plan organized and/or conduct community meetings and workshops to educate customers in energy conservation and to increase public awareness of UGI's various CARES program services.

Employees maintain communication with appropriate professional and local organizations to strengthen skills and remain current on local issues.

### **BUDGET**

UGI plans to continue to budget approximately \$70,000 each year for LIHEAP and CARES Outreach.

### **CONCLUSIONS/TRENDS**

UGI will continue to review and enhance its CARES Program. The goal is to accurately identify special needs customers and assure that those customers receive all of the appropriate referrals. UGI will continue to conduct LIHEAP outreach to increase awareness of the program and to encourage all eligible households to apply for LIHEAP grants.

**UGI UTILITIES, INC.**  
**GAS DIVISION**  
**OPERATION SHARE ENERGY FUND**  
**Universal Service Plan**  
**July 2, 2007**

**PURPOSE**

UGI's fuel fund, Operation Share Energy Fund, has been formed to provide assistance to UGI residential customers faced with a hardship in paying their energy bill due to an unforeseen situation.

A number of reasons can be identified that affect the ability of people to pay their bills:

- ❖ As many people face problems with higher energy costs, those living on fixed or low incomes lack resources to keep on top of added expenses.
- ❖ An unfavorable economic climate within UGI's Service Area could have an impact on many families.
- ❖ A sudden death or serious injury/illness to the head of the household who is the primary contributor of the family income.
- ❖ Unemployment affects the ability of many people to pay their energy bills.
- ❖ Cutbacks of State and Federal funds for Low Income Home Energy Assistance Program (LIHEAP) and other social programs.
- ❖ Elderly citizens who may require a higher thermostat setting and are more susceptible to hypothermia. Many of these elderly do not have the money to weatherize their homes or to move to smaller living quarters.
- ❖ For many other reasons, a number of people suddenly find themselves delinquent for the first time in paying their energy bills.

**OBJECTIVES OF OPERATION SHARE**

- ❖ To provide customers, employees, and the public an opportunity to contribute money to help their less fortunate neighbors who are unable to pay their energy bills due to unforeseen circumstances.
- ❖ To give financial assistance to current UGI customers on fixed or low incomes, unemployed, disabled, or those faced with some catastrophic event, who have strived to maintain a good payment record.
- ❖ To show the Company's compassion for the group of UGI customers who are suddenly faced with a crisis situation and need temporary assistance to get back on their feet.
- ❖ To add additional funds and support to community organizations that is dedicated to this same purpose.

## FUNDING

Annually, UGI will commit \$40,000 in energy vouchers. The commitment will be used for voucher payments directly to UGI for those residential customers who are declared eligible by the designated community-based organization.

UGI will also commit up to another \$16,000 as matching funds. For every two dollars the customers, employees or outside sources contribute to Operation Share, UGI will issue an additional one dollar in energy vouchers, up to a total of \$16,000.

UGI employees will be encouraged to make a donation directly to Operation Share. Additional fund raising events may be organized in each of UGI's operating areas.

It is intended that an appeal will be made at least twice during the year to all UGI customers, via a billing insert, to make a contribution to Operation Share. The insert describes Operation Share and requests support with a check for any amount. All donations from customers, employees, and outside sources are kept in a separate Operation Share bank account and passed directly to the participating agencies to make direct payments to energy vendors for those applicants who qualify.

No Company matching funds are made available to match public, tax-supported sources such as the Low Income Energy Assistance Program.

Per Opinion and Order Docket No A-120011F2000, A125146F5000, A125146

“CEO proposed that the company distribute hardship funds in the area from where the contribution came but only up to the limit of the percentage of low income in the area with the excess being distributed elsewhere. In other words, in the example above, customer contributions in an area that is only 9% of the company’s low income can be distributed in that area only up to the maximum 9% level with any excess being distributed in other areas”

Therefore, based on the 2000 Census Data and PUC estimate of the number of residents under 150% FPIG, UGI will distribute donations to the existing administering agencies as follows:

8%	Carlisle United Way
16%	Harrisburg Red Cross
5%	Lebanon Christian Ministries
16%	Lancaster Community Action Program
7%	Easton Salvation Army
7%	Bethlehem Salvation Army
15%	Allentown Salvation Army
4%	Hazleton CEO
22%	Reading Salvation Army

If and when administering agencies change this formula will be reviewed.

## **ADMINISTRATION**

The Operation Share program is administered through the Customer Outreach Department.

Customer contact administration of the Operation Share program is presently administered by local service agencies. The agencies accept and screen applicants and make recommendations as to the granting of assistance.

Those agencies are listed below. Other agencies may be added at any time, or substituted if appropriate.

- ◆ American Red Cross - Susquehanna Valley Chapter
- ◆ Lebanon Christian Ministries
- ◆ Carlisle Area-Opportunities Industrialization Center, Inc.
- ◆ Community Action Program of Lancaster County
- ◆ The Salvation Army - Allentown
- ◆ The Salvation Army - Bethlehem
- ◆ The Salvation Army - Easton
- ◆ Commission on Economic Opportunity of Luzerne County
- ◆ The Salvation Army - Reading
- ◆ CEO - Hazleton

A responsible officer of the Agencies has been designated as the Director of the Fund and has the final authority to approve or deny assistance to an applicant. The primary function of the Agency is to process applications for assistance, determine eligibility, and disburse Operation Share energy vouchers or checks.

UGI personnel will not participate in the determination of grants, other than to:

- ◆ Refer applicants to the Agency for consideration;
- ◆ Verify the applicant is an active UGI Residential Customer;
- ◆ Provide the Agency with applicant's payment history and billing information upon request;
- ◆ Work out an agreed delinquent payment schedule for any remaining past due account balances.

Operation Share Energy Fund is designated as a public charity under section 501 (c) (3) of the Internal Revenue Code.

## **ELIGIBILITY**

The guidelines for grants from Operation Share should be administered with sufficient flexibility to provide the assistance intended by the program. In order to assure fair treatment of all applicants, however, the following guidelines must be followed (unless UGI and the Agency agree to waive or modify a guideline in

extraordinary circumstances):

- ❖ The applicant must reside in UGI's service territory.
- ❖ The applicant must have an outstanding balance on their energy and/or UGI bill
- ❖ The maximum income of the applicant's household must be at or below the current FPIG of 200%.
- ❖ The applicant's energy bill payment history must demonstrate a reasonable effort to meet obligations by having paid at least 3 out of 12 of their most recent bills.
- ❖ The applicant must provide adequate information to demonstrate inability to pay energy bills. Necessary information includes evidence of income and expenses of all members of the household. In addition, the applicant will authorize the Agency (verbally or written) to obtain account history information from their energy vendor.
- ❖ Applicants for Operation Share with delinquent UGI balances must first contact UGI's credit department to set up an active payment arrangement. After the arrangement is made the applicant will be considered for the Operation Share grant.
- ❖ The maximum grant for an applicant within the UGI Gas Division's service territory will be \$300.
- ❖ An active participant in the UGI Customer Assistance Program LISHP is not eligible for Operation Share assistance.

## **PAYMENT OF GRANTS**

The designated Agency is granted a maximum amount against which vouchers can be written. So long as the Agency's maximum is not exceeded, a voucher may be written and will be honored by UGI for the payment of the applicant's UGI bill.

The maximum payment will not exceed \$300.

The source of the energy vouchers is from UGI's original \$40,000 commitment and from UGI's \$16,000 matching grant. Cash contributions are solicited from customers, employees, and the public.

All cash funds must be retained by the agency in its Operation Share account and payments from this account will only be made to Energy Vendors.

Under no circumstances will any payments be made directly to an applicant.

A responsible officer of the agency is the only person authorized to sign vouchers on behalf of the agency. This person should also be responsible for the agency's Operation Share account.

## **Agency Reporting**

A monthly reconciliation report is completed each month for business conducted the previous month. An electronic Spreadsheet is provided to each agency at the beginning of each program year. This is updated by the agency monthly and e-mailed to UGI

## **Budget**

The administrative budget of the Operation Share Fuel fund is absorbed into the general operating budget of UGI.

The participation level of Operation Share is limited by the amount of donations received from customers, employees and others. UGI will continue to look for ways to increase donations to serve as many households as possible. This Operations Share Fuel Fund plan does not differ from previous year's plans.

**UGI UTILITIES, INC. - GAS DIVISION**  
**LOW INCOME SELF-HELP PROGRAM (LISHP) SUMMARY**

**INTRODUCTION**

This program will provide up to 8,000 eligible low-income, payment-troubled residential customers a more affordable way to pay their natural gas bill. Each month, program participants will be billed at the LISHP Amount, an equal monthly budget amount based on the participant's gross income. The program will focus on encouraging energy conservation and responsibility as a utility customer.

It is UGI's intent to strive to maintain a group of up to 8,000 customers and track their progress.

The LISHP will be administered by community-based organizations, which will be referred to as the Administering Agency, reporting to the LISHP Program Administrator, a designated UGI representative.

Any changes to the LISHP are noted within the text of this plan.

**PROGRAM FUNDING**

As stipulated in docket no R-00994786 , for the first 4000 LISHP participants, UGI is permitted to recover, through a combination of available OPEB funding and, if necessary, base rate increases, \$1.5 million per year to cover incremental LISHP costs. UGI will retain records of amount redirected from OPEB funding and will produce such recorded upon request at that time of its next general base

rate proceeding.

To the extent that the redirected OPEB funding currently contained in UGI's base rates is insufficient to cover the funding amounts discussed above, UGI shall be permitted to adjust the base rates of its residential classes to recover the deficiency. At least sixty (60) days prior to the effective date of this rate change, however, UGI will provide the OCA with a copy of an actuarial study showing the amount of OPEB funds projected to be available for redirection, and the OCA will be free to challenge the accuracy of the actuarial study and, to the extent that challenge is sustained by the Commission, the level of UGI's base rate adjustments to the residential classes may be modified accordingly.

Funding mechanisms discussed above will remain in effect until UGI's next general base rate case. That fact that OPEB funding (that may or may not be allocated to several rate classes under the "black box" terms of the settlement of UGI's last general base rate case) is redirected to fund LISHP expenditures, or adjustments to the base rates of the residential classes are made to fund LISHP expenditures pursuant to this agreement, shall not constitute an admission against or prejudice to any position that any party may take in the Company's next general base rate case concerning how LISHP or OPEB funding costs are to be allocated prospectively.

Also, Docket No. P-00052190 outlines the LISHP Rider funding mechanism for all participants over 4000.

## **PROGRAM MONITORING**

Periodic progress reports will be generated by UGI to monitor the LISHP administration. These reports will include basic information related to the number of program participants, payments, and account status.

UGI will perform periodic audits of administering agency records pertaining to the administration of the LISHP.

## **PROGRAM EVALUATION**

Both a program process evaluation and impact evaluation will be performed as required. Evaluations will be performed by an independent, third party evaluator.

Process and Impact evaluation areas will include:

- Program Design
- Administrative Costs
- Program Costs
- Payment Behavior
- Consumption Habits
- Energy Assistance Participation

## **ADMINISTERING AGENCY RESPONSIBILITIES**

1. Properly complete the LISHP application.
2. Verify eligibility, proof of identification, proof of income and family size.
3. Assist applicant to properly complete LIHEAP and other grant applications.
4. Fully explain the program benefits and responsibilities to the applicant.
5. Calculate the payment amount, based on guidelines provided by UGI, and discuss with the applicant.
6. Steps 1 through 5 will be completed within 2 working days.  
Exceptions may be granted.
7. UGI will confirm acceptance in the program within 2 working days of receiving application.
8. Provide Customer Education in the areas of:
  - Usage Reduction Education consistent with that outlined in UGI's LIURP.
  - Low cost/no cost energy conservation tips.
  - Basic household budget counseling

- Related items specific to the individual applicant's needs.
9. Monitor each account monthly based on UGI work lists.
  10. Refer participant's to any other assistance, social, or governmental programs that may provide help for any other present needs and monitor participant's follow-up and performance. Typical programs available to participants in UGI's Reading service area include: Budget Counseling, home maintenance programs, Super Cupboard, Parenting Skills Classes, Smart-Shopper, self-esteem workshops, Community Resources, English as a Second Language, GED/Educational Program, Drug/Alcohol Counseling, Tenant/Landlord Relations, and other programs.
  11. Encourage participants to enroll in UGI's ABC Plan (automatic/electronic bill payment plan) or any other available automatic payment services.
  12. Contact, based on a UGI work list, any participant if payment is not made as agreed.
  13. Assist the customer to the fullest extent possible to assure he does not default from the program for failure to pay two consecutive months or for other reasons as defined in the conditions for REMOVAL FROM LISHP
  14. Process the annual recertification of all requirements.

- 15 Process appeals for reconsideration from participants removed from the LISHP within 30 days.

#### Current Administering Agencies

Harrisburg Salvation Army

Lebanon Christian Ministries

Lancaster Community Action Program

Allentown Salvation Army

Easton Salvation Army

Commission on Economic Opportunity of Luzerne County, Hazleton

Reading Salvation Army

Reading Neighborhood Housing Services

## **ELIGIBILITY REQUIREMENTS**

1. To be eligible for the LISHP, applicants may be referred by the company or the administering agency. Strong consideration will be given to applicants who have been actively participating in any bona fide "self-help" or "on a track" agency program for at least 90 days.
2. Household income must be verified at 150 percent of poverty, or less.
3. Applicants must be a UGI residential heating customer with active UGI gas service. Exceptions may be granted to non-heating customers.

## **PARTICIPATION TERMS AND CONDITIONS**

The amount to be paid each month on or before the due date will be based on the customer's income. LIHEAP grants received will be applied to reduce the shortfall between the Rate R - General Service - Residential and the LISHP monthly payment amount. Any LIHEAP Crisis payments will be applied to past due LISHP payments. Exceptions to the following payment schedule and grant application practice will be made based on individual needs.

### **MONTHLY PAYMENT CALCULATION**

	<u>Percent of Poverty</u>	<u>Monthly LISHP Payment</u>
Income Level 1:	0 - 50%	7% of Participant's Monthly Income

Income level 2: 51 - 100% 8% of Participant's Monthly Income

Income level 3: 101 - 150% 9% of Participant's Monthly Income

Minimum monthly payments: Heating Account \$18, Non-Heating Account \$12

Where a participant's annual billing deficiency, exceeds \$1,146 for heating or \$640 for a non-heating account, the excess amount will be apportioned to his monthly LISHP Amount.

In accordance with the Company's tariff, qualifying low income residential customers who take service under Rate R and use natural gas for the primary source of space heating requirements, the commodity charge will be reduced by no more than the current PGC rate.

LISHP staff will verify calculated monthly LISHP payment based on income percentage to assure the payment is not less than approved LISHP tariff amount.

At any time during the program should participants' monthly income change, the Monthly LISHP Payment amount will be reviewed and changed, where appropriate.

While actively participating in the program, late payment charges will not be imposed.

The monthly payment amount will be reviewed annually and adjusted as needed to accommodate any changes in arrearage, actual usage, and cases where

billing deficiency exceeds prescribed program limits.

Upon request, and at least annually, participant must provide evidence of continued program eligibility.

Participant will be encouraged to participate in UGI's ABC Plan (automatic/electronic bill payment plan), where possible.

If a participant changes residences while in the LISHP, the following conditions are understood:

- The new residence will not automatically be eligible for UGI's LIURP.
- As long as all eligibility requirements and other terms and conditions continue to be met, participant may remain in the LISHP.
- So long as the participant remains enrolled in the program no late payment charges will be imposed on the preprogram arrearage.
- Any assistance grant received by a LISHP participant, other than LIHEAP, may be applied to the customer's Pre-Program Arrearage. In the event that no Pre-Program Arrearage exists, grants may be used to reduce the monthly shortfall.

### **PARTICIPANT OBLIGATIONS**

1. Participant must agree to make the monthly LISHP payments.
2. Eligible participant must apply for and direct to UGI his LIHEAP Cash or Crisis grant.

3. Participant must agree to conserve energy, reduce gas usage, and if eligible, participate in UGI's Weatherization Program and any other weatherization services offered through local and state weatherization agencies (unless residence was previously weatherized under these programs).
4. Participant must agree to provide access to the meter for an actual meter reading every other month and complete customer meter reading cards in the interim months. Shortfall and pre-program arrearage forgiveness may be held up if an actual meter reading is not available.
5. Participant must agree to participate in good faith and comply with all educational, assistance, social, or governmental programs recommended by the administering agency.
6. Participant must agree to report immediately to the administering agency any change in family size, change in income or change of address.
7. Participant must agree in writing to comply with the LISHP requirements.
8. Participant must agree to apply for any assistance grant for which he may be eligible.

## **ARREARAGE FORGIVENESS**

The Company will forgive one-third of the frozen preprogram arrearage of a LISHP participant, only after the participant has been in the program for six consecutive months and has made six full payments. The balance of the frozen preprogram arrearage will be forgiven, in like amounts, at the end of 18 and 30 months assuming the participant has been in the program for periods of 18 consecutive and 30 consecutive months respectively and has made all required LISHP payments. To be eligible for preprogram arrearage forgiveness; participants must maintain all program requirements in each month since enrolling in the program.

## **Recertification Policy**

Upon request and at least annually, participant must provide evidence of continued program eligibility. Program eligibility includes but is not limited to:

- Receipt of a LIHEAP Cash or Crisis grant within the last 12 months
- Income documentation that verifies the participant's household income is at or below the current 150% of the Federal Poverty Income Guidelines.

Should the participant fail to recertify within two billing cycles of being notified to do so, his LISHP payment amount will be adjusted to the average usage billing amount. Upon completion of recertification the LISHP amounts will be re-adjusted to the percent of income payment amount. The participant will be

notified of the potential change in payment amount in the initial recertification request. UGI has experienced a lack of follow through with existing LISHP participants to complete the rectification process. We have found that this practice encourages those participants who continue to have household incomes at or below 150% to complete the recertification process and continue to keep their energy bills affordable.

## **LISHP CREDIT AND COLLECTION POLICIES**

The final option for a participant who fails to comply with the program should be loss of service. Final collections and termination of service is programmed into the existing LISHP system. LISHP is offered as the final attempt toward a successful payment arrangement. LISHP offers an affordable payment plan and arrearage forgiveness. No other arrangement, UGI or BCS will provide the participant the same level of benefit. Participants who refuse to comply with the LISHP payment arrangement should receive the appropriate consequence for their lack of action, loss of program benefits and loss of service. Therefore, UGI's default policy is as follows:

- Upon the second missed payment the 10 day shut off procedure will begin. The participant will be required to pay the amount set forth in the termination notice, usually the total of the two missed LISHP payments, prior to the scheduled termination date to avoid shut off.
- When the service is shut off the defaulted customer has up to 60 days to pay the full catch up LISHP amount including any LISHP bills that may have come due during the shut off process. Upon receipt of the full catch up amount the customer will be returned to LISHP.
- When the defaulted customer does not pay the full catch up amount within 109 days; he will be responsible to pay the full LISHP balance owing including any missed LISHP payments that may have accrued while the service was off, plus any fees associated with restoration of service. Upon full payment and service restoration the customer may return to LISHP.

Other reasons for which the customer may be considered in default and removed from the program are:

- Failure to comply with any customer obligation set forth in the program.
- Failure to comply with the obligation of good faith, honesty, and fair dealing while working with the administering agency or UGI.
- Household income increases to greater than 150% poverty. However, any participant in good standing who timely reports such a household income increase will be allowed to remain in the LISHP for 3 months before exiting the program. Any remaining preprogram arrearages will be prorated and forgiven as appropriate.
- After having been given at least 3 prior warnings to reduce usage, the customer experiences seven months of weather-normalized consumption increases cumulative from his LISHP start date. Exceptions may be granted.
- Refusal to participate in the UGI LIURP
- Any reason for which the customer's service may be terminated under Chapter 56 including:
  - (1) Nonpayment of an undisputed delinquent account.
  - (2) Failure to post a deposit, provide a guarantee, or establish credit.
  - (3) Unreasonable refusal to permit access to meters and other utility property.
  - (4) Unauthorized use of the utility service.
  - (5) Failure to comply with the terms of a settlement or payment agreement.

- (6) Fraud or material misrepresentation of identity to obtain utility service.
- (7) Tampering with meters or other utility equipment.
- (8) Violating any tariff provision on file with the Commission.

Additional reasons for an active participant may default from LISHP are:

- o Bankruptcy - at the time of the filing of bankruptcy all receivable amounts which may include frozen preprogram arrearage will fall under the jurisdiction of the Court and will no longer be eligible for LISHP benefits.
- o Legal Action - should UGI have reason to take legal action against a participant that encompasses any receivable owed to UGI, all receivable amounts which may include preprogram arrearages will fall under the jurisdiction of the Court and will no longer be eligible for LISHP benefits.

Participants removed from the LISHP will receive a written statement indicating the reason(s) for the dismissal.

Participants defaulting and dropped from the LISHP or applicants refused admission may appeal to the administering agency for reconsideration and then to designated UGI personnel for a final determination. Appeals will be responded to in writing within 30 days and may include a company utility report with information on how the customer may obtain a further review of denial of eligibility from PUC-BCS.

Customers defaulting and dropped from the LISHP will be referred to the

Company's Credit and Collection Department for further action, if necessary.

### **OTHER REASONS FOR REMOVAL FROM LISHP**

Any LISHP participant who voluntarily requests to be removed from the program due the following events;

- ◆ Receipt of a LIHEAP grant that may or may not result in a credit to the account,
- ◆ Seasonal usage bills temporarily totaling less than the monthly LISHP amount.

For these reasons the customer will be removed from the program and forfeit all program benefits. The customer will then be required to remain out of LISHP for a period of twelve months before they can re-apply for the program. The customer will be mailed a letter to confirm his request to be voluntarily removed form LISHP. The letter will include a postage paid return envelope. The customer will not be removed from LISHP until the signed letter is returned to UGI.

A LISHP participant may also be removed from the program for either of the following:

- ◆ Refusal to apply for LIHEAP, if income eligible.
- ◆ Refusal to participate in UGI LIURP

When the customer does comply with the requirement to apply for LIHEAP and or received UGI LIURP services they may be reentered into the LISHP.

Occasionally, UGI may determine that it is not in the customer's best interest to remain in the LISHP. In these cases the customer will receive a letter from UGI, that they will have to sign and return to the company before they will be removed from the Program. However, the customer my re-enter the program at any time should it again become a benefit.

## **REINSTATEMENT POLICY**

1. Applicants requesting reinstatement must comply with and agree to all applicable program eligibility requirements and customer obligations.
2. As a condition of reinstatement, applicant must provide adequate assurance that the reason(s) for the prior default and resulting program dismissal have been removed or corrected.
3. As a condition of reinstatement, applicant may be required, dependent upon individual circumstances, to make an up-front payment.
4. Applicant will be required to make up all missed LISHP payments or full balance when appropriate before reinstatement.

UGI reserves the right to deny LISHP reinstatement based on a showing of an applicant's disregard of program principles and ideals.

## **TRANSITION TO TRADITIONAL RATEPAYER STATUS**

Upon successfully completing 30 months of LISHP and having all preprogram arrearage forgiven; the LISHP payment amount will be evaluated. Often after arrearage forgiveness and energy conservation measures, a participants monthly energy bill becomes affordable. Therefore, successful LISHP participants will be transitioned to a traditional equal monthly payment option. The successful LISHP participant will continue to be monitored to re-enforce the regular payment habits established while participating in LISHP. This “graduation’ from LISHP to traditional bill payment will allow UGI to insure continual enrollment into LISHP in order to serve all eligible applicants.

**UGI UTILITIES, INC. - GAS DIVISION**  
**LOW INCOME USAGE REDUCTION (LIURP) SUMMARY**

**Revision July 2, 2007**

UGI's LIURP was established in 1988 to reduce the gas consumption of low income customers through the installation of energy conservation measures and energy conservation education. By reducing the gas consumption of these customers, the intent of LIURP is to reduce customer arrearage, collection and termination costs. UGI's LIURP places top priority on the health and safety of all LIURP participants. From 1988 through 2006, UGI LIURP has treated 3,831 homes at a cost of \$9,857,611.

LIURP funding is based on Docket No. A-120011F2000, A-125146F5000, A-125146 Order Adopted August 17, 2006. UGI will increase LIURP spending to 0.2 percent of jurisdictional revenues for its gas division and will be permitted to recover 50% of the incremental amounts in its CAP (LISHP) Rider through completion of UGI's next base rate proceeding. Funding of the LIURP may be addressed and modified in UGI's next base rate proceeding.

UGI is in constant contact with other LDC's, community-based organizations, local government, weatherization providers and any other appropriate agencies for input and advice on the most efficient and effective methods to provide LIURP services without duplication or exclusion.

Through the use of local Community Action Program agencies as UGI LIURP providers, integration of Federal, State and Local funds for LIURP participants are more easily accomplished. It is UGI's policy to inform each LIURP participant of any and all appropriate services.

Eligibility for the LIURP is based on the following criteria:

- \* An active UGI residential customer.
- \* Household income at or below the current 150% of the Federal Poverty Income Guidelines.
- \* Up to 20% of LIURP participants may have a household income at or below 200% of the Federal Poverty Income Guidelines.
- \* Annual CCF consumption of 1,250 or greater (exceptions may be granted).

Annually, UGI reviews its customer records to identify high usage, high arrearage, low income customers. Review of such records has and will continue to provide the LIURP with a sufficient number of eligible participants. In addition, UGI accepts referrals from community-based organizations, community groups and customer inquiries. The current LIURP funding level has been adequate to fulfill the number of referrals and requests for the Program.

## **ENERGY SURVEY**

Upon verification of Program eligibility by the LIURP contractor each LIURP customer will receive an on-site energy survey. Each energy survey will be administered by trained professionals of the LIURP contractor using blower door technology. Each energy survey will determine the most appropriate conservation measures to be installed

Energy saving measures installed will be determined to have a simple payback of seven years with the exception of side wall insulation, attic insulation, space heating system replacement and water heating replacement which will have a simple payback of twelve years.

## **INCIDENTAL REPAIRS**

Any incidental repairs needed to permit proper insulation, protect, or make the LIURP measures operate more efficiently will be included in the Program.

If at any time the repairs needed are beyond the scope of the LIURP an appropriate agency will be contacted. After the necessary repairs are completed the LIURP process will continue.

The UGI LIURP will limit the extent of repairs to be completed on rental properties. Each case will be evaluated individually as to the responsibility of the UGI LIURP or the Landlord. Any repairs deemed the responsibility of the Landlords will be documented and the Landlord will be notified in writing.

## **PROGRAM MEASURE INSTALLATION**

Installation

Based on the results of the energy survey, UGI LIURP subcontractors shall install the appropriate energy saving measures. Energy saving measures include but are not limited to: insulation, furnace replacement, water heater replacement, furnace efficiency modification, water conservation measures, infiltration measures and incidental repairs

The following Community Action Programs Agencies are currently contracted with UGI Utilities, Inc., Gas Division for the provision of energy survey and measure insulation:

Community Action Program of Lancaster County  
601 South Queen Street  
P.O. Box 599  
Lancaster, PA 17602

Community Action Committee of the Lehigh Valley  
1337 East Fifth Street

Bethlehem, PA 18015

Berks Community Action Program  
247 North Fifth Street, Second Floor  
Reading, PA 19601

South Central Community Action Program  
153 North Stratton  
Gettysburg, PA 17352

Commission on Economic Opportunity  
165 Amber Lane  
P.O. Box 1127  
Wilkes-Barre, PA 18703

### **INTER-UTILITY COORDINATION**

UGI maintains contact with appropriate electric utilities within its service territory to initiate inter-utility coordination when applicable. UGI and the electric utilities coordinate comprehensive program service to better serve LIURP customers. In many cases UGI and the corresponding electric utility employ the same LIURP measure installer. Therefore, inter-utility coordination may be accomplished without the need for written contract or inter utility billing.

## **PILOT PROGRAMS**

### **OIL SWAP**

This pilot project is an innovative way to serve low-income, payment troubled, non heating customers that would otherwise not receive UGI LIURP services.

Eligible UGI customer names are matched with those who received DCA weatherization. By matching names, UGI is reasonably assured that the heating system is on proper working order and able to receive heating oil.

Heating oil is obtained from UGI customers who convert heating systems to natural gas.

By providing low income, payment troubled, non-heating customers with free heating oil, they should be better able to reduce their UGI arrearage. Each customer receiving an oil delivery will be monitored for delinquent bill status. Those with a delinquent balance will be contacted and encouraged to establish or uphold payment arrangements.

The intent of this program is to reduce arrearage of these customers. All required information will be collected for reach customer. Particular attention will be given to customer payment and account balance information.

In the years that this pilot is active, UGI will reserve 10% of its total current year LIURP budget for Oil Swap Funding. If the entire budgeted amount is not expended, the remainder will be returned to traditional LIURP services funding. LIURP funding will cover:

- Oil pumping and delivery
- Community Action Agency Fees
- UGI Administration
- UGI Inspection

This pilot programs has proven to be an overwhelming success, however, current market conditions have reduced oil donations to the point that it is not currently economical to run the program. UGI would like to continue to have the option to start up this pilot program at any time the economic and market conditions would make the project practical.

## **Rehabilitation Pilot Project**

The rehabilitation Pilot Project will give low income customers a head start on affordable housing. UGI periodically joins forces with rehabilitation projects within its service area to assure energy efficiency in low income housing.

The intent of this pilot is to treat low income housing at the construction/rehabilitation phase in order to maximize material and labor dollars. It is believed that these homes will eventually receive LIURP services; therefore, it makes sense to provide service at this phase and avoid future high usage and arrearage problems.

Each project will differ in specific details; however, each project must have the following criteria to qualify for LIURP services and or funds.

- Low income housing
- Existing gas heat
- Coordination with a community bases organization

Possible community based organization that would become involved in this project could be:

- Neighborhood Housing Services
- Habitat for Humanity
- Housing Authorities
- Community Development Offices

All LIURP required information will be collected for each dwelling.

In the years that this pilot is active, UGI will reserve 10% of its total current year LIURP budget for Rehabilitation Project Funding. If the entire budged amount is not expended, the remainder will be returned to traditional LIURP services funding. LIURP funding will cover:

- Agency fees
- Measure installation and associated labor costs
- UGI administration
- UGI inspection

UGI has successfully partnered with a number of rehabilitation projects over the last ten years and will continue this program.

# LISHP NEEDS ASSESSMENT

**Table 1**  
**2007 Needs Assessment**

Description	Customers
Number of confirmed low-income customers All Level I and II customers with payment agreements reported in 2006 BCS Universal Service Report	21,276
Number of additional customers receiving LIHEAP and other energy assistance 2005-2006 Program Years	2,500
Average number of customers receiving LIURP on an annual basis who are non-LISHP	163
<b>Total Identified Low-Income Customers UGI Database</b>	<b>23,939</b>
<b>Number of Estimated LISHP participants @ 50%</b>	<b>11,969*</b>
<b>Total Identified Low-Income Households 2000 Census</b> 2000 Census estimates of Low-Income Households @150% FPL within Pennsylvania counties established the ratio of Low-Income Households in UGI Service Territory.	47,450
Number of estimated low-income customers who are low income and payment troubled at 40%	18,980**

\*PA Bulletin, Vol 29, No. 19, states "current participation rates for government programs such as food stamps and LIHEAP are around 50%. We would not expect every payment troubled customer who is eligible for CAP to apply for enrollment."

\*\* The Commission's Investigation of Uncollectible Balances Docket No. 1-9000002 found that 40% of the Commonwealth's low-income households are payment troubled.