



**UGI Utilities, Inc. – Gas Division
And
UGI Penn Natural Gas, Inc.
Universal Service Program
Final Evaluation Report**

July 2012

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Executive Summary

This evaluation report applies to UGI Utilities, Inc. – Gas division (“UGI Gas”) and UGI Penn Natural Gas, Inc. (“PNG”). (Collectively, UGI Gas and PNG are referred to herein as “UGI”.) UGI has implemented a set of Universal Service Programs to assist low-income customers and to meet requirements set by Pennsylvania’s Public Utility Commission (“PUC” or the “Commission”) orders and agreements. The Universal Service goals of the PUC are as follows.

- To protect consumers’ health and safety by helping low-income customers maintain affordable utility service.
- To provide affordable utility service by making available payment assistance to low-income customers.
- To help low-income customers conserve energy and reduce residential utility bills.
- To ensure utilities operate universal service and energy conservation programs in a cost-effective and efficient manner.

APPRISE conducted an evaluation of UGI’s Universal Service Programs to assess the performance and impact of these programs. This report describes the research that was conducted, the findings from that research, and recommendations for modifications to improve the programs.

Evaluation Questions and Research

The Bureau of Consumer Services (“BCS”) of the Commission has developed standard evaluation questions to guide Universal Service Programs evaluations.

1. Is the appropriate population being served?
2. What is the customer distribution for each program by poverty guidelines?
3. What are the CAP retention rates? Why do customers leave CAP?
4. Is there an effective link between participation in CAP and participation in energy assistance programs (LIHEAP, hardship funds, and other grants)?
5. How effective are CAP control features at limiting program costs?
6. How effective is the CAP and LIURP link?
7. Has collection on missed CAP payments been timely?
8. Does participation in Universal Service Programs decrease service terminations?
9. Does participation in Universal Service Programs lower collections costs?
10. Is the CAP program cost-effective?
11. How can Universal Service Programs be more cost-effective and efficient?
12. Is the program sufficiently funded?

To answer these questions, we conducted the following evaluation activities.

1. *Background Research:* We reviewed UGI's program documents to ensure that we had a good understanding of UGI's Universal Service Program.
2. *Manager and Staff Interviews:* We conducted interviews with UGI managers and staff to fully document program design and implementation.
3. *CAP Agency Interviews:* We conducted interviews with staff at a sample of six CAP Administering Agencies to document how the program is implemented.
4. *Customer Survey:* We conducted telephone interviews with CAP participants and low-income nonparticipants to assess understanding, impact, and satisfaction with the program.
5. *Data Analysis:* We used available data to develop gross and net performance statistics for the CAP program.

UGI's Universal Service Programs

On July 1, 2010, UGI Gas and PNG, along with their affiliated distribution companies, UGI Utilities - Electric Division ("UGI Electric") and UGI Central Penn Gas, Inc. ("CPG") (collectively, UGI Gas, PNG, CPG and UGI Electric shall be referred to herein as the "UGI Companies"), jointly filed the initial version of the Universal Service and Energy Conservation Plan for 2011-2013. The UGI Companies submitted an amended plan on July 8, 2010, to correct the effective period of the plan, which was proposed to run from January 1, 2011 through December 31, 2013. On March 23, 2011, the Commission issued a Tentative Order approving, in part, the amended plan and seeking comments from interested parties. After a comment and reply comment period, the Commission entered a Final Order on October 31, 2011 at Docket No. M-2010-2186052 ("Final USP Order"), conditionally approving the amended plan and directing the UGI Companies to file a second amended plan consistent with the direction contained in the Final Order. In accordance with the Final Order, the UGI Companies filed a second amended plan on November 30, 2011.

UGI's original implementation period for their current three-year Universal Service Program plan was proposed for January 1, 2011 through December 31, 2013. However, due to the regulatory process described above, UGI's Universal Service Plan was not finally approved until the submission of the second amended plan on November 30, 2011.

UGI made immediate program changes effective December 1, 2011. However, the largest change to the program, arrearage forgiveness conducted over three years on a monthly basis, is scheduled for implementation on January 1, 2013, as directed in the Final USP Order. Due to the date of implementation and the timing of this evaluation, the results in this report are not reflective of the current plan program changes.

Customer Assistance Program (CAP)

CAP provides a more affordable gas bill for eligible low-income, payment-troubled residential customers.

Goals and Resources

The CAP budget increased from \$8.2 million in 2011 to \$9.3 million in 2013. Total 2011 CAP expenditures were \$7.24 million, approximately \$1 million dollars lower than budgeted, likely due to lower than expected program participation.¹ Approximately 75 percent of these costs were for CAP credits and 19 percent for arrearage forgiveness.

UGI Gas projects that the expected maximum enrollment and the enrollment level that the approved funding can support is up to 10,000 CAP participants and PNG projects an enrollment of up to 7,500 CAP participants, both through 2013. If they exceed these levels, they will file a petition seeking to increase the maximum enrollment limits.²

Administration

CAP is administered by contracted Community Based Organizations (CBOs) that report to UGI's CAP Program Administrator. UGI Gas has eight CAP Administering Agencies and PNG has six agencies. The agencies are responsible for enrollment, referrals, customer education, monitoring accounts for payment compliance, and re-certifications.

Eligibility

Customers must meet the following eligibility requirements to enroll in CAP.

- Referral by UGI or a CBO.
- Household income verified at 150 percent of poverty or less.
- Residential heating or non-heating customer with active energy service.
- UGI must be the primary gas supplier.

Requirements

To remain eligible for CAP, customers must agree in writing and meet the following requirements.

- Make monthly CAP payments.
- Apply for and direct LIHEAP Cash or Crisis grants to UGI.
- Conserve energy.
- Participate in LIURP and other weatherization services, if eligible.
- Provide access to the meter for an actual reading every other month and complete customer meter reading cards in interim months.
- Participate in all educational, assistance, social, or governmental programs recommended by the administering agency.
- Immediately report changes in family size, income, or address.
- Apply for any assistance grant for which the customer is eligible.

¹ As explained later in the report, UGI believes that the lower participation is due to lower gas prices, increased Operation Share funding, increased LIHEAP funding, the longevity of the CAP program, and structured collections practices that are followed by UGI that do not allow customers to get too far behind on their gas bills.

² These enrollment limits were approved in Docket No. R-2008-2079660 and Docket No R-2008-2066708, respectively.

UGI reported that they administer these obligations with sufficient flexibility to provide the assistance intended by the program. Therefore, UGI or one of the CAP Administering Agencies may agree to waive or modify one or more of the participant obligations in extraordinary circumstances.

CAP Discounts

CAP participants are billed an equal CAP payment each month based upon gross income, energy usage, and the allowable maximum shortfall amount. The income component of the CAP payment ranges from seven to nine percent of income, depending on poverty level. The annual maximum shortfall is \$950 for heating customers and \$560 for non-heating customers.

Arrearage Forgiveness

Pre-program arrearages are defined as the full UGI balance on a customer's account at the time of CAP enrollment. UGI forgives one-third of pre-program arrearages after the participant has been in CAP for six consecutive months and has made six full payments. The balance of the pre-program arrearage is then forgiven at the end of 18 months and at the end of 30 months if the customer remains in the program and makes all required CAP payments. Beginning in January 2013, 1/36 of customers' pre-program arrearages are forgiven each month that they make a complete and timely monthly payment.

CAP Re-certification

Upon request, and at least annually, CAP participants must provide evidence of continued program eligibility. CAP participants who receive LIHEAP are not required to complete an in-person recertification. Income verification is not required for LIHEAP recipients.

CAP Participation

Average monthly CAP participation in 2011 for UGI Gas and PNG was about 12,600. UGI Gas enrollment declined from 2009 to 2010, and again in 2011. UGI believes that the decline is due to lower gas prices, increased Operation Share funding, increased LIHEAP funding, the longevity of the CAP program, and structured collections practices that are followed by UGI Gas that do not allow customers to get too far behind on their gas bills.

CAP Changes

UGI submitted a second amended plan to the PUC on November 30, 2011 and implemented several changes on December 1, 2011. Given the timing of this evaluation, the impact of most of these changes cannot yet be evaluated. The changes that were made are summarized below.

- Program consolidation – UGI Universal Service Programs were consolidated across all UGI Companies and there was a name change to CAP for all UGI Companies.
- Shortfall – The maximum shortfall for heating was reduced from \$1,146 to \$950 and the maximum shortfall for non-heating was reduced from \$614 to \$560.

- Minimum monthly payment – The minimum monthly payment for heating increased from \$18 to \$25 and the minimum monthly payment for non-heating increased from \$12 to \$15.
- Commodity charge – The CAP payment now allows for the commodity charge to be reduced below the current purchased gas cost rate.

Additional changes are planned.

- Arrearage forgiveness on a monthly basis beginning in January 2013.
- Plan to index maximum shortfall to gas rates.
- Consideration will be given to removing customers from CAP for failure to complete the annual recertification process.

UGI will be writing their tri-annual Universal Service Plan in 2013. This plan will be effective for 2014 through 2016. Additional program changes may be considered as a result of UGI's participant analysis and this evaluation.

Successes

UGI feels that they have accomplished the following major successes with the CAP.

- UGI decided not to implement a CAP surcharge or CAP Plus program with the Department of Public Welfare's (DPW) LIHEAP policy change. The Companies intend to comply with DPW LIHEAP policy by applying LIHEAP cash grants to the "asked to pay" amount for CAP customers. In an effort to mitigate the impact on non-CAP customers, and as a result of decreasing gas costs, the Companies proposed, and the Commission approved in the Final Order, to decrease the maximum annual CAP credit from \$1146 to \$950 for heating customers and from \$614 to \$560 for non-heating customers.
- The 2013 arrearage forgiveness change should improve the program, as CAP participants will receive forgiveness more frequently.

Challenges

One of the challenges that UGI faces in CAP is to find the appropriate balance of CAP costs to their non low-income customers. Additionally, complex programming is required for the CAP, and UGI must continue to update and maintain their web-based COS. With respect to the CAP Administering Agencies, UGI works to balance the requirements of the agency with UGI's requirements.

Low-Income Usage Reduction Program (LIURP)

UGI's Low-Income Usage Reduction Program (LIURP) reduces the energy consumption of low-income customers by installing energy conservation measures and providing energy conservation education. The program aims to reduce customer arrearages and collection and termination costs by reducing energy consumption and making energy bills more affordable.

Customers receive an on-site energy audit. Based on the findings from the audit, energy saving measures are selected.

LIURP Resources and Production

UGI's 2011 LIURP budget was approximately \$800,000 and PNG's was \$850,000. Each company completed just over 200 LIURP jobs in 2011. Most recently the program is saving eight to ten percent of pre-treatment energy usage.

Program Management and Administration

UGI contracts with Community Based Organizations (CBOs) for the provision of energy audits and measure installation. UGI also contracts with an independent verifier to ensure that the weatherization was completed in accordance with LIURP standards.

Eligibility

Customers must meet the following criteria to be eligible for LIURP.

- Active residential gas heating customer.
- Household income at or below 150 percent of the federal poverty guidelines³.
- Annual consumption above average usage.
- Continuous service for twelve months.
- Premises are suitable for weatherization services.
- The customer's premise is the customer's primary residence.

Program Coordination

UGI coordinates with other utilities to provide comprehensive program services to their customers. All of the agencies that UGI works with implement the PA WAP program as well, so they are able to provide more measures and increase savings.

Program Changes

UGI is considering the following changes to the LIURP program.

- Conduct an independent LIURP evaluation.
- Improve the weather normalization procedures by identifying and isolating baseload usage.
- Expand or remove pilot programs.

Successes

UGI has implemented the following initiatives to improve the quality of LIURP services and awareness of conservation and assistance programs in the community.

- UGI Conservation Day – UGI hosts this annual event to educate the caseworkers and Company employees so they can share information with their customers.
- LIURP Contractors Workshop – UGI holds this annual event (started in 2010) to educate contracted agencies on a LIURP topic and review program-specific updates.

³ Up to 20 percent of LIURP participants may have household income at 151%-200% of the federal poverty guidelines.

- UGI’s Customer Outreach System (COS) – The system has been modified to allow all program parties to access customer information and track the progress of each participant, and provides information for reporting to the PUC.
- LIURP Budget Utilization – In recent years, UGI has utilized the available LIURP funding and has not had significant carryover.

Challenges

UGI has faced some challenges in the program. The primary issue is increasing energy savings. Another challenge is working with the LIURP agencies to ensure that they meet their contract obligations, including adherence to their LIURP budget.

Operation Share

Operation Share Energy Fund, provides assistance to residential customers who face a hardship in paying their energy bill. This program has the following objectives.

- Provide customers, employees, and the public an opportunity to contribute donations to help their neighbors who are unable to pay their energy bills.
- Give financial assistance to current customers that have fixed or low incomes, are unemployed, disabled, or faced with a catastrophic situation.
- Demonstrate UGI’s compassion for customers who suddenly face a crisis and need temporary assistance.
- Provide additional funds and support to community organizations that are dedicated to helping low-income households and households facing crises.

Resources

For every two dollars that customers, employees, or outside sources contribute to Operation Share, UGI will issue an additional one dollar in energy vouchers, up to the committed matching funds contribution. The total amount committed by UGI and PNG was \$65,000 in energy funds and up to \$36,000 in matching funds.

Administration

UGI contracts with a network of CBOs to administer the program. Because Operation Share is a 501(c)(3), UGI staff do not participate in the determination of grants, other than to refer applications to the CBOs for consideration.

Eligibility

UGI has established the following eligibility criteria.

- Residential account with one of the UGI Companies.
- Not a CAP participant.
- Premise must be the customer’s primary residence.

- Active heating or non-heating utility account.
- Did not receive an Operation Share grant in the last 12 months.
- Outstanding balance exists on the utility bill.
- Income at or below 200 percent of the federal poverty level.
- Demonstration of inability to pay energy bills.
- The applicant must authorize the Agency to obtain account history information.

Benefits

Customers may receive a maximum grant of up to \$400 for UGI Gas or \$800 for PNG every 12 months. PNG grants are higher because of additional funds provided from the Tennessee Gas Pipeline Settlement Proceeds. The Tennessee Gas Pipeline Gas Settlement Proceeds were allocated to the Operation Share energy fund, as approved in Docket No. P-2009-2149107, which changed the grant amount in the following ways: (1) from \$300 to \$400 for UGI Gas; (2) from \$300 to \$800 for PNG; and (3) from \$300 to \$800 for CPG. When the Tennessee funds no longer become available, UGI intends to equalize the amounts among the UGI Companies at \$400. Thus, when these funds are no longer available, at the end of 2012, PNG grants will revert to the \$400 maximum.

In 2011, PNG awarded 678 grants averaging \$422 and UGI awarded 795 grants averaging \$313.

Successes

UGI has been able to award additional grants and larger grants due to the Tennessee Pipeline funding. They have a dedicated website page that makes it easier for customers to learn about the program and donate if they are able to. The Company also has a recurring bill insert to increase awareness and donation opportunities for UGI Customers. This helps to reinforce the Company's commitment to assistance programs.

Challenges

UGI continues to work to increase program awareness due to additional funding from the Tennessee Gas Pipeline Gas Settlement Proceeds.

CARES

UGI's Customer Assistance Referral and Evaluation Services (CARES) Program provides assistance and referrals to payment-troubled customers to help improve their bill payment problems. This program is targeted to customers with temporary, immediate needs. CARES also provides extensive LIHEAP outreach to help increase awareness of the program and encourage all eligible households to apply.

Resources

UGI and PNG designate a total of \$70,000 each year for LIHEAP and CARES outreach.

Eligibility

CARES is available to any residential customer who faces a temporary hardship that could result in the loss of utility service. Any residential customer with a delinquent balance, a negative ability-to-pay, or special needs may be eligible for CARES.

Program Changes

UGI is considering the following changes for CARES.

- Increasing automation for referrals between programs.
- Adding CARES to UGI's web-based tracking system.
- Increasing community outreach with other UGI departments, such as marketing.

Successes

UGI has worked to educate their staff, caseworkers, and the community about the availability of assistance. They provide updates and information on the program on an annual basis to educate Customer Care center employees, they provide updates to the caseworkers, and they have a presence in the community attending local events.

Challenges

The challenge they face is linking together the community services and programs that they offer at UGI. They would like to do more cross referrals between programs.

Customer Survey

APPRISE conducted a telephone survey with participants in UGI's Customer Assistance Program and low-income nonparticipants to develop information on customer knowledge, understanding, and satisfaction with the CAP. Key findings from the CAP Survey are highlighted below.

- *Demographic Characteristics:* the survey showed that CAP participants differed from the nonparticipant LIHEAP recipients in several ways, and that the CAP participants had characteristics that made them vulnerable to energy costs. CAP participants were more likely to rent, have young children, have disabled household members, and have education that did not include a bachelor's degree.
- *Income Sources and Employment:* CAP participants were more likely to have assistance income and less likely to have retirement income than the nonparticipants. There was not a significant difference in the percent that received employment income, but participants were more likely to report that they had been unemployed in the past year.
- *CAP Enrollment:* Most CAP participants did not feel that enrollment was difficult. Only five percent said that CAP enrollment was difficult and two percent said it was very difficult.
- *CAP Understanding and Knowledge:* CAP participants appeared to understand the program, but most could not estimate their monthly CAP discount.

- *CAP Impacts:* CAP appeared to have a positive impact on the ability of customers to pay their energy bill and other bills, reduce gas bills, and reduce gas usage.
- *CAP Satisfaction:* Participants felt that CAP was important in helping them to meet their needs and were very satisfied with the program.

CAP Analysis

CAP program, billing and payment data, and collections data were used to develop gross and net performance statistics for the CAP program and answer many of the evaluation questions.

There were several goals for the CAP impacts analysis.

- Characterize the CAP participants.
- Analyze CAP retention rates.
- Assess the impact of CAP on energy affordability.
- Determine whether CAP improves participants' bill payment compliance.
- Ascertain the impact of CAP participation on LIHEAP receipt.
- Evaluate whether CAP impacts collections actions and costs.

Methodology

UGI provided APPRISE with household data, Universal Service Program participation data, billing and payment data, and collections data for 2009, 2010, and 2011 CAP participants, and low-income customers who never participated in the CAP.

Customers who enrolled in the CAP between January 1, 2010 and December 31, 2010 were included as potential members of the study group. This group was chosen for the analysis, as one full year of post-program data is required for an analysis of program impacts. The comparison group was constructed for the CAP data analysis to control for exogenous factors. We obtained a sample of LIHEAP recipients who had not participated in CAP, to utilize as a comparison group.

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

In addition to the treatment and comparison group, we analyzed program statistics for all customers who participated in the CAP in 2011. The 2010 enrollee treatment group, described above, is a select group of customers who recently enrolled in 2010 and did not participate in CAP for at least a year before that enrollment. It is necessary to look at this subset of CAP participants to understand how the program impacted affordability and

payment behavior. However, looking at all 2011 CAP participants provided a more comprehensive picture of the characteristics of program participants.

CAP Analysis Findings

Key findings from the CAP data analysis are summarized below.

- *CAP Retention*: The retention analysis showed that customers who enroll in CAP remain in the program for the time period analyzed (one year) unless they close their account.
- *Arrearage Forgiveness*: 67 percent of the 2010 enrollee analysis group received arrearage forgiveness at some point in the year after enrollment. Mean arrearages were \$722, and the mean amount of arrearages forgiven was \$163.
- *Shortfall Forgiveness*: 78 percent of the 2010 enrollee analysis group received shortfall forgiveness at least once in the year after enrollment. The mean amount forgiven was \$365 in the year after enrollment.
- *Energy Burden*: Energy burden is the percent of income spent on the energy bill. The Pennsylvania Public Utility Commission has set target ranges for energy burden based on poverty level and fuel. Of all customers participating in CAP for all of 2011, 35 percent had an energy burden that was above the PUC targeted energy burden based on poverty level. While 77 percent of those below 50 percent of the poverty level were above the PUC target, 12 percent of those above 100 percent of the poverty level were above the PUC target.
- *Affordability*: The analysis showed that CAP had a large impact on affordability. Participants received an average annual CAP discount off the full bill of \$351. Mean energy burden declined from 15 percent to ten percent, and the percent of customers above the PUC targeted energy burden declined from 65 percent to 22 percent. Gross and net changes were all statistically significant.
- *Payment Compliance*: 2011 CAP participants who were on the program for a full year were likely to pay a large percentage of their bill. The analysis showed that 15 percent paid the full CAP bill, 28 percent paid between 90 and 99 percent, 28 percent paid between 75 and 90 percent, and 28 percent paid less than 75 percent of the annual CAP bill.
- *Payment Impact*: CAP had a positive impact on participants' ability to pay their bills. While 31 percent paid the full CAP bill in the year prior to enrollment, 55 percent paid the full CAP bill in the year following enrollment. An additional 21 percent paid between 90 and 99 percent of the CAP bill.
- *LIHEAP Assistance*: One of the CAP obligations is that participants apply for LIHEAP. The analysis showed that 56 percent of CAP participants who were on the program for all of 2011 received LIHEAP, with an average grant of \$307. CAP did appear to have a

positive impact on LIHEAP receipt. The net change in the percent who received LIHEAP was an increase of 11 percentage points.

- *Collections Impact:* CAP did not impact collections actions and costs.

Recommendations

This section provides recommendations for program administration and procedures, and for increasing the impact of the programs.

Program Administration and Procedures

UGI has contracted with agencies and developed tools to effectively administer its Universal Service Programs. Agency staff members have a good understanding of UGI's programs and other community services that are available. UGI's Customer Outreach System helps UGI representatives and agency representatives to effectively implement and manage the programs. Universal Service Programs operate effectively and provide important benefits to low-income customers to help them maintain utility service and meet their other household needs. This section provides recommendations for program administration and procedures that may improve the efficiency and/or effectiveness of program implementation and ensure that customers' receive the greatest benefit from program services.

1. *Consider allowing agencies to have greater access to data on the Customer Outreach System.*

The Customer Outreach System (COS) provides CAP Administering Agency access to determine customers' monthly CAP payment and enroll customers in CAP. However, representatives do not have access to the customer's billing and payment history if the customer has not yet enrolled in CAP.⁴

2. *Provide regular updates to agencies to inform them of any program changes.*

UGI staff members have regular contact with CAP Administering Agency staff and are responsive to agencies' questions and concerns. However, it is important to ensure that there is an effective mechanism to convey program changes to agencies.

3. *Enforce or place more emphasis on LIHEAP requirement.*

UGI states that a CAP obligation is that customers apply for LIHEAP. UGI should have a mechanism in place to remind customers of this requirement and the availability of agencies to assist with LIHEAP application if needed.

⁴ UGI has stated that they are willing to consider this recommendation, but would first need to work through their concerns about maintaining customer privacy.

4. *Conduct oversight to ensure that agencies are furnishing all expected program services.*

UGI's three-year plan states that agencies are responsible for usage reduction education, budget counseling, and referrals. UGI should clarify the agency requirements, make sure they are understood by the agencies, and conduct periodic observation of agency/customer meetings to determine if the agencies are performing these tasks as expected.

5. *Ensure that UGI Customer Service representatives are knowledgeable about the Universal Service Programs.*

One agency representative stated that customer service representatives sometimes provide clients with incorrect information about CAP. UGI should ensure that they periodically review Universal Service Program requirements and benefits with staff.

6. *Provide additional training to CAP Administering Agencies to ensure that they fulfill contracted responsibilities to assist CAP applicants, rather than referring customers back to UGI for assistance.*

Responsibilities for CAP application and enrollment are shared between UGI and agencies. Customers may receive the CAP application from UGI or from the agency. Some of the interviewed agencies reported that they will refer customers back to UGI for a CAP application or eligibility determination. Agencies should be trained that it is their responsibility to provide the application or eligibility determination to the customer if applicable, rather than having the customer need to take the extra step.

7. *Provide application form and information in Spanish.*

One agency stated that they have many Spanish clients and need to bring in a translator to assist these customers. UGI should consider providing all forms and information in Spanish.

8. *Work with lower-performing LIURP agency to improve performance.*

UGI is working with the low-performing LIURP agency that has consistently produced poor energy saving results. UGI should continue to work with low performing agencies, and provide the agency with specific information regarding areas that require improvement. The agency should be required to provide progress reports to the Company on the steps that are taken to improve their performance. UGI should continue to contract with WAP agencies to benefit from the certifications and experience of such agencies.

UGI is considering implementation of a third party LIURP evaluation. If UGI does implement this research, they should consider including study of the training and experience of LIURP staff at the low-performing agency compared to other agencies, and assessment of whether additional staff training is needed.

9. *Integrate CARES with other UGI Universal Service Programs.*

UGI is considering adding CARES to the Customer Outreach System and increasing automation of referrals between Universal Service Programs. This change would be an improvement to program coordination and should be implemented if possible.

Program Impact

Analysis of bills and payments for CAP enrollees in the year before and after enrollment, and in comparison to changes for nonparticipant low-income customers showed that the program had large, positive impacts on affordability. Customers received discounts that averaged \$350, more than 20 percent of the pre-enrollment bill. Energy burden declined from an average of 15 percent to 10 percent, and the percent of customers with energy burden above the PUC target level declined from 65 percent to 22 percent. However, some customers still face unaffordable energy bills, even while participating in CAP. This section provides some recommendations for increasing affordability for the most vulnerable customers, assisting additional customers, and increasing the probability that customers can successfully transition out of the program.

1. *Consider a larger shortfall maximum for lowest income CAP participants or elimination of the maximum shortfall component.*

The analysis showed that the lowest income customers were most likely to exceed the PUC energy burden targets. UGI should consider increasing the maximum shortfall amount for customers in this poverty group or elimination of the maximum shortfall component.

2. *Assess lowest income CAP customers for LIURP and prioritize those with high usage.*

All CAP customers with income below 50 percent of the poverty level should be assessed for LIURP and prioritized for treatment if they are high usage. Currently, customers are solicited based on high usage first. More emphasis should be considered for high usage customers in the lowest income range.

3. *Market CAP to lowest income LIHEAP recipients.*

The customer survey showed that nonparticipant CAP customers faced some significant problems paying their gas bills and meeting their other needs. UGI should continue to solicit LIHEAP recipients for CAP application.

4. *Consider forgiveness of excess shortfall for customers who leave CAP.*

Customers who exceed maximum shortfall amounts are not asked to repay the discounted amount, but the excess shortfall remains with their account and the customers are expected to pay that amount if they leave CAP or close their account. UGI should consider forgiving excess shortfall for customers who leave CAP and pay

their full UGI bill for a certain period of time. UGI may also consider eliminating the maximum shortfall component of the program.

I. Introduction

This evaluation report applies to UGI Utilities, Inc. – Gas Division (“UGI Gas”) and UGI Penn Natural Gas, Inc. (“PNG”) (collectively, UGI Gas and PNG referred to herein as “UGI”.) UGI has Universal Service Programs to help their low-income customers with their energy needs. APPRISE conducted an evaluation of UGI’s Universal Service Programs to assess the performance and impact of these programs. This report describes the research that was conducted, the findings from that research, and recommendations for modifications to improve the programs.

A. *Background*

UGI has implemented a set of Universal Service Programs to meet requirements set by Pennsylvania’s electric and gas restructuring legislation and various Public Utility Commission orders and agreements. The Universal Service goals are as follows.

- To protect consumers’ health and safety by helping low-income customers maintain affordable utility service.
- To provide affordable utility service by making available payment assistance to low-income customers.
- To help low-income customers conserve energy and reduce residential utility bills.
- To ensure utilities operate universal service and energy conservation programs in a cost-effective and efficient manner.

The Universal Service Programs include the following.

- A CAP payment assistance program that is designed to make energy bills more affordable by furnishing payment subsidies.
- A LIURP program that is designed to make energy bills more affordable by helping to reduce usage.
- A CARES program that is designed to assist households in developing appropriate strategies for maintaining energy service.
- An Operation Share hardship fund program that is designed to furnish emergency payments to households that cannot pay their energy bills.

B. Objectives of the Evaluation

The Bureau of Consumer Services (BCS) of the Public Utility Commission (PUC) has developed standard evaluation questions to guide Universal Service Programs evaluations.

1. Is the appropriate population being served?
2. What is the customer distribution for each program by poverty guidelines?
3. What are the CAP retention rates? Why do customers leave CAP?
4. Is there an effective link between participation in CAP and participation in energy assistance programs (LIHEAP, hardship funds, and other grants)?
5. How effective are CAP control features at limiting program costs?
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7. Has collection on missed CAP payments been timely?
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10. Is the CAP program cost-effective?
11. How can Universal Service Programs be more cost-effective and efficient?
12. Is the program sufficiently funded?

To answer these questions, we conducted the following evaluation activities.

1. *Background Research:* We reviewed UGI's program documents to ensure that we had a good understanding of UGI's Universal Service Program.
2. *Manager and Staff Interviews:* We conducted interviews with UGI managers and staff to fully document program design and implementation.
3. *CAP Agency Interviews:* We conducted interviews with staff at a sample of six CAP Administering Agencies.
4. *Customer Survey:* We conducted telephone interviews with CAP participants and low-income nonparticipants to assess understanding, impact, and satisfaction with the program.
5. *Data Analysis:* We used program, billing and payment, and collections data to develop gross and net performance statistics for the CAP program.

C. Organization of the Report

Four sections follow this introduction.

- Section II – UGI's Universal Service Programs: This section provides a detailed review of the design and implementation of UGI's Universal Service Programs.
- Section III – Customer Surveys: This section provides a summary of the CAP participant and nonparticipant survey.

- Section IV – CAP Analysis: This section provides data and statistics from our analysis of CAP participant and comparison group data. We provide analysis of CAP customer characteristics, CAP retention rates, and arrearage forgiveness. We analyze the impact of the CAP on affordability, bill coverage, energy assistance, energy usage, and collections actions.
- Section V – Summary of Findings and Recommendations: This section provides a summary of the key findings and provides recommendations for UGI’s Universal Service programs based on the analyses in this report.

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

II. UGI's Universal Service Programs

The UGI Companies have implemented a set of Universal Service Programs to comply with Public Utility Commission Regulations. The programs are designed for low-income, residential customers who may be having difficulty paying their energy bills.

On July 1, 2010, UGI Gas and PNG, along with their affiliated distribution companies, UGI Electric and CPG, jointly filed the initial version of the Universal Service and Energy Conservation Plan for 2011-2013. The UGI Companies submitted an amended plan on July 8, 2010, to correct the effective period of the plan, which was proposed to run from January 1, 2011 through December 31, 2013. On March 23, 2011, the Commission issued a Tentative Order approving, in part, the amended plan and seeking comments from interested parties. After a comment and reply comment period, the Commission entered a Final Order on October 31, 2011 at Docket No. M-2010-2186052 ("Final USP Order"), conditionally approving the amended plan and directing the UGI Companies to file a second amended plan consistent with the direction contained in the Final Order. In accordance with the Final Order, the UGI Companies filed a second amended plan on November 30, 2011.

UGI's original implementation period for their current three-year Universal Service Program plan was January 1, 2011 through December 31, 2013. However, due to the regulatory process described above, UGI's Universal Service Plan was not finally approved until the submission of the second amended plan on November 30, 2011.

UGI made immediate program changes effective December 1, 2011. However, the largest change to the program, arrearage forgiveness conducted over three years on a monthly basis, is scheduled for implementation on January 1, 2013, as directed in the Final USP Order. Due to the date of implementation and the timing of this evaluation, the results presented in this report are not reflective of the current plan program changes.

A. *Program Overview*

UGI's Universal Service Program includes four components, the Customer Assistance Program (CAP), the Operation Share Energy Fund, the Customer Assistance and Referral Evaluation Services (CARES) program, and the Low-Income Usage Reduction Program (LIURP). UGI also encourages low-income payment-troubled customers to apply for the Low-Income Home Energy Assistance Program (LIHEAP) and Pennsylvania's Weatherization Assistance Program (WAP).

UGI provides information on these programs to their residential customers and assists them to receive help from community-based organizations (CBOs). Outreach on the program is provided through regular bill inserts and through UGI employees. UGI staffs a special toll-free number that customers can call to obtain program information.

UGI has the following staff members who are responsible for these programs.

- Manager, Customer Accounting Services and Customer Outreach Supervisor. UGI has one full-time staff member who supervises the group and is responsible for fulfilling all program reporting requirements.
- Senior Customer Outreach Representative. UGI has one full-time staff member who is primarily responsible for LIHEAP and CARES outreach, as well as for supervising seasonal LIHEAP staff.
- Customer Outreach representatives. UGI has seven full-time and one part-time representative, responsible for day-to-day operations of LIURP, CAP, Operation Share, and LIHEAP. They maintain daily contact with the CBOs that administer the programs.
- Data Analyst. UGI has one full-time data analyst who is responsible for Universal Service Program reporting.

The management team at UGI reports that the team is very committed to the success of the programs. The group is often referred to as a “mini social service group” within the UGI Company and the team contributes to the success of each of the programs. They report high levels of support from UGI’s management team, with UGI’s Managers, Directors, and Vice Presidents frequently speaking at community events about UGI’s programs.

UGI has a Customer Outreach System (COS) that allows agency representatives to access customer information needed for program enrollment and enter CAP, Operation Share, and LIURP application data right into the system. The benefits of the system include the following.

- Agency representatives do not need to call UGI to determine program eligibility or benefit amount.
- Agency representatives can review customers’ payment compliance.
- The system calculates the number of CAP enrollments, certifications, and customer contacts each month to generate the agency invoice.
- UGI Administrators can track the progress, participation levels and program benefits by Company.
- UGI call center representatives can view the status of the customer, determine their step in the process, and determine which agency the customer is working with.
- Having the CAP, LIURP, and Operation Share programs on one system allows for the flexibility to cross-solicit between programs and determine the best option for the customer.
- The administrative burden for both the agency caseworkers and UGI teams is reduced. Tasks are generated and managed through the system.

UGI offers the following Universal Service Programs.

1. Customer Assistance Program (CAP)

CAP provides a more affordable gas bill for eligible low-income, payment-troubled residential customers.

2. Low-Income Usage Reduction Program (LIURP)

LIURP is UGI's weatherization program that reduces the energy consumption of low-income customers by installing energy conservation measures and providing energy conservation education.

3. Operation Share Energy Fund

Operation Share Energy Fund, UGI's hardship fund, provides assistance to residential customers who face a hardship in paying their energy bill due to an unforeseen situation. The fund provides customers and employees with an opportunity to assist neighbors who have fixed or low incomes, are unemployed, disabled, or faced with a catastrophic event.

4. Customer Assistance and Referral Evaluation Services (CARES)

CARES provides assistance and referrals to payment-troubled customers to help improve their bill payment problems. The program identifies special needs customers and refers them to programs or agencies that can provide needed services.

Table II-1 provides the annual cost for UGI's Universal Service Programs for 2009-2011. Total costs for 2011 were \$9.31 million. Almost 80 percent of the costs were for the CAP and over 20 percent were for LIURP. The CARES and hardship fund made up a small percentage of Universal Service program costs.

**Table II-1
UGI Universal Service Costs**

	CAP	LIURP	CARES	Operation Share	TOTAL
2009					
UGI Gas	\$5,051,419	\$1,682,262	\$48,155	\$1,866	\$6,783,702
PNG	\$3,520,853	\$917,614	\$12,300	\$3,367	\$4,454,134
TOTAL	\$8,572,272	\$2,599,876	\$60,455	\$5,233	\$11,237,836
2010					
UGI Gas	\$4,076,934	\$755,161	\$99,392	\$10,755	\$4,942,242
PNG	\$2,291,789	\$851,297	\$44,311	\$6,750	\$3,194,147
TOTAL	\$6,368,723	\$1,606,458	\$143,703	\$17,505	\$8,136,389
2011					
UGI Gas	\$3,996,287	\$1,068,201	\$35,544	\$8,760	\$5,108,792
PNG	\$3,243,172	\$928,115	\$25,736	\$7,188	\$4,204,211
TOTAL	\$7,239,459	\$1,996,316	\$61,280	\$15,948	\$9,313,003

B. Customer Assistance Program (CAP)

CAP provides a more affordable gas bill for eligible low-income, payment-troubled residential customers.

Goals and Resources

Table II-2 displays the CAP budget for 2011 through 2013. The table shows an annual CAP budget that increased from \$8.2 million in 2011 to \$9.3 million in 2013.

**Table II-2
CAP Budget**

Company	2011	2012	2013
UGI Gas	\$4,945,152	\$5,215,500	\$5,490,000
PNG	\$3,320,877	\$3,570,000	\$3,825,000
Total	\$8,266,029	\$8,785,500	\$9,315,000

Table II-3 displays CAP expenditures for 2009 through 2011. The table shows that expenditures were approximately \$1 million dollars lower than budgeted in 2011, likely due to lower than expected program participation. Total CAP expenditures for the two companies were \$7.24 million for 2011. Approximately 75 percent of these costs were for CAP credits and 19 percent for arrearage forgiveness.

**Table II-3
CAP Expenditures**

Company	Program Component	2009	2010	2011
UGI Gas	Administration	\$311,262	\$253,905	\$241,116
	CAP Credits	\$3,880,384	\$3,082,493	\$3,114,227
	Arrearage Forgiveness	\$859,773	\$740,535	\$640,944
	Total	\$5,051,419	\$4,076,934	\$3,996,287
PNG	Administration	\$103,492	\$218,158	\$211,413
	CAP Credits	\$2,507,177	\$1,101,767	\$2,330,114
	Arrearage Forgiveness	\$910,184	\$971,865	\$701,645
	Total	\$3,520,853	\$2,291,789	\$3,243,172
Total	Total	\$8,572,272	\$6,368,723	\$7,239,459

UGI Gas projects that the expected maximum enrollment and the enrollment level that the approved funding can support is up to 10,000 CAP participants and PNG projects an

enrollment of up to 7,500 CAP participants, both through 2013. If they exceed these levels, they will file a petition seeking to increase the maximum enrollment limits.⁵

Administration

CAP is administered by contracted CBOs that report to UGI's CAP Program Administrator. The CAP Administering Agencies for UGI Gas are as follows.

- Commission on Economic Opportunity – Hazleton site location
- Easton Area Neighborhood Center
- Lancaster CAP
- Lebanon County Christian Ministries
- Neighborhood Housing Services of Grater Berks, Inc.
- The Salvation Army – Allentown
- The Salvation Army – Harrisburg
- The Salvation Army – Reading

The CAP Administering Agencies for PNG are as follows.

- Columbia County Human Services
- Luzerne County Commission on Economic Opportunity
- Scranton Lackawanna Human Development Agency/SLHDA
- S.T.E.P., Inc.
- Union-Snyder Community Action Agency
- TREHAB, Inc.

The CBOs have the following responsibilities for customer enrollment.

- Complete the CAP application.
- Ensure that the Customer Agreement and Consent Form are signed by the applicant.
- Enter the information into the Customer Outreach System.
- Verify eligibility, proof of identification, proof of income, and family size. Retain copies and create a file for each customer.
- Assist applicants to complete LIHEAP and other grant applications.
- Explain the program benefits and responsibilities to the customer.
- Discuss the payment amount, based on UGI guidelines.
- Confirm the customer's acceptance into the program.

Administering agencies are also responsible for customer education in the following areas.

- Usage reduction.
- Low cost/no cost energy conservation tips.
- Budget counseling.
- Other applicant needs.

As part of the evaluation interviews with a sample of six of the CAP Administering Agencies, the representatives were asked about the types of education provided to clients.

⁵ These enrollment limits were approved in Docket No. R-2008-2079660 and Docket No R-2008-2066708.

When asked about education with respect to energy usage, most of the responses were fairly limited in terms of the types of education provided. Table II-4 displays the types of education reported about usage reduction. The table shows that four of the six stated that they refer customers to LIURP and two stated that they refer customers to WAP. These referrals should be made by all of the agency representatives.

**Table II-4
Usage Reduction Education Reported by CAP Administering Agencies**

	Number of Agencies (Of Six Interviewed)
LIURP referral (if appropriate)	4
Keep thermostat at constant temperature	3
Reduce usage	2
PA WAP referral	2
Energy conservation pamphlet provided	2
Use CFLs	1
Turn off appliances when not in use	1
Keep thermostat at 68 degrees in the winter	1

Agencies were also asked about budget counseling provided. Three of the agencies did not provide budget counseling beyond what is required on the application. They said that they ask about monthly expenses as part of the application and refer customers to programs based on their expenses, or that they sometimes check if budget billing would be better for the customers. The other three did provide information on the budget counseling they provide to customers.

- One agency representative said that they look at the customer's expenses and what the customer can pay, and make referrals based on that. The representative said that she talks to the customers about additional expenses that are not included on the application such as cigarettes and the use of rental centers to rent furniture or electronics.
- One agency representative said that she asks customers about their expenses and provides advice if she sees something out of line. However, she said that because they see so many customers, it is difficult to do budget work with all of the customers.
- Another agency representative said that her agency does budget counseling on a daily basis with everything they do. She noted that many customers get behind on their utility bills because of their budgets, and that she reviews the customers' bills and explains how to cut expenses.

Administering agencies have the following additional responsibilities.

- Referral to other assistance, social, or governmental programs to meet the customer's present needs.

- Monthly monitoring of each account, based on the UGI Companies' prompted tasks on the Customer Outreach System. This may include past due phone calls and re-certification.

All of the interviewed agencies reported that they make other program referrals to CAP applicants. The types of referrals mentioned by the six interviewed agency representatives and the number of agencies that mentioned these referrals are displayed in Table II-5. Most of the agency representatives reported that they refer customers to the electric utility CAP, rental assistance, and food assistance programs. However, half or fewer of the agency representatives mentioned referrals to LIHEAP, Operation Share, and LIURP, and none of the representatives mentioned the PA Weatherization Assistance Program.

Table II-5
Referrals Reported by CAP Administering Agencies

	Number of Agencies (Of Six Interviewed)
Electric utility CAP	5
Rental assistance	5
Food assistance/food stamps	5
LIHEAP	3
Operation Share	2
Oil assistance	1
LIURP	1
Other utility weatherization	1
Water company assistance	1
Telephone assistance program	1
Clothing assistance	1
Medical assistance	1
Salvation Army	1

Some of the agency representatives reported that they have established relationships with CAP customers, so that these customers come to the agency when they need additional assistance. One representative stated, "Many clients just have a problem with their gas bill at first, but then when things start going south financially, they will call him as a contact for other issues and he will refer them to where they are needed... The customers trust you and call for any help." Other agency representatives reported that customer contact is less intensive.

Oversight of CAP Administering Agencies

Each agency has a signed contract that outlines the expectations and procedures associated with the administration of the program. While the contract spells out the requirements for CAP intake, assisting customers with LIHEAP/CRISIS applications, and assistance with

other programs offered by the agency, the contract does not mention energy conservation education or budget counseling.

CAP Administering Agency invoices are run on a monthly frequency, based on the number of verified and unverified enrollments, re-certifications, and customer contacts that were recorded in the Customer Outreach System. This process minimizes the risk of human error in the compilation of monthly invoices. At this time, UGI reviews and confirms that the number of transactions appear in line with the agency's territory and size. Additionally, UGI periodically tracks and reviews the average agency cost by Company.

There have been times when the UGI staff intervened with an agency of concern. One example was an agency that had a significant number of customer contacts. The Outreach Supervisor addressed the concern and visited the agency to correct the processing of the customer contacts.

UGI also generates periodic progress reports that include information on program participants, payments, and account status.

Overall, UGI reports that they have a good working relationship with the CAP Administering Agencies.

Customer Outreach System

UGI has a Customer Outreach System that allows agency representative to access customer information needed for CAP enrollment and enter application data right into the system. The system allows CAP Agency representatives to do the following tasks at the time of CAP application.

- Determine if the customer is eligible for CAP.
- Calculate the customer's anticipated CAP monthly payment.
- Enter the customer's CAP application data directly into the system.

However, one of the interviewed agencies reported that they sometimes refer customers to UGI to see if they are eligible for the program and one agency stated that they tell clients to call UGI to be "solicited for application".

The system allows CAP Agency representatives to do the following tasks for current CAP participants.

- View customer usage and payment history data.
- Monitor the account and receive prompts to contact customers when they miss CAP payments.
- Monitor CAP accounts and receive prompts when they fail to re-certify.
- Determine the amount of pre-program arrearages forgiven and remaining.
- Determine if the customer has received a LIHEAP grant.
- Determine if the customer has been weatherized.
- Document customer contacts and note whether they were agency or customer initiated.

- Keep agency-specific statistics on the number of active CAP customers.

All of the agency CAP representatives that were interviewed reported that the COS works very well. Two of the agency staff interviewed recommended that it would be useful to have greater access to customer account information for customers who were not enrolled in CAP. This would allow agency staff to provide more information to customers about potentially beneficial services. Another agency staff member stated that it would be useful to have a reporting function in the COS so that they did not have to gather information by hand.

Application and Eligibility

Customers who would like to enroll in CAP are mailed a CAP solicitation letter. The letter provides the CAP income guidelines. The customer must fill out the application and mail it to the agency. Of the six agencies that were interviewed, five stated that customers could apply in the office, by phone, or by mail. One agency stated that they require customers to come to the office to finalize the application and to sign the consent forms and agreements.

Customers must provide the following information when applying for CAP.

- Head of household, who lives at the property and name is on the first line of the account
- Other household occupants
- Birth date
- Social Security Number (if available)
- Gender
- Income (Customers who have received LIHEAP in the past 12 months do not need to provide proof of income.)
- Average monthly household expenses
- Rent or mortgage

Customers must meet the following eligibility requirements to enroll in CAP.

- Referral by UGI or a CBO.
- Household income verified at 150 percent of poverty or less.
- Households must have a verifiable source of income. Those who claim no income do not qualify for CAP.
- Residential heating or non-heating customer with active energy service.
- UGI must be the primary gas supplier.

Following enrollment, the customer will receive a CAP Welcome Letter. The letter explains that the customer was enrolled in CAP and provides the monthly CAP payment amount. The letter also provides information about shortfall and arrearage forgiveness. Information is provided in English and Spanish.

When asked about recommendations for the CAP application process, agency representatives had some suggestions.

- One agency representative noted that the application mailed by UGI only asks the client for income verification. It does not provide information on the additional requirements, such as the photo identification and Social Security card, so the agency has to call and ask for these items. The agency stated that it would be useful for UGI to list these requirements on the application
- Two agencies mentioned the additional forms (Truth and Consent Form, Agreement Form) that need to be signed. One stated that UGI should make clients aware of these forms and another agency representative stated that it would be useful to include these additional forms with the application. This would increase the efficiency of the process. Currently, these forms need to be mailed out after the application is sent in or the customer has to come to the office to sign the forms.
- Another agency representative stated that it would be useful to provide more information on the income verification documents and how to calculate expenses.
- One agency said it would be useful if Customer Service could screen clients before they send them the application to see if the program would be beneficial for them.

Requirements

To remain eligible for CAP, customers must agree in writing and meet the following requirements.

- Make monthly CAP payments.
- Apply for and direct LIHEAP Cash or Crisis grants to UGI.
- Conserve energy.
- Participate in LIURP and other weatherization services if eligible.
- Provide access to the meter for an actual reading every other month and complete customer meter reading cards in interim months.
- Participate in all educational, assistance, social, or governmental programs recommended by the administering agency.
- Immediately report changes in family size, income, or address.
- Apply for any assistance grant for which the customer is eligible.

CAP Discounts

CAP participants are billed an equal CAP payment each month based upon gross income, energy usage, and the maximum shortfall amount. The income component of the CAP payment is displayed in Table II-6.

**Table II-6
Monthly CAP Payment**

Income Level	Percent of Poverty	Monthly CAP Payment Percent of Monthly Income
Level 1	≤50%	7%
Level 2	51% - 100%	8%
Level 3	101% - 150%	9%

The annual maximum shortfall is \$950 for heating customers and \$560 for non-heating customers. These maximums have been reduced as gas costs have declined. If a customer's shortfall exceeds the maximum shortfall amount, the excess amount is placed on the customer's account, but is only billed if the customer leaves CAP or closes the account. UGI is developing a more proactive approach where the customer's shortfall is reviewed on a periodic basis and the CAP payment is increased when it is projected that the customer will exceed the maximum shortfall credit. There is a minimum monthly payment of \$25 for heating accounts and \$15 for non-heating accounts.

The customer's projected usage is based upon historical usage data or on the residential average for new customers. If projected usage results in a billing deficiency that exceeds the maximum shortfall forgiveness amount, the monthly CAP payment amount will be increased to account for this usage at the time that the customer re-certifies. If the customer's usage is lower than projected and the customer is on a usage based payment, the CAP amount will be decreased at the next re-certification or if the customer requests a review. Shortfall forgiveness is reviewed and forgiven every three months contingent upon full CAP payments.

Late payment charges are not imposed on active CAP participants. Security deposits are not required for active CAP participants.

LIHEAP Grants

LIHEAP cash grants are applied based on the LIHEAP State Plan. For the 2011/2012 LIHEAP season the Cash grants were applied to the CAP customer's asked to pay amount, as directed by the Pennsylvania Department of Public Welfare. LIHEAP Crisis grants are applied to past due CAP payments.

Arrearage Forgiveness

Pre-program arrearages are defined as the full UGI balance on a customer's account at the time of CAP enrollment.

UGI forgives one-third of pre-program arrearages after the participant has been in CAP for six consecutive months and has made six full payments. Customers do not receive arrearage forgiveness if they are not current. However, they do receive arrearage forgiveness once they bring their payments up to date. The balance of the pre-program arrearage is then forgiven at the end of 18 months and at the end of 30 months if the customer remains in the program and makes all required CAP payments.

Customers who do not benefit from a CAP payment may choose to participate in CAP to receive arrearage forgiveness. They may then choose to exit the CAP after they have received the needed pre-program arrearage forgiveness.

Beginning in January 2013, 1/36 of customers' pre-program arrearages are forgiven each month that they make a complete and timely monthly payment. Customers will not receive

arrears forgiveness if they are not current with their payments, but they will receive forgiveness once they bring their payments up to date.

CAP Re-certification

Upon request, and at least annually, CAP participants must provide evidence of continued program eligibility. The annual re-certification process prior to the anniversary date of CAP enrollment is a mandatory requirement. Eligibility may be verified by receipt of a LIHEAP Cash or Crisis grant within the last 12 months when the LIHEAP income guidelines are the same as CAP.

If the customer does not re-certify within two billing cycles of notification, the customer's CAP payment will be increased to the average usage billing amount. If the customer then completes the re-certification, future bills will reflect the CAP amount. However, the previous bills are still the customer's responsibility to pay.

There was one agency recommendation for the CAP re-certification process.

- LIHEAP is a CAP requirement, but there is no follow-up from UGI for clients who do not apply for LIHEAP. They are not asked by UGI to enforce this requirement, and he is able to process re-certifications without LIHEAP receipt.

CAP Removal

Customers will be removed from CAP if they do not comply with the CAP payment arrangement or the following additional reasons.

- 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 CAP Administering Agency or one of the UGI Companies.
- Household income increases to greater than 150 percent of poverty.
- Household is not benefitting from the program.
- The customer has seven months of weather-normalized consumption increases cumulative from the CAP start date after at least three prior warnings to reduce usage.⁶
- Refusal to participate in LIURP.⁷
- Any reason for which the customer's service may be terminated under Chapter 56 or Chapter 14.
- Failure to re-certify in CAP.
- Refusal to apply for LIHEAP.
- Bankruptcy – at the time of filing of bankruptcy, all receivable amounts which may include frozen pre-program arrears will fall under the jurisdiction of bankruptcy court and will no longer be eligible for CAP.

⁶ Customers have not been removed from CAP for increased usage. While UGI indicates that they may remove customers for this reason, there is a significant manual process involved with the monitoring and removal of a CAP participant for this reason. All CAP customers who qualify are referred for LIURP services.

⁷ Customers have not been removed from CAP for refusing to participate in LIURP for a long time, as UGI has found that customers may have valid reasons for not participating in the program. These reasons may include lack of landlord permission or elderly customers who are not willing to have program staff enter their home.

- Legal action – if any UGI Companies have reason to take legal action against a participant that encompasses any receivable owed to the UGI Companies, all receivable amounts which may include pre-program arrearages will fall under the jurisdiction of the court and will no longer be eligible for CAP benefits.
- Requested removal – the customer can request to be removed from CAP. However, they must wait 12 months to re-enter the program.

The customer must meet the following requirements to be reinstated in CAP.

- Provide assurance that the reasons for the prior default and dismissal have been removed or corrected.
- Make up all missed CAP payments or full balance when appropriate.
- Customer may be required to make an up-front payment.

CAP Collections Strategy

Customers who do not make their CAP payments are referred to UGI's Credit and Collection Department. They will have the following collections actions.

- Following the first missed payment, the customer is notified of the late payment. After 15 days, the customer's CAP Administering Agency is prompted to call or send a letter to the customer advising the customer of the late payment.
- At 25 days late, the customer is mailed a letter notifying them of the late payment.
- After the second missed payment, UGI will move forward with the 10-day shut-off procedure. The customer will be sent a termination notice stating the past due amount.
- The customer will be required to pay the amount in the termination notice, usually the total of the two missed CAP payments, prior to the scheduled termination date to avoid shutoff.
- If the customer fails to pay per the terms of the termination notice, service is shut off.
- When the service is shut off, the customer has up to 109 days to pay the full catch-up CAP amount, including any CAP bills that may have come due during the shut-off process, plus reconnection fees.
- Upon receipt of the full catch-up amount, the customer will be returned to CAP (within 109 days).
- If the customer does not pay the full catch-up CAP amount within the 109 days, the customer will be responsible to pay the amount due to restore service and will be removed from the CAP program.
- Upon full payment and service restoration, the customer may re-apply to enroll in CAP.

Program Enrollment and Participation

Table II-7 displays enrollments, re-certifications, and customer contacts for 2010 and 2011. The table shows that there were approximately 2,700 enrollments in 2010 and 2,900 enrollments in 2011. There were approximately 8,000 re-certifications and over 32,000 customer contacts.

**Table II-7
Program Activity**

Year	Utility	Verified Enrollments	Unverified Enrollments	Verified Re-certifications	Unverified Re-certifications	Customer Contacts
2010	UGI Gas	1,092	711	2,454	3,428	11,879
	PNG	454	443	707	2,279	22,583
	Total	1,546	1,154	3,161	5,707	34,462
2011	UGI Gas	1,394	616	2,069	2,831	12,534
	PNG	613	245	757	2,529	19,944
	Total	2,007	861	2,826	5,360	32,478

Table II-8 displays average monthly participation in UGI's CAP by poverty level. The table shows that UGI Gas CAP participation declined from 2009 to 2010, and again in 2011. UGI believes that the decline is due to the following factors.

- Increased Affordability – gas costs have declined, resulting in increased affordability and reduced need for program assistance.
- Operation Share Funding – this program has had additional funding as a result of Tennessee Pipeline funding. With a greater number of grants available and increased grant amounts, there is less of a need for customers to participate in CAP.
- LIHEAP Funding – LIHEAP has been funded at a higher level, both nationally and in Pennsylvania for the past few years. The program has also provided supplemental LIHEAP grants after the heating season has ended, allowing customers to catch up with past due bills and reducing the need for CAP.
- CAP Longevity – UGI's CAP has been in place for many years, has helped many customers, and many experienced customers may no longer need the program benefits.
- UGI Gas Collections Practices – UGI Gas has maintained a controlled and structured collection practice compared to their “newer” UGI Company divisions. As a result, their customers are conditioned to pay on a more timely basis, and they are less likely to accrue large balances. This may allow even the low-income customers to manage their account without needing to participate in CAP.

Table II-8
Average Monthly Participation by Poverty Level

Poverty Level	2009		2010		2011	
	UGI	PNG	UGI	PNG	UGI	PNG
≤50%	3,108	754	2,681	1,008	2,572	1,061
51% - 100%	5,345	2,133	4,304	2,898	3,778	2,794
101% - 150%	1,805	1,061	1,409	1,460	1,084	1,292
Total	10,258	3,948	8,394	5,366	7,434	5,147

Table II-9 displays the number of customers who participated in multiple Universal Service Programs in 2009 through 2011. Of special interest is the number of CAP customers who receive LIURP services, as providing LIURP services to CAP customers can reduce the subsidy cost that is born by other UGI ratepayers. The table shows that over 1,200 UGI CAP participants and nearly 500 UGI CAP participants received LIURP services at some point.

Table II-9
Participation in Multiple Universal Service Programs

Participants in Multiple Programs	UGI			PNG		
	2009	2010	2011	2009	2010	2011
CAP and LIURP*	992	61	173	128	148	183
CAP and CARES	19	0	5	0	0	2
CAP and Hardship Fund	0	152	152	64	128	168
CAP, LIURP and CARES	0	0	1	0	0	0
CAP, LIURP and Hardship Fund	0	3	0	1	3	0
CAP, CARES and Hardship Fund	0	0	0	0	0	0
CAP, LIURP, CARES and Hardship Fund	0	0	0	0	0	0

*This represents the number of 2009 CAP participants that received LIURP services at any point in time.

CAP Changes

UGI submitted an amended plan to the PUC on November 30, 2011 and implemented several changes on December 1, 2011. Given the timing of this evaluation, the impact of most of these changes cannot yet be evaluated. The changes that were made are summarized below.

- Program consolidation – UGI Universal Service Programs were consolidated across all UGI companies and there was a name change to CAP for all UGI companies.
- Shortfall – The maximum shortfall for heating was reduced from \$1,146 to \$950 and the maximum shortfall for non-heating was reduced from \$614 to \$560. These changes were made as a result of reduced gas rates and to compensate for the new LIHEAP

application procedures where LIHEAP grants were applied to the monthly CAP payment rather than to the customer's shortfall.

- Minimum monthly payment – The minimum monthly payment for heating increased from \$18 to \$25 and the minimum monthly payment for non-heating increased from \$12 to \$15.
- Commodity charge – The CAP payment now allows for the commodity charge to be reduced below the current purchased gas cost rate. Previously, the restriction was calculated up front when the CAP payment amount was calculated. UGI would not allow the payment to be low enough to allow the customer to pay less than current commodity costs. This restriction is now eliminated from the plan and they expect to see customers receiving additional shortfall forgiveness. Additionally, with a more affordable payment, UGI expects customers to receive additional arrearage forgiveness and an increased retention rate for the program.

An additional change to be implemented in January 2013 is that arrearage forgiveness will be awarded as 1/36 of pre-program arrearages each month that the CAP bill is paid, rather than at 1/3 after six months, 18 months, and 30 months.

UGI is planning to index the maximum shortfall amount with gas rates. UGI is also evaluating their re-certification policy to determine if it is best to keep customers on the program and increase their CAP amount or to remove customers who fail to re-certify.

UGI will be writing their tri-annual Universal Service Plan in 2013. This plan will be effective for 2014 through 2016. Additional program changes may be considered as a result of UGI's participant analysis and this evaluation.

Successes

UGI feels that they have accomplished the following major successes with the CAP.

- UGI decided not to implement a CAP surcharge or CAP Plus program with the Department of Public Welfare's (DPW) LIHEAP policy change. During the 2011-2012 LIHEAP season, DPW required that LIHEAP cash grants be applied to a CAP customer's ask to pay amount and future bills, and did not allow the grant to be applied to the customer's CAP shortfall. Due to this policy change, many utility companies implemented a CAP program where the CAP credit was reduced to account for the LIHEAP grant. UGI submitted their three-year plan without such a change. Instead, they dealt with the reduction in shortfall coverage by reducing the maximum shortfall amount. UGI will monitor this approach to ensure it works for the Company.
- UGI faced a challenge in transitioning PNG to an improved CAP. They consider this a success, as it allowed for greater arrearage forgiveness.

- The 2013 change to the timing of arrearage forgiveness should improve the program, as CAP participants will receive forgiveness more frequently, and this may help to motivate customers to pay their bills on time to receive this forgiveness.

Challenges

One of the challenges that UGI faces in CAP is to find the appropriate balance of CAP costs to their non low-income customers. UGI finds it challenging to know and maintain an “appropriate” CAP enrollment level. While they have identified some valid reasons that the enrollment levels have declined (especially for UGI Gas), they believe that there are customers in need of the program that are not aware it exists.

Additionally, complex programming is required for the CAP, and UGI must continue to update and maintain their web-based COS.

With respect to the CAP Administering Agencies, UGI works to balance the requirements on the agency versus UGI’s requirements. One example is that an agency may be required to have specific paperwork completed for their tracking purposes. However, UGI does not require these “extra” actions for participation in the CAP program. From UGI’s perspective, a customer that has received LIHEAP can be enrolled in CAP over the phone or by mail, and does not need to visit the agency. However, UGI does have an agency that requires all customers to visit for their application interview.

Recommendations

Agencies made some recommendations with respect to the CAP program.

- Application for LIHEAP should be enforced.
- Have quarterly meetings to provide information about program changes. These changes are not always effectively communicated to the agencies.
- Provide application form and information in Spanish. They have many Spanish clients and need to bring in a translator to assist these customers.

C. Low-Income Usage Reduction Program (LIURP)

UGI’s Low-Income Usage Reduction Program (LIURP) is UGI’s weatherization program that reduces the energy consumption of low-income customers by installing energy conservation measures and providing energy conservation education. The program aims to reduce customer arrearages and collection and termination costs by reducing energy consumption and making energy bills more affordable.

LIURP Resources

Table II-10 displays the LIURP annual budget, LIURP spending, and jobs completed. The table shows that UGI’s budget was approximately \$800,000 and PNG’s budget was \$850,000 for 2011. Each company completed just over 200 LIURP jobs in 2011. Projected jobs for each company was just over 100 for 2012.

**Table II-10
UGI LIURP Annual Budget**

Company	Category	2009	2010	2011	2012
UGI Gas	Budget	\$1,096,580	\$943,980	\$814,491	\$705,327
	Carryover	\$597,329	\$91,647	\$280,465	\$26,755
	Spending	\$1,682,262	\$755,161	\$1,068,201	
	Jobs	400	163	215	105
PNG	Budget	\$877,205	\$850,000	\$850,000	\$850,000
	Carryover		\$4,468	\$3,171	-\$74,944
	Spending	\$917,614	\$851,297	\$928,115	
	Jobs	271	241	207	111

Program Management and Administration

UGI contracts with Community Based Organizations (CBOs) for the provision of energy audits and measure installation. UGI also contracts with an independent verifier to ensure that the weatherization was completed in accordance with LIURP standards.

The following agencies provide LIURP services for UGI Gas.

- Berks Community Action Program
- Luzerne County Commission on Economic Opportunity
- Community Action Committee of Lehigh Valley
- Lancaster Energy Conservation Center
- South Central Community Action Program

The following agencies provide LIURP services for PNG.

- Luzerne County Commission on Economic Opportunity
- Scranton/Lackawanna Human Development Agency
- SEDA-COG
- Wayne County Redevelopment Authority

When reviewing program savings over the past three years, UGI has found that the same agencies are high and low performers each year. They believe that the high performing agencies are completing an effective audit and pairing the PA WAP and UGI programs effectively. UGI has considered eliminating a poor performing agency, but it is difficult for them to take that action because all of UGI's agencies also complete WAP services, and the poor performing agency is the PA WAP provider in one part of UGI's service territory.

UGI is working with the low-performing agency that has consistently produced poor energy saving results. UGI has a corrective plan for that agency and has asked for monthly status reports on what they are doing to improve their performance. UGI informed the agency that they may be dropped from UGI's program if they do not improve their performance.

Eligibility

Customers must meet the following criteria to be eligible for LIURP.

- Active residential gas heating customer.
- Household income at or below 150 percent of the federal poverty guidelines⁸.
- Annual consumption above average usage.
- Continuous service for twelve months.
- Premises are suitable for weatherization services.
- The customer's premise is the customer's primary residence.

Benefits

Customers receive an on-site energy audit. Based on the findings from the audit, energy saving measures may include the following.

- Insulation
- Furnace repair/replacement
- Water heater repair/replacement
- Furnace efficiency modification
- Windows and baseboard caulking
- Door and window weather stripping
- Door sweeps and thresholds
- Replacement of broken window panes
- Storm windows
- Attic ventilation
- Electrical outlet and switch plate gaskets on outside walls
- Water conservation measures
- Energy education
- Infiltration measures
- Incidental repairs (necessary to the effective performance of weatherization materials)

The measures are required to have a simple payback of seven years, except for sidewall insulation, attic insulation, space heating system replacement and water heating replacement, which must have a simple payback of twelve years.

Customer Outreach

UGI conducts two types of solicitations for the LIURP.

- Manual – the UGI or agency employee solicits a customer who requests the programs or who meets the eligibility guidelines.
- Automated – each LIURP agency has a set number of accounts, based on the agency's LIURP budget, that are auto-solicited for the program. The system develops a prioritized list of accounts by known low income and usage.

⁸ Up to 20 percent of LIURP participants may have household income at 151%-200% of the federal poverty guidelines.

Following the solicitations, customers are processed and served in the order that the LIURP applications are received.

Service Delivery

Table II-11 displays LIURP jobs, average savings, and total costs for 2007 through 2011. The table shows that most recently the program is saving eight to ten percent of pre-treatment energy usage.

**Table II-11
LIURP Production and Costs**

		Jobs	Savings	Costs
2007	UGI	340	10%	\$693,374
	PNG	107	13%	\$393,014
2008	UGI	338	10%	\$989,233
	PNG	198	14%	\$911,409
2009	UGI	400	8%	\$1,682,262
	PNG	271	14%	\$917,614
2010	UGI	163	10%	\$755,161
	PNG	241	8%	\$851,297
2011	UGI	215		\$1,068,201
	PNG	207		\$928,115

Table II-12 displays a breakdown of LIURP costs for 2008 through 2010. The table shows that the majority of costs were for field support. Administrative costs were approximately 13 to 15 percent of the program costs in 2010.

**Table II-12
LIURP Costs**

	UGI			PNG		
	2008	2009	2010	2008	2009	2010
Field Support	\$752,303	\$1,229,228	\$521,520	\$619,860	\$790,889	\$712,203
Administration	\$151,026	\$267,600	\$114,529	\$247,443	\$85,115	\$107,231
Inspections	\$0	\$46,390	\$19,840	\$43,926	\$38,910	\$22,213
No Measures Installed Jobs	\$4,235	\$23,247	\$4,768	\$180	\$2,700	\$9,750
Rehab Pilot	\$81,669	\$115,797	\$94,774	\$0	\$0	\$0
TOTAL	\$989,233	\$1,682,262	\$755,161	\$911,409	\$917,614	\$851,297

Quality Control

UGI sends all completed weatherization jobs to a third party inspector. They are able to complete the inspections in about 30 percent of the homes. The inspector verifies the quality of the work completed and looks for missed savings opportunities. Any unsatisfactory work results in a recommendation for a work correction. The agency is required to reconcile the issue and provide UGI with a written report on the corrections made at the property.

UGI has also implemented a post weatherization customer satisfaction survey. This survey allows UGI to address issues that may not be caught with the third party inspection, including the need for additional energy education.

Program Coordination

UGI coordinates with other utilities to provide comprehensive program services to their customers. In many cases, the UGI Companies and the corresponding utility employ the same LIURP measure installer. In those cases, inter-utility coordination may be accomplished without the need for a written contract or inter-utility billing.

All of the agencies that UGI works with implement the PA WAP program as well, so they are able to provide more measures and increase savings. UGI previously had one agency that was not a WAP agency, but they switched to the WAP agency in that part of their service territory.

Program Changes

UGI is considering the following changes to the LIURP program.

- Conduct an independent LIURP evaluation.
- Update the weather normalization procedures to add normalization of baseload usage.
- Expand or remove pilot programs.

Successes

UGI works to improve the quality of LIURP services and awareness of conservation and assistance programs in the community. They have implemented the following initiatives to accomplish these goals.

- UGI Conservation Day – UGI hosts this event, where community based agencies within UGI's territory are invited to attend and receive information on the LIURP process and ways to conserve home energy usage. The goal of the event is to educate the caseworkers so that they can share the information with their clients.
- LIURP Contractors Workshop – UGI holds this annual event (started in 2010) to educate their contracted agencies on a LIURP topic. At these meetings, UGI team members also review program-specific updates. They provide an award to the two agencies with the highest energy savings and all agencies receive general information on their rating compared to their peer agencies. The topics that have been covered are as follows.
 - 2010 – Customer communication
 - 2011 – Mold and safety update

- 2012 – Audits
- UGI's Customer Outreach System – The system has been modified to allow UGI staff members, call center representatives, and weatherization agencies to access customer information and track the progress of each participant. The system also provides data for managing the program and reporting to the PUC.
- LIURP Budget Utilization – In the past, UGI was not always successful in spending the allocated LIURP budget. However, in more recent years, they have utilized the available LIURP funding and have not had significant carryover. UGI has been successful at increasing customer interest and participation in LIURP.

Challenges

UGI has faced some challenges in the program. The major issues they face are working to increase energy savings and communicating with their LIURP agencies to ensure that they do not exceed their LIURP budgets.

D. Hardship Fund (Operation Share)

Operation Share Energy Fund, UGI's hardship fund, provides assistance to residential customers who face a hardship in paying their energy bill due to an unforeseen situation. This program has the following objectives.

- Provide customers, employees, and the public an opportunity to contribute donations to help their neighbors who are unable to pay their energy bills due to unforeseen circumstances.
- Give financial assistance to current customers that have fixed or low incomes, are unemployed, disabled, or faced with a catastrophic situation.
- Demonstrate UGI's compassion for customers who suddenly face a crisis and need temporary assistance.
- Provide additional funds and support to community organizations that are dedicated to helping low-income households and households facing crises.

Resources

Table II-13 displays UGI's funding for Operation Share. For every two dollars that customers, employees, or outside sources contribute to Operation Share, UGI Gas will issue an additional one dollar in energy vouchers, up to the committed matching funds contribution.

**Table II-13
Operation Share Projected Annual Budget**

	Energy Funds	Matching Funds	Administrative Funds
UGI Gas	\$40,000	\$16,000	--
PNG	\$25,000	\$20,000	\$5,000
Total	\$65,000	\$36,000	\$5,000

At least twice each year, UGI will use a billing insert to request that customers make a contribution to Operation Share. All donations are kept in a separate Operation Share bank account and passed directly to the participating agencies to make direct payments to energy vendors for applicants who qualify.

The administrative budget of the Operation Share fuel fund is absorbed into the general operating budget of UGI Gas. Participation is limited by the amount of donations received from customers, employees, and others.

Administration

UGI contracts with a network of CBOs to administer the program. The CBOs access UGI's Customer Outreach System via a web-based application to determine account balance, recent bills and payments, and eligibility and amount of the grant. Because Operation Share is a 501(c)(3), UGI staff do not participate in the determination of grants, other than to refer applications to the CBOs for consideration.

Each CBO is designated a maximum amount of funds available for grant distribution. The CBOs maintain the funds in their Operation Share account, and payments are made directly to the UGI Companies.

UGI allocates funds to the CBOs based on the 2000 Census data, as updated in 2008, and the Commission's estimate of the number of residents under 150 percent of the federal poverty guidelines, as show in Tables II-14A and II-14B.

**Table II-14A
Agency Operation Share Distributions
UGI Agencies**

Agency	Distribution
Allentown Salvation Army	15%
Bethlehem Salvation Army	7%
United Way of Carlisle & Cumberland City	7%
Easton Salvation Army	7%
American Red Cross of Susquehanna Valley	15%

Agency	Distribution
Commission on Economic Opportunity/Hazleton	3%
Lancaster Community Action Program	19%
Lebanon Christian Ministries	5%
Reading Salvation Army	23%

Table II-14B
Agency Operation Share Distributions
PNG Agencies

Agency	Distribution
American Red Cross of Montour County/Danville Chapter	1%
Columbia County Human services	5%
Luzerne County Commission on economic Opportunity	37%
Scranton Salvation Army	38%
S.T.E.P. Inc.	10%
TREHAB, Inc.	2%
Union-Snyder Community Action Agency	1%
Union-Snyder Community Action Agency for Northumberland	6%

Customer Outreach System

The Customer Outreach System allows Operation Share agencies to perform the following tasks at the time of grant application.

- View the customer's account balance.
- Determine if the customer received a grant in the past 12 months.
- Determine if the customer is eligible for a grant.
- Determine the amount of the grant that the customer should be awarded.
- Ascertain whether the customer is on CAP or has received LIHEAP.
- After the representative enters the customers' demographic data, the representative can view the customer's billing and payment history, before determining whether or not to award a grant.

Eligibility

UGI has established the following eligibility criteria.

- Residential account with one of the UGI Companies.
- Not a CAP participant.
- Premise must be the customer's primary residence.
- Active heating or non-heating utility account.
- Did not receive an Operation Share grant in the last 12 months.
- Outstanding balance exists on the utility bill.
- Income at or below 200 percent of the federal poverty level.

- Demonstration of inability to pay energy bills. Customers must provide evidence of income and expenses of all members of the household.
- The applicant must authorize the Agency to obtain account history information from the energy vendor.

Benefits

Customers may receive a maximum grant of up to \$400 for UGI Gas or \$800 for PNG every 12 months. PNG grants are higher because of additional funds provided from the Tennessee Gas Pipeline Settlement Proceeds. When these funds are no longer available, PNG grants will revert to the \$400 maximum.

Grants Awarded

Table II-15 displays the number and amount of grants awarded for 2009 through 2011. The table shows that both the number and the size of the grants increased significantly for PNG customers between 2009 and 2010. The number of grants awarded by UGI increased significantly from 2009 to 2010, and the grant amounts increased from 2009 to 2012. In 2011, PNG awarded 678 grants averaging \$422 and UGI awarded 795 grants averaging \$313.

**Table II-15
Operation Share Grants**

	PNG			UGI		
	2009	2010	2011	2009	2010	2011
Number of Grants	360	675	678	657	913	795
Total Grants Awarded	\$59,622	\$253,530	\$285,983	\$139,121	\$232,262	\$248,448
Average Grant	\$166	\$376	\$422	\$212	\$254	\$313

Successes

UGI has been able to award additional grants and larger grants due to the Tennessee Pipeline funding. They have a dedicated website page that makes it easier for customers to learn about the program and donate if they are able to. This helps to reinforce the Company's commitment to assistance programs.

Challenges

UGI continues to work to increase program awareness. Because of the additional funding, UGI had requested approval to use funding to help customers who were no longer active, but this request was denied.

E. Customer Assistance Referral and Evaluation Services (CARES)

UGI's Customer Assistance Referral and Evaluation Services (CARES) Program provides assistance and referrals to payment-troubled customers to help improve their bill payment

problems. The program identifies special needs customers and refers them to programs or agencies that can provide needed services. This program is targeted to customers with temporary, immediate needs. Examples of such situations may include loss of income, loss of the head of household, illness, or other temporary situations that result in an inability to pay the gas bill.

CARES also provides extensive LIHEAP outreach to help increase awareness of the program and encourage all eligible households to apply.

Resources

UGI and PNG designate a total of \$70,000 each year for LIHEAP and CARES outreach.

**Table II-16
CARES Budget**

Company	Budget
UGI Gas	\$40,000
PNG	\$30,000
Total	\$70,000

Eligibility

CARES is available to any residential customer who faces a temporary hardship that could result in the loss of utility service. Any residential customer with a delinquent balance or a negative ability-to-pay may be eligible for CARES. Additionally, a customer with a special need such as recent unemployment, disability, loss of head of household, inability to understand the bill, temporary illness, or need for senior citizen assistance is eligible for CARES.

Benefits

CARES provides guidance and referrals for energy assistance and other social services. Assistance is provided both through UGI programs and through an established network of local social service agencies. Customers may receive an informational brochure that contains material on each of the assistance programs offered in the service territory, eligibility guidelines, and contact information for local CBOs. CARES customers also receive information on LIHEAP, LIURP, CAP, and Operation Share.

UGI employees organize and/or conduct community meetings and workshops to educate customers in energy conservation and increase public awareness of CARES services. Presentations are made throughout the service territory and brochures that describe available social services are distributed. The Customer Outreach department maintains communication with local organizations and a directory of social agencies by county and services provided.

Program Changes

UGI is considering the following changes for CARES.

- Increasing automation for referrals between programs.
- Adding CARES to UGI's web-based tracking system.
- Increasing community outreach, by working with other UGI departments, such as marketing.

Successes

UGI has worked to educate their staff, caseworkers, and the community about the availability of assistance. They provide updates and information on the program on an annual basis to educate Customer Care center employees (those who have the most contact with their customers), they provide updates to the caseworkers, and they have a presence in the community attending local events.

Challenges

The challenge the face is linking together the various community services and programs that they offer at UGI. They would like to do more cross referrals between programs.

III. Customer Surveys

APPRISE conducted a survey with participants in UGI's Customer Assistance Program and low-income nonparticipants to develop information on customer knowledge, understanding, and satisfaction with the CAP. The low-income nonparticipants were drawn for a sample of UGI's customers who received LIHEAP but did not participate in CAP.

A. *Customer Survey Methodology*

This section describes the methodology for the customer surveys, including survey implementation and sample selection.

Survey Implementation

APPRISE retained Issues & Answers (I&A) to conduct the telephone survey through its call center. A researcher from APPRISE trained I&A's employees on the survey instrument and monitored survey implementation. I&A's manager in charge of the survey instructed interviewers how to use the computerized version of the survey to record customer responses.

Interviewer training provided interviewers with an overview of the project, purpose behind questions asked, and strategies to provide accurate clarification and elicit acceptable responses through neutral probing techniques.

Interviewer monitoring allowed APPRISE researchers to both listen to the way interviewers conducted surveys and see the answers they chose on the computerized data entry form. I&A's manager facilitated open communication between the monitors and interviewers, which allowed the monitors to instruct interviewers on how to implement the survey and accurately record customer responses.

Telephone interviews were conducted in May and June 2012. During this time period, 160 interviews were completed.

Sample Selection and Response Rates

The survey sample was designed to furnish data on CAP participants and nonparticipants.

Table II-1 details the number of customers selected to complete the survey, the number of completed interviews, cooperation rates, and response rates for each of the three groups. The table presents the following information for the sample.

- **Number selected:** There were 450 participants and 150 nonparticipants chosen for the survey sample.
- **Unusable:** There were 206 participant cases and 49 nonparticipant cases deemed unusable because no one was present in the home during the survey who was able to

answer questions related to the household gas bills and the CAP, or because phone numbers were unavailable, disconnected, or incorrect. These households are not included in the denominator of the response rate or the cooperation rate. They are included in the denominator of the completed interview rate.

- **Non-Interviews:** There were 117 participant cases and 43 nonparticipant cases classified as non-interviews because the qualified respondent refused to complete the interview, or because the respondent asked the interviewer to call back to complete the interview at a later time, but did not complete the interview during the field period. These households are included in the denominator of the cooperation rate, the response rate, and the completed interview rate.
- **Unknown eligibility:** There were 17 participant cases and 8 nonparticipant cases that were determined to have unknown eligibility to complete the interview, due to answering machines, no answers, and language barriers. These households are not included in the denominator of the cooperation rate. They are included in the denominator of the response rate and the completed interview rate.
- **Completed interviews:** The completed interviews are households that were reached and that answered the full set of survey questions. There were 110 interviews with participants and 50 interviews with nonparticipants.
- **Cooperation rate:** The cooperation rate is the percent of eligible households contacted who completed the survey. This is calculated as the number of completed interviews divided by the interviews plus the number of non-interviews (refusals plus non-completed call backs⁹). Overall, this survey achieved a 49 percent cooperation rate for participants and a 41 percent cooperation rate for nonparticipants.
- **Response rate:** The response rate is the number of completed interviews divided by the number of completed interviews plus the number of non-interviews (refusals plus non-completed call backs) plus all cases of unknown eligibility (due to answering machines and language barriers). This survey attained a 36 percent response rate for participants and a 54 percent response rate for nonparticipants.

⁹ Non-completed callbacks include respondents who asked the interviewer to call back at a later time to complete the interview, but did not complete the interview by the end of the field period.

Table III-1
Sample and Response Rates
By Participation Status

	Participants		Non Participants	
Selected	450		150	
Completed	110		50	
	#	%	#	%
Unusable	206	46%	49	33%
Non-Interviews	117	26%	43	29%
Unknown eligibility	17	4%	8	5%
Completed interviews	110	24%	50	33%
Cooperation rate	49%		41%	
Response rate	36%		54%	

B. Survey Results

This section presents detailed findings from the customer survey.

Demographic Characteristics

This section examines the demographic characteristics of the survey respondents. The following issues are covered.

- Own or rent home
- Number of household members
- Number of children, elderly, and disabled
- Education
- Types of income and benefits
- Unemployment
- Annual household income

Table III-2 displays information on home ownership. The table shows that 27 percent of participants and 48 percent of nonparticipants owned their homes.

Table III-2
Own or Rent Home

	Do you own or rent your home?	
	Participant	Non Participant
Respondents	110	50
Rent	72%	46%
Own	27%	48%

	Do you own or rent your home?	
	Participant	Non Participant
Other	1%	4%
Refused	0%	2%

Table III-3 displays the number of household members reported by participant and nonparticipant respondents. The table shows that about twenty-five percent of participants lived in single-person households, about 25 percent lived in two-person households, and 32 percent lived in three or four-person households.

Table III-3
Number of Household Members

	Including you, how many people normally live in this household?	
	Participant	Non Participant
Respondents	110	50
1	24%	44%
2	23%	30%
3	19%	8%
4	13%	6%
5 or more	22%	10%
Refused	0%	2%

Respondents were asked to report the number of children five or younger in the home. Table III-4 shows that 28 percent of participants and ten percent of nonparticipants reported that they had one or more young children in the home.

Table III-4
Number of Young Children in Household

	How many people in this household are 5 years of age or under?	
	Participant	Non Participant
Respondents	110	50
0	73%	88%
1	21%	4%
2	6%	4%
3	1%	2%
Refused	0%	2%

Table III-5 shows that 24 percent of participants and 50 percent of nonparticipants reported that there was one or more people living in the household who were 60 years or older.

Table III-5
Number of Elderly Individuals in Household

	Including you, how many people in this household are 60 years of age or older?	
	Participant	Non Participant
Respondents	110	50
0	76%	48%
1	22%	38%
2	1%	10%
3 or more	1%	2%
Refused	0%	2%

Respondents were asked whether anyone in the household was disabled. Table III-6 shows that 57 percent of participants and 48 percent of nonparticipants reported that there was a disabled household member.

Table III-6
Number of Disabled Individuals in Household

	Is anyone in your home disabled?	
	Participant	Non Participant
Respondents	110	50
Yes	57%	48%
No	43%	50%
Refused	0%	2%

Table III-7 shows that the CAP participants were more likely to have a high school diploma or some college and nonparticipants were more likely to have a bachelor's degree. While 48 percent of participants reported that the highest level of education reached by anyone in the household was a high school education or less, 44 percent of nonparticipants reported that this was the highest education level in the household. Additionally, 45 percent of participants reported that they had some college or an associate's degree, compared to 36 percent of nonparticipants. However, 12 percent of nonparticipants had a bachelor's degree, compared to four percent of participants.

**Table III-7
Education Level**

	What is the highest level of education reached by you or any member of your household?	
	Participant	Non Participant
Respondents	110	50
Less Than High School	8%	14%
High School Diploma Or Equivalent	40%	30%
Some College/Associates Degree	45%	36%
Vocational Training	1%	8%
Bachelor's Degree	4%	12%
Other	1%	0%
Refused	1%	0%
Don't Know	1%	0%

Respondents were asked whether they received several different types of income and benefits in the past twelve months. Table III-8 shows that non-cash benefits, i.e. food stamps or public/subsidized housing was the most common form of income or benefits received. While 79 percent of participants reported that they received these benefits, 60 percent of nonparticipants reported that they received this type of benefits. Only 33 percent of participants and 30 percent of nonparticipants reported that someone in the household received wages or self-employment income. An additional 23 percent of participants and 46 percent of nonparticipants reported that someone in the household received retirement income.

**Table III-8
Types of Income and Benefits Received**

	In the past 12 months, did you or any member of your household receive:	
	Participant	Non Participant
	<ul style="list-style-type: none"> • Food stamps or live in public/subsidized housing? • Benefits from Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or general assistance or public assistance? • Retirement income from Social Security or pensions and other retirement funds? • Employment income from wages and salaries or self-employment income from a business or farm? 	
Respondents	110	50
Non-Cash Benefits	79%	60%
Public Assistance	52%	24%

	In the past 12 months, did you or any member of your household receive:	
	Participant	Non Participant
	<ul style="list-style-type: none"> • Food stamps or live in public/subsidized housing? • Benefits from Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or general assistance or public assistance? • Retirement income from Social Security or pensions and other retirement funds? • Employment income from wages and salaries or self-employment income from a business or farm? 	
Retirement Income	23%	46%
Wages or Self-Employment Income	33%	30%

Respondents were asked whether anyone in the household was unemployed and looking for work in the past 12 months. Table III-9 shows that 33 percent of participants and 20 percent of nonparticipants said that someone in the household was unemployed.

**Table III-9
Unemployment in Past Twelve Months**

	In the past 12 months, were you or any member of your household unemployed and looking for work?	
	Participant	Non Participant
Respondents	110	50
Yes	33%	20%
No	67%	78%
Refused	0%	2%

Table III-10 displays annual household income, as reported by the respondents. The table shows that 75 percent of participants and 62 percent of nonparticipants reported that their annual household income was less than \$20,000. Participants were significantly more likely than nonparticipants to report that their annual income was less than \$10,000.

**Table III-10
Annual Household Income**

	What is your household's annual income?	
	Participant	Non Participant
Respondents	110	50
< \$10,000	34%	14%
\$10,000 - \$19,999	41%	48%
\$20,000 - \$29,999	12%	22%

	What is your household's annual income?	
	Participant	Non Participant
\$30,000 - \$39,999	4%	2%
\$40,000 - \$49,999	0%	0%
≥ \$50,000	0%	4%
Refused	3%	8%
Don't Know	7%	2%

Participation and Enrollment

Nonparticipants were asked if they were aware that UGI offered a CAP program. Table III-11 shows that 20 percent of the nonparticipants were aware of the CAP.

**Table III-11
Awareness of CAP**

	Are you aware that UGI offers a program called the Customer Assistance Program, or CAP, to help make gas bills more affordable for customers?
	Non Participant
Respondents	50
Yes	20%
No	72%
Don't Know	8%

CAP participants were asked to estimate the average dollar discount received each month on their gas bill. Table III-12 shows that only 25 percent of the respondents provided an estimate, and the majority said that they did not know how much of a monthly discount they received. The estimates provided by those who did furnish a dollar amount ranged from two dollars to 300 dollars per month, with an average of 83 dollars. This is greater than the average 29 dollar monthly discount calculated for 2010 CAP enrollees.

**Table III-12
CAP Discount**

	Because you participate in CAP, you receive a discount on your gas bill. Please estimate the average dollar discount you receive on your gas bill each month through the CAP program.
	Participant
Respondents	110
Provided Monthly Dollar Amount	25%
Other	2%

	Because you participate in CAP, you receive a discount on your gas bill. Please estimate the average dollar discount you receive on your gas bill each month through the CAP program.
	Participant
Don't Know	74%
Minimum Amount	\$2
Maximum Amount	\$300
Mean	\$83
Median	\$60

CAP participants and nonparticipants who reported that they were aware of the CAP were asked how they found out about CAP. Table III-13 shows that most respondents learned about the program through a UGI representative or an agency. Customers were also likely to learn about the program through a personal contact.

**Table III-13
CAP Knowledge**

	How did you find out about the Customer Assistance Program, or CAP?	
	Participant	Non Participant
Respondents	110	50
UGI Representative	40%	4%
Local, Government, or Social Service Agency	34%	2%
Friend Or Relative	18%	4%
Bill Insert Or Mailing	6%	4%
UGI Website	1%	6%
Other	1%	0%
Did Not Know About CAP	0%	80%
Don't Know	5%	0%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

When asked why they decided to enroll in CAP, respondents were most likely to say they enrolled to reduce their energy bills or to save money. Other common responses were to reduce arrearages and because of a low or fixed income.

**Table III-14
Reason for CAP Participation**

	Why did you decide to enroll in CAP?
	Participant
Respondents	110
Reduce Energy Bills/Save Money	62%
Reduce Amount Of Money Owed To UGI/Reduce Arrearages	16%
Low/Fixed Income Or Finances	16%
Told To Enroll	6%
Unemployed/Lost Job/Lost Income	6%
Other	1%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

There were ten nonparticipant respondents who reported that they had heard of UGI's CAP program. When asked about the reasons they did not apply for the Customer Assistance Program, there were varying responses.¹⁰ Four reported that they did not have a reason or they did not know why they had not applied. Another cited "procrastination". Two reported that they tried to apply, but one was not accepted, and the other reported that the planned budget was higher than the current bill.

Respondents were unlikely to report that it was difficult to enroll in CAP. Only five percent said it was somewhat difficult and two percent said it was very difficult to enroll.

**Table III-15A
Difficulty of CAP Enrollment**

	How difficult was it to enroll in CAP? Would you say it was very difficult, somewhat difficult, not too difficult, or not at all difficult?
	Participant
Respondents	110
Very Difficult	2%
Somewhat Difficult	5%
Not Too Difficult	20%
Not At All Difficult	73%
Don't Know	1%

¹⁰ The exact phrasing of the question was "What are the reasons that you have not enrolled in UGI's Customer Assistance Program?"

Table IV-15B provides a comparison to responses to the same question asked about CAP programs offered by other utilities in Pennsylvania. The table shows that UGI's participants rated the ease of enrollment approximately the same as these other programs.

Table III-15B
Difficulty of CAP Enrollment – Comparison Table

	How difficult was it to enroll in the program? Would you say it is very difficult, somewhat difficult, not too difficult, or not at all difficult?			
	UGI	Allegheny	PPL	PG Energy¹¹
Respondents	110	133	103	54
Very Difficult	2%	2%	1%	2%
Somewhat Difficult	5%	4%	5%	4%
Not Too Difficult	20%	20%	29%	22%
Not At All Difficult	73%	73%	65%	72%
Don't Know	1%	2%	0%	0%

Respondents who said that enrollment was somewhat or very difficult were asked what parts of enrollment were most difficult. While there were only a few respondents who stated that enrollment was difficult, the responses that were provided were completing the application and providing proof of income.

Table III-16
Difficult Parts of CAP Enrollment

	What parts of enrollment in CAP were most difficult?
	Participant
Respondents	110
Completing the Application	4%
Providing Proof Of Income	2%
None	1%
Other	2%
Enrollment Was Not Difficult ¹²	94%
Don't Know	0%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

¹¹ PG Energy is now UGI Penn Natural Gas. There were significant changes to the CAP when PNG was integrated with UGI.

¹² This includes those who responded 'don't know' when asked if enrollment in CAP was difficult.

Table III-17 shows that approximately half of the respondents reported that they had re-certified for CAP.

**Table III-17
CAP Re-certification**

	Have you ever re-certified for CAP?
	Participant
Respondents	110
Yes	49%
No	47%
Don't Know	4%

Those who said they had re-certified were asked how difficult it was to do so. Table III-18A shows that eleven percent said it was somewhat difficult and four percent said it was very difficult.

**Table III-18A
Difficulty of CAP Re-certification**

	How difficult was it to re-certify for CAP? Would you say it was very difficult, somewhat difficult, not too difficult, or not at all difficult?
	Participant
Respondents	54
Very Difficult	4%
Somewhat Difficult	11%
Not Too Difficult	11%
Not At All Difficult	72%
Don't Know	2%

Table III-18B provides a comparison to other utility CAP programs. The table shows that UGI had about the same ratings as the other utilities.

Table III-18B
Difficulty of CAP Re-certification – Comparison Table

	How difficult was it to re-certify for the program? Would you say it is very difficult, somewhat difficult, not too difficult, or not at all difficult?		
	UGI	Allegheny	PPL
Respondents	54	102	71
Very Difficult	4%	3%	0%
Somewhat Difficult	11%	6%	8%
Not Too Difficult	11%	14%	25%
Not At All Difficult	72%	77%	66%
Don't Know	2%	0%	0%

When asked about the parts of re-certification that we most difficult, respondents cited completing the application, making an appointment at the CAP agency, and providing proof of income.

Table III-19
Difficult Parts of CAP Re-certification

	What parts of re-certification in CAP were most difficult?
	Participant
Respondents	54
Completing the Application	6%
Making appointment at CAP agency to complete enrollment	6%
Providing Proof Of Income	2%
Other	6%
Re-certification Was Not Difficult ¹³	85%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

Understanding of CAP

Table III-20A shows that 91 percent of respondents said that they felt they had a good understanding of the services provided by UGI's Customer Assistance Program.

¹³ This includes those who responded 'don't know' when asked if CAP recertification was difficult.

**Table III-20A
CAP Understanding**

	Do you feel that you have a good understanding of the services provided by UGI's Customer Assistance Program?
	Participant
Respondents	110
Yes	91%
No	8%
Don't Know	1%

Table III-20B shows that UGI's customers reported the same level of understanding as the other utility CAP participants.

**Table III-20B
CAP Understanding – Comparison Table**

	Do you feel you have a good understanding of the services provided by the program?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Yes	91%	93%	98%	91%
No	8%	5%	1%	7%
Don't Know	1%	2%	1%	2%

When participants were asked about their responsibility in CAP, 86 percent reported that it was to keep up with their payments. Other responsibilities that were likely to be cited were being on a budget and re-certifying.

**Table III-21
Customer Responsibility in CAP**

	What is your understanding of your responsibility in this program?
	Participant
Respondents	110
Keep Up With Payments	86%
Be On A Budget	11%
Re-certify/Verify Income Every One Or Two Years	4%
Energy Conservation	3%
Notify UGI If Income Changes	3%

	What is your understanding of your responsibility in this program?
	Participant
Accept Weatherization/LIURP Services	2%
Other	5%
Don't Know	6%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

Participants were asked what they needed to do if their income changed while they were enrolled in CAP. Table III-22 shows that 85 percent reported that they need to notify UGI. Others stated that they needed to provide new proof of income or to re-apply for the program.

**Table III-22
Income Change**

	What do you need to do if your income changes while you are enrolled in the program?
	Participant
Respondents	110
Notify UGI	85%
Provide New Proof Of Income	6%
Reapply For The Program	5%
Nothing	2%
Other	1%
Don't Know	10%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

When asked what they felt were the benefits of CAP, participants were most likely to report lower energy or gas bills. However, other common responses were budget billing, the ability to maintain their gas service, and reduced arrearages.

**Table III-23A
Benefits of CAP (Unprompted)**

	What do you feel are the benefits of the program?
	Participant
Respondents	110
Lower Gas Bills	44%

	What do you feel are the benefits of the program?
	Participant
Budget Billing/Even Payments	29%
Keeping Gas Service/Not Having Service Turned Off	17%
Reduced Money Owed To UGI/Reduced Arrearages	16%
Assists low-income people/provides financial security/saves money	10%
No Benefits	3%
Other	6%
Don't Know	6%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

When asked prompted questions about the benefits of the program, 91 percent agreed that lower gas bills were a benefit of the program, 91 percent agreed that maintaining gas services was a benefit, and 87 percent agreed that reduced arrearages was a benefit.

**Table III-23B
Benefits of CAP (Prompted)**

	Do you feel lower gas bills are a benefit of the program? Do you feel not having your gas service turned off is a benefit of the program? Do you feel a reduction in your past due balance or in the amount of past bills that were not paid is a benefit of the program?
	Participant
Respondents	110
Lower Gas Bill	91%
Maintaining Gas Service	91%
Reduced Arrearages	87%

Participants were then asked what they felt was the most important benefit of CAP. Table III-23C shows that respondents were most likely to report that lower gas bills or keeping gas service was the most important benefit. Others commonly cited benefits were assistance for low-income households and budget billing.

Table III-23C
Most Important Benefit of CAP

	What do you feel is the single most important benefit of the program?
	Participant
Respondents	110
Lower Gas Bills	30%
Keeping Gas Service/Not Having Service Turned Off	26%
Assists Low-income People/Saves money	16%
Budget Billing/Even Payments	15%
Reduced Money Owed To UGI/Reduced Arrearages	7%
No Benefits	2%
Other	2%
Don't Know	2%

Table III-23D provides a comparison to other utility CAP participants' responses about the most important benefit of CAP. The table shows that the responses by customers in different utilities were very similar.

Table III-23D
Most Important Benefit of CAP – Comparison Table

	What do you feel is the most important benefit of the program?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Lower Energy Bills	30%	33%	28%	22%
Keeping Energy Service	26%	32%	28%	37%
Even Payments	15%	15%	11%	19%
Reduced Arrearages	7%	5%	8%	7%
Other	2%	11%	19%	16%
Don't Know	2%	5%	6%	0%

When asked what they needed to do to have their arrearages forgiven, customers were most likely to respond that they needed to make their monthly CAP payment on time. Others stated that they needed to pay in full or pay on time and in full.

**Table III-24
Arrearage Forgiveness**

	What do you need to do to have UGI forgive past due balances or arrearages?
	Participant
Respondents	110
Pay Monthly CAP Payment On Time	66%
Pay Monthly CAP Payment In Full	8%
Pay Monthly CAP Payment On Time And In Full	7%
Meet Guidelines/Income Criteria	6%
Contact UGI	3%
Do Not Have Any Arrearages	3%
Other	4%
Don't Know	22%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

Participants were asked whether they were more likely to pay their current gas bill because of the arrearage forgiveness. Table III-25 shows that 89 percent of respondents said that they were more likely to pay their current gas bill.

**Table III-25
Impact of Arrearage Forgiveness On Bill Payment**

	Does this forgiveness of money owed for past due balances or for past bills that were not paid make you more likely to pay your current gas bill?
	Participant
Respondents	110
Yes	89%
No	4%
Refused	1%
Don't Know	6%

Financial Obligations and Bill Payment Difficulties

This section examines the financial difficulties that participants had prior to enrolling in CAP and while enrolled in CAP, compared to the current financial difficulties of nonparticipants.

Customers were asked how difficult it was/is to make their monthly UGI payments. Table III-26 shows that while 67 of CAP participants said it was very difficult prior to enrolling in

the program, only seven percent said it was very difficult after enrolling. This compares to 32 percent of nonparticipants who said it is currently very difficult to pay their gas bills. This result suggests that additional low-income nonparticipants could potentially benefit from the CAP.

**Table III-26
Bill Payment Difficulty**

	How difficult was it to make your monthly UGI payments before participating/while participating in UGI's Customer Assistance Program? Would you say it was very difficult, somewhat difficult, not too difficult, or not at all difficult?		How difficult is it currently to make your monthly gas bill payments?
	Participant		Non Participant
	Before CAP	In CAP	
Respondents	110	110	50
Very Difficult	67%	7%	32%
Somewhat Difficult	22%	35%	36%
Not Too Difficult	6%	33%	24%
Not At All Difficult	0%	26%	6%
Don't know	5%	0%	0%
Refused	0%	0%	2%

When asked about other financial problems, the results were similar. Table III-27A shows that while 66 percent said they had to delay or skip paying for food prior to enrolling in CAP, 29 percent said that they had to do so while enrolled in the program. However, 34 percent of nonparticipants said they currently had to do so. Fifty-two percent said that they had to delay or skip their mortgage or rent payment prior to enrolling in CAP, compared to 22 percent who said they had to do so while enrolled in the program. Twenty-two percent of nonparticipants also said that they had to delay or skip their mortgage or rent payment.

**Table III-27A
Financial Obligations – Ever Had Problem**

	In the year before participating/while participating in CAP, did you ever have to delay or skip paying the following bills or making the following purchases in order to make ends meet?		In the past 12 months have you had to delay or skip paying the following bills or making the following purchases in order to make ends meet?
	Participant		Non Participant
	Before CAP	In CAP	
Respondents	110	110	50
Telephone Or Cable	65%	37%	36%
Food	66%	29%	34%
Mortgage Or Rent	52%	22%	22%

	In the year before participating/while participating in CAP, did you ever have to delay or skip paying the following bills or making the following purchases in order to make ends meet?		In the past 12 months have you had to delay or skip paying the following bills or making the following purchases in order to make ends meet?
	Participant		
	Before CAP	In CAP	Non Participant
Credit Card Or Loan	21%	16%	14%
Medical Or Dental Service	36%	24%	24%
Medicine (Prescriptions)	44%	22%	14%
Car Payment	11%	5%	8%

Table III-27B examines how frequently customers had these financial problems. The table shows that participants were more likely to report that they always or frequently had these problems before CAP than while they were participating in the program. In almost all cases, the nonparticipants were less likely to report that they always or frequently had these problems than the participants prior to CAP and more likely than when the participants were in the program.

Table III-27B
Financial Obligations – Always or Frequently Had Problem

	Always or frequently had to skip or delay the following bill or purchase to make ends meet?		
	Participant		Non Participant
	Before CAP	In CAP	
Respondents	110	110	50
Telephone Or Cable	20%	11%	16%
Food	28%	8%	20%
Medical Or Dental Service	25%	10%	18%
Medicine (Prescriptions)	25%	6%	4%
Credit Card Or Loan	10%	7%	10%
Mortgage Or Rent	16%	4%	6%
Car Payment	4%	2%	6%

A dangerous practice that low-income households have been found to engage in to heat their homes is the use of the kitchen stove for heating. Table III-28A shows that while 35 percent of CAP participants said that they used their stove for heating prior to enrolling in the program, ten percent said that they did so while enrolled in CAP. This compares to 16 percent of nonparticipants who said that they used their kitchen stove for heat.

**Table III-28A
Used Kitchen Stove for Heat**

	In the year before participating in CAP, did you use your kitchen stove or oven to provide heat? While participating in CAP, have you used your kitchen stove or oven to provide heat?		In the past 12 months, have you used your kitchen stove or oven to provide heat?
	Participant		Non Participant
	Before CAP	In CAP	
Respondents	110	110	50
Yes	35%	10%	16%
No	62%	90%	84%
Don't Know	4%	0%	0%

Table III-28B shows that the frequency with which respondents used the kitchen stove for heat decreased after they enrolled in the program.

**Table III-28B
Frequency of Kitchen Stove Use**

	Did you/do you always, frequently, or sometimes use your kitchen stove or oven for heat?		
	Participant		Non Participant
	Before CAP	In CAP	
Respondents	110	110	50
Always	5%	0%	2%
Frequently	6%	0%	2%
Sometimes	24%	9%	10%
Never	0%	1%	2%
Did Not Use For Heat	65%	90%	84%
Don't Know	1%	0%	0%

Respondents were asked whether there was a time that they wanted to use their main source of heat, but could not because it was broken and they could not pay for its repair or replacement. Table III-29 shows that 18 percent of CAP participants said that they had this experience in the year prior to enrolling in the program and nine percent said that they had this experience while enrolled in CAP. Ten percent of nonparticipants said that they were unable to use their main source of heat in the past 12 months because their system was broken and they could not afford to repair or replace it.

**Table III-29
Could Not Heat Home**

	In the year before enrolling in CAP/while participating, was there ever a time when you wanted to use your main source of heat, but could not because your heating system was broken and you were unable to pay for its repair or replacement?		In the past 12 months, was there ever a time when you wanted to use your main source of heat, but could not because your heating system was broken and you were unable to pay for its repair or replacement?
	Participant		Non Participant
	Before CAP	In CAP	
Respondents	110	110	50
Yes	18%	9%	10%
No	80%	90%	88%
Don't Know	2%	1%	0%
Refused	0%	0%	2%

Program Impact

Table III-30A shows that 59 percent of CAP participants reported that their gas bill was lower than before participating in the program, 15 percent said it was higher, and 19 percent said that there was no change.

**Table III-30A
Energy Bill Impact**

	While participating in the program, would you say that your gas bill is higher, lower, or has not changed in comparison to what it was before participating in the program?
	Participant
Respondents	110
Higher	15%
Lower	59%
No Change	19%
Don't Know	7%

Table III-30B compares responses to the change in the energy bill to other utilities. The table shows that one utility's CAP participants were more likely than UGI participants to say that their bill was lower on CAP and one was less likely than UGI to say that their bill was lower on CAP.

**Table III-30B
Energy Bill Impact – Comparison Table**

	While participating in the program, would you say that your energy bill is higher, lower, or has not changed in comparison to what it was before participating in the program?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Higher	15%	17%	12%	13%
Lower	59%	52%	60%	70%
No Change	19%	23%	21%	7%
Don't Know	7%	8%	7%	9%

Customers were also asked about the impact of the program on gas usage. Table III-31A shows that 34 percent said that their usage was lower and eight percent said that it was higher.

**Table III-31A
Energy Usage Impact**

	While participating in the program, would you say that your gas usage was higher, lower, or has not changed in comparison to what it was before participating in the program? By gas usage, we mean the amount of natural gas that you use, not the dollar amount on your bill.
	Participant
Respondents	110
Higher	8%
Lower	34%
No Change	47%
Don't Know	11%

Table III-31B compares responses about changes in usage to other utility CAP participants. The table shows that UGI customers were more likely than the other utility CAP participants to say that their usage was lower while participating in the program.

**Table III-31B
Energy Usage Impact**

	While participating in the program, would you say that your energy usage is higher, lower, or has not changed in comparison to what it was before participating in the program?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Higher	8%	11%	16%	9%
Lower	34%	25%	27%	22%
No Change	47%	55%	48%	61%
Don't Know	11%	9%	10%	7%

Energy Assistance Benefits

Participants and nonparticipants were asked whether they applied for LIHEAP in the past 12 months. Table III-32 shows that 86 percent of participants and 92 percent of nonparticipants reported that they applied for LIHEAP. A much greater percentage of customers reported that they applied for LIHEAP than the 56 percent that were observed to receive a LIHEAP grant in the transactions data analysis, shown in the next section of this report.

**Table III-32
LIHEAP Application**

	In the past 12 months, did you or any member of your household apply for LIHEAP?	
	Participant	Non Participant
Respondents	110	50
Yes	86%	92%
No	11%	6%
Don't Know	3%	0%
Refused	0%	2%

Table III-33 shows that 69 percent of participants and 72 percent of nonparticipants reported that they received LIHEAP.

**Table III-33
LIHEAP Receipt**

	In the past 12 months, did you or any member of your household receive home energy assistance benefits from LIHEAP?	
	Participant	Non Participant
Respondents	110	50
Yes	69%	72%
No	14%	16%
Did Not Apply ¹⁴	14%	8%
Don't Know	4%	4%

Table III-34 displays the reasons that were reported for not applying for LIHEAP. Participants said that they forgot to apply, did not know about LIHEAP, that their income was too high, or they did not know where to apply. Nonparticipants said that their income was too high.

**Table III-34
LIHEAP – Why Did Not Apply**

	Why didn't you apply for LIHEAP?	
	Participant	Non Participant
Respondents	12	3
Income Too High	8%	100%
Forgot/Did Not Get To It	25%	0%
Did Not Know About The Program	17%	0%
Did Not Know Where To Apply	8%	0%
Other	25%	0%
Don't Know	17%	0%

Program Success

Nonparticipants were asked if they would be interested in enrolling in CAP if they were eligible. Table III-35 shows that 74 percent said that they would be interested.

¹⁴ This includes those who responded “don't know” or refused to answer when asked if anyone in their household applied for LIHEAP in the past 12 months.

**Table III-35
Interest in CAP Enrollment**

	If you were currently eligible under program rules, would you be interested in enrolling in UGI’s Customer Assistance Program?
	Non Participant
Respondents	50
Yes	74%
No	12%
Don’t Know	12%
Refused	2%

Participants were asked how likely they were to continue to participate in the CAP. Table III-36A shows that 85 percent said they were very likely and 12 percent said they were somewhat likely.

**Table III-36A
Likelihood of Continued CAP Participation**

	How likely are you to continue to participate in the Customer Assistance Program? Would you say you are very likely, somewhat likely, not too likely, or not at all likely?
	Participant
Respondents	110
Very Likely	85%
Somewhat Likely	12%
Not Too Likely	1%
Not At All Likely	3%

Table III-36B compares results on the likelihood of continued CAP participation across utilities. The table shows similar results across the utilities.

**Table III-36B
Likelihood of Continued CAP Participation – Comparison Table**

	How likely are you to continue to participate in the program? Would you say you are very likely, somewhat likely, not too likely, or not at all likely?			
	UGI	Allegheny	PPL	PG Energy

	How likely are you to continue to participate in the program? Would you say you are very likely, somewhat likely, not too likely, or not at all likely?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Very Likely	85%	87%	92%	91%
Somewhat Likely	12%	7%	6%	7%
Not Too Likely	1%	2%	0%	0%
Not At All Likely	3%	2%	1%	2%
Don't Know	0%	2%	1%	0%

CAP Assistance and Satisfaction

Table III-37A displays responses to a question about how important the CAP has been in helping participants meet their needs. The table shows that 80 percent said it was very important and 17 percent said it was somewhat important.

**Table III-37A
Importance of CAP**

	How important has UGI's Customer Assistance Program been in helping you to meet your needs? Would you say it has been very important, somewhat important, of little importance, or not at all important?
	Participant
Respondents	110
Very Important	80%
Somewhat Important	17%
Of Little Importance	2%
Not At All Important	0%
Don't Know	1%

Table III-37B compares responses about the importance of CAP across utilities. The table shows that UGI respondents were somewhat less likely to say the program was very important and more likely to say it was somewhat important than the other utilities' participants.

Table III-37B
Importance of CAP – Comparison Table

	How important has the program been in helping you to meet your needs? Would you say it has been very important, somewhat important, of little importance, or not at all important?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Very Important	80%	87%	91%	87%
Somewhat Important	17%	9%	8%	11%
Not Too Important	2%	2%	0%	0%
Not At All Important	0%	2%	1%	2%
Don't Know	1%	1%	0%	0%

When asked whether additional assistance was needed to pay the gas bill, 44 percent of participants and 48 percent of nonparticipants said that they did need additional assistance.

Table III-38A
Additional Assistance Needed

	Do you feel that you need additional assistance to pay your gas bill?	
	Participant	Non Participant
Respondents	110	50
Yes	44%	48%
No	55%	48%
Refused	0%	4%
Don't Know	2%	0%

Table III-38B shows that UGI's CAP participants were in the middle of the range of the other utilities in terms of the percent of CAP customers who said they needed additional assistance.

Table III-38B
Additional Assistance Needed – Comparison Table

	Do you feel you need additional assistance to pay your energy bill?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Yes	44%	40%	36%	52%
No	55%	60%	63%	44%

	Do you feel you need additional assistance to pay your energy bill?			
	UGI	Allegheny	PPL	PG Energy
Don't Know	0%	0%	1%	4%

When asked what additional assistance was needed to pay the bill, respondents were most likely to say that they needed more bill payment assistance, followed by saying that they needed a lower bill.

Table III-39
Type of Additional Assistance Needed to Pay Energy Bills

	What additional assistance do you need to pay your bill?	
	Participant	Non Participant
Respondents	110	50
More Bill Payment Assistance	20%	26%
Lower Bill	16%	6%
Any Energy Assistance Available	5%	2%
More Time To Pay The Bill	3%	4%
Other	0%	4%
Do Not Need Additional ¹⁵	56%	52%
Don't Know	5%	10%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

Participants were asked how satisfied they were with CAP. Table III-40A shows that 77 percent said they were very satisfied and 19 percent said they were somewhat satisfied.

Table III-40A
CAP Satisfaction

	Overall, how satisfied are you with the Customer Assistance Program? Would you say that you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?
	Participant
Respondents	110
Very Satisfied	77%
Somewhat Satisfied	19%

¹⁵ This includes those who responded "don't know" or refused to answer when asked if they needed additional assistance to pay their energy bill.

	Overall, how satisfied are you with the Customer Assistance Program? Would you say that you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?
	Participant
Somewhat Dissatisfied	3%
Very Dissatisfied	0%
Don't Know	1%

Table III-40B displays a comparison of UGI CAP participants' satisfaction with other utilities' CAP participants' satisfaction. The table shows that UGI CAP participants were somewhat less likely to be very satisfied and more likely to be somewhat satisfied than the other utilities' participants.

Table III-40B
CAP Satisfaction – Comparison Table

	Overall, how satisfied were you with the program? Would you say that you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?			
	UGI	Allegheny	PPL	PG Energy
Respondents	110	133	103	54
Very Satisfied	77%	87%	91%	87%
Somewhat Satisfied	19%	8%	8%	9%
Somewhat Dissatisfied	3%	1%	1%	0%
Very Dissatisfied	0%	4%	0%	2%
Don't Know	1%	1%	0%	2%

C. Key Survey Findings

Key findings from the CAP Survey are highlighted below.

- *Demographic Characteristics:* The survey showed that CAP participants differed from the nonparticipant LIHEAP recipients in several ways, and that the CAP participants had characteristics that made them vulnerable to energy costs.
 - *Home Ownership:* CAP participants were more likely to rent than nonparticipants. While 72 percent of the CAP participants were renters, only 46 percent of the nonparticipants were renters.
 - *Young Children:* CAP participants were more likely than nonparticipants to have young children (5 or younger) in the home. The survey found that 28 percent of

CAP participants had young children in the home, compared to ten percent of nonparticipants.

- *Elderly:* CAP participants were less likely to have elderly household members (60 or older). While 24 percent of CAP participants had one or more elderly household members, 50 percent of nonparticipants had one or more elderly household members.
- *Disabled:* CAP participants were more likely to have a disabled household member. While 57 percent of CAP participants reported that there was a disabled individual in their household, 48 percent of nonparticipant household reported that there was a disabled individual in their household.
- *Education:* CAP participants were less likely to have a bachelor's degree. Only four percent of CAP participants had a bachelor's degree, compared to 12 percent of nonparticipants.
- *Income Sources and Employment:* CAP participants were more likely to have assistance income and less likely to have retirement income than the nonparticipants. There was not a significant difference in the percent that received employment income, but participants were more likely to report that they had been unemployed in the past year.
 - *Non-cash Benefits:* 79 percent of CAP participants received noncash benefits, as compared to 60 percent of nonparticipants.
 - *Public Assistance:* 52 percent of CAP participants received public assistance, compared to 24 percent of nonparticipants.
 - *Retirement Income:* 23 percent of CAP participants received retirement income, compared to 46 percent of nonparticipants.
 - *Employment Income:* 33 percent of CAP participants received wages or self-employment income, compared to 30 percent of nonparticipants.
 - *Unemployment:* 33 percent of CAP participants reported that someone in the household had been unemployed and looking for work in the past year compared to 20 percent of nonparticipants.
 - *Income:* 34 percent of CAP participants had annual income below \$10,000, compared to 14 percent of nonparticipants.
- *CAP Enrollment:* Most CAP participants did not feel that enrollment was difficult. Only five percent said that CAP enrollment was difficult and two percent said it was very difficult.
- *CAP Understanding and Knowledge:* CAP participants appeared to understand the program, but most could not estimate their monthly CAP discount.

- *CAP Understanding*: 91 percent of CAP participants said that they had a good understanding of the program.
- *CAP Discount*: Only 25 percent of CAP participants could estimate a monthly discount amount that they received on their bill.
- *CAP Responsibility*: When asked what their responsibility was in the program, 86 percent said that it was to keep up with their payments.
- *CAP Impacts*: CAP appeared to have a positive impact on the ability of customers to pay their energy bill and other bills, reduce gas bills, and reduce gas usage.
 - *Gas Bill Payment Difficulty*: CAP participants were less likely to say it was difficult to pay their gas bill while they were in the program than before they enrolled.
 - *Other Bill Payment Difficulty*: CAP participants were less likely to say that they had to delay or skip paying other bills such as telephone, food, mortgage, and medical services while in CAP than before they were enrolled.
 - *Kitchen Stove Used for Heating*: CAP participants were less likely to say that they used their kitchen stove for heating when they were in the program than they were before they enrolled.
 - *Gas Bill*: 59 percent of CAP participants said that their gas bill was lower in CAP than before participating in the program.
 - *Gas Usage*: 34 percent of CAP participants said that their gas usage was lower on CAP than before they joined the program and 47 percent said there was no change. Only eight percent said their gas usage was higher.
- *CAP Satisfaction*: Participants were very satisfied with the program.
 - *CAP Importance*: 80 percent said CAP was very important and 17 percent said CAP was somewhat important in helping them to meet their needs.
 - *CAP Satisfaction*: 77 percent said they were very satisfied with CAP overall and 19 percent said they were somewhat satisfied.

IV. CAP Impacts Analysis

This section describes the methodology and results from the analysis of CAP program, billing and payment data, and collections data. The available data were used to develop gross and net performance statistics for the CAP program and answer many of the evaluation questions.

A. Goals

There were several goals for the CAP impacts analysis.

- Characterize the CAP participants.
- Analyze CAP retention rates.
- Assess the impact of CAP on energy affordability.
- Determine whether CAP improves participants' bill payment compliance.
- Ascertain the impact of CAP participation on LIHEAP receipt.
- Evaluate whether CAP impacts collections actions and costs.

B. Methodology

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

Evaluation Data

UGI provided APPRISE with customer data, Universal Service program participation data, billing and payment data, and collections data for 2009, 2010, and 2011 CAP participants, and low-income customers who did not participate in the CAP.

Selected Participants: Analysis Group

Customers who enrolled in the CAP between January 1, 2010 and December 31, 2010 were included as potential members of the study group. This group was chosen for the analysis, as one full year of post-program data is required for an analysis of program impacts.

Selected Participants: Nonparticipant Comparison Groups

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

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

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

In the evaluation of the CAP, we were able to obtain one good comparison group.

- *Low-Income Nonparticipant Comparison Group:* We obtained a sample of LIHEAP recipients who had not participated in CAP to utilize as a comparison group. The group of customers was replicated to represent customers who enrolled in the program in each quarter of 2010. A quasi intervention date of the middle of the quarter was chosen for each group to compare to the participating customers.

We attempted to construct an additional comparison group of later program enrollees. However, such a small percentage of these customers had two years of pre-enrollment data available, so they could not be included in the analysis. The group is described below.

- *2011 CAP Enrollee Comparison Group:* We analyzed customers who last enrolled in the CAP in 2011 and who did not receive CAP discounts in the two years preceding enrollment. We required that they had no discounted bills in the two years preceding enrollment to ensure that they were nonparticipants in both periods. These participants would have served as a good comparison because they are lower income households who were eligible for the program and chose to participate. We would have used data for these participants for the two years preceding CAP enrollment, to compare their change in payment behavior in the years prior to enrolling to the treatment group's change in payment behavior after enrolling. Because these customers did not participate in the CAP in both analysis years, changes in bills and behavior should be related to factors that are exogenous to the program.

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

Customers who participated in the CAP in the year prior to enrollment were excluded from the analysis, to allow for a comparison of data while not participating and while participating in the CAP. Customers who did not have a full year of data prior to joining the

program or a full year of data following the program start date were not included in the impact analysis. The subject of data attrition is addressed more fully below.

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

- 2010 CAP enrollee treatment group data extended from one year before the customer joined the CAP to one year after the customer joined the CAP.
- Low-income nonparticipant comparison group data included one year of data before the mid-point of the first quarter of 2010 to one year of data after the mid-point of the last quarter of 2010.

Table IV-1 describes the treatment and comparison groups that are included in the analyses in this section.

**Table IV-1
Treatment and Comparison Groups**

	2010 Enrollee Treatment Group	2011 Enrollee Comparison Group (Not used due to lack of data)	Nonparticipant Comparison Group
Group	2010 CAP Enrollees	2011 CAP Enrollees	Nonparticipants
Enrollment Requirement	Last enrollment date is in 2010	Last enrollment date is in 2011	Did not participate in CAP
CAP Participation Requirement	Did not participate in the CAP in the year prior to enrollment	Did not participate in the CAP in the two years prior to enrollment	Did not participate in CAP
Pre-participation Dates	1 year prior to enrollment	2 years prior to enrollment	One year prior to the quasi enrollment dates of 2/15/10, 5/15/10, 7/15/10, 11/15/10
Post-participation Dates	1 year after enrollment	1 year prior to enrollment	One year after the quasi enrollment dates of 2/15/10, 5/15/10, 7/15/10, 11/15/10

In addition to the treatment and comparison group, we analyzed program statistics for all customers who participated in the CAP in 2011. The 2010 enrollee treatment group, described above, is a select group of customers who recently enrolled in 2010 and did not participate in CAP for at least a year before that enrollment. It is necessary to look at this subset of CAP participants to understand how the program impacted affordability and payment behavior. However, looking at all 2011 CAP participants provides a more comprehensive picture of the characteristics of program participants. Therefore, we provide both types of analyses in this report.

C. Data Attrition

Table IV-2A provides the attrition analysis for the treatment and comparison groups. Many of the 2010 enrollees could not be included in the analysis group because they did not have close to a full year of pre-enrollment billing data. Customers were also eliminated from the

analysis group because they did not have pre-enrollment payment data, they did not have close to a full year of post-enrollment billing or payment data, they had very high or low values for the billing and/or payment statistics, and they had fewer than 11 or more than 13 bills in the one-year pre and/or post periods examined. After eliminating these cases, 30 percent of the treatment group could be included in the analysis.

The 2010 nonparticipant comparison group was more likely to have the necessary data to be included in the analysis. After eliminating cases for the same reasons, between 77 and 91 percent of these customers could be included in the analysis.

Table IV-2A
Treatment and Comparison Groups
Attrition Analysis

	2010 Enrollee Treatment Group	Nonparticipant Comparison Group			
		Quasi Enrollment Date			
		2010 Q1	2010 Q2	2010 Q3	2010 Q4
Billing and Payment Data	4,123	2,000	2,000	2,000	2,000
No CAP bill in Pre Period	4,118				
All Eligible	4,118	2,000	2,000	2,000	2,000
Sufficient Pre Billing Data	1,702	1,571	1,747	1,792	1,847
Sufficient Pre Payment Data	1,693	1,571	1,747	1,791	1,837
Sufficient Post Billing Data	1,299	1,571	1,746	1,787	1,837
Sufficient Post Payment Data	1,296	1,571	1,741	1,784	1,837
Outliers Removed	1,282	1,570	1,740	1,784	1,837
11-13 Pre and Post Bills	1,231	1,543	1,717	1,767	1,815
% of Total	30%	77%	86%	88%	91%

Table IV-2B displays the attrition analysis for all 2011 participants. The table shows that customers were most likely to be eliminated from the analysis group because they did not have sufficient data for 2011. We were able to include 42 percent of the 2011 participants in the analysis group. Of those in the analysis group, 75 percent participated in CAP for the full year.

Table IV-2B
2011 Participants
Attrition Analysis

	2011 CAP Participants
All 2011 CAP Participants	16,113
Billing and Payment Data	15,333

	2011 CAP Participants
Sufficient 2011 Billing Data	10,188
Sufficient 2011 Payment Data	10,188
Outliers Removed	10,082
12-13 Bills	9,704
2011 Analysis Group	9,704
% of Total	42%
2011 Full Year CAP	7,264
% of Analysis Group	75%

D. CAP Participant Poverty Level

Table IV-3 examines the poverty level for the CAP participants. The table shows that approximately one quarter of the participants had income below 50 percent of the poverty level, just over half had income between 50 and 100 percent and about 20 percent had income between 101 and 150 percent of the poverty level. The 2010 enrollee treatment group was somewhat less likely to have income below 50 percent of the poverty level and more likely to have income above 100 percent of the poverty level.

**Table IV-3
Poverty Level**

	All 2011 CAP Participants			2010 Enrollee Treatment Group	
	All	Analysis Group	Full Year CAP	All	Analysis Group
Observations	15,152	9,656	7,217	4,112	1,230
Poverty Level					
≤50%	26%	27%	27%	27%	21%
51% -100%	52%	54%	54%	51%	51%
101% - 150%	22%	19%	19%	22%	28%
Total	100%	100%	100%	100%	100%

E. Retention Rates

Table IV-4A displays CAP retention for 2011 CAP participants. The first set of rows displays participation for all customers who participated in CAP at any point in 2011. There were 15,333 customers who participated in CAP at some point in the year. However, the number with bills in any particular month of the year ranged from 11,036 to 14,789. Between 78 and more than 99 percent of all 2011 participants with bills participated in CAP by month in 2011.

We also examined bills and CAP bills for the 2011 analysis group and 2011 full year CAP participants. The 2011 analysis group is those customers who participated in CAP at some point in 2011 and who had close to a full year of billing and payment data available in 2011 to allow billing and payment statistics to be examined. The table shows that between 75 and more than 99 percent participated in CAP in a particular month of 2011.

Last, the table displays 2011 participants who were in CAP for the full year, and the number of those participants who had a bill each month. The table shows that 47 percent of customers who participated in CAP were in the program for the full year.

**Table IV-4A
2011 CAP Participants
CAP Participation**

	Obs.	Calendar Year 2011											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
All 2011 Participants													
Has Bill	15,333	14,533	13,477	14,789	14,421	14,439	14,139	13,178	12,896	12,424	12,138	11,102	11,036
CAP Bill-#		11,336	10,658	12,173	12,314	12,703	12,849	12,272	12,228	11,947	11,791	10,905	11,032
CAP Bill-%		78%	79%	82%	85%	88%	91%	93%	95%	96%	97%	98%	>99%
2011 Analysis Group													
Has Bill	9,704	9,704	8,927	9,701	9,498	9,676	9,691	9,468	9,679	9,672	9,676	9,367	9,704
CAP Bill-#		7,303	6,895	7,885	8,065	8,501	8,820	8,879	9,256	9,409	9,505	9,297	9,703
CAP Bill-%		75%	77%	81%	85%	88%	91%	94%	96%	97%	98%	99%	>99%
2011 Full Year CAP													
Has Bill	7,264	7,264	6,666	7,263	7,106	7,246	7,253	7,083	7,242	7,244	7,245	7,008	7,264
CAP Bill-#		7,264	6,666	7,263	7,106	7,246	7,253	7,083	7,242	7,244	7,245	7,008	7,264
CAP Bill-%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table IV-4B displays CAP retention for 2010 CAP enrollees, for the 12 months following enrollment. The table shows that as long as customers had a bill in a particular month, they continued to have a CAP bill, indicating that customers did not leave CAP because they found it not to be beneficial, they no longer needed assistance, or their income increased.

**Table IV-4B
2010 Enrollees
CAP Participation**

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
All 2010 Enrollees													
Has Bill	4,118	4,094	4,063	3,983	3,851	3,725	3,604	3,503	3,426	3,339	3,265	3,127	3,002
CAP Bill-#		4,094	4,063	3,983	3,850	3,725	3,604	3,503	3,426	3,339	3,265	3,126	2,999
CAP Bill-%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2010 Enrollee Analysis Group													
Has Bill	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231
CAP Bill-#		1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,230
CAP Bill-%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

F. Arrearage Forgiveness

Table IV-5A displays the percent of 2011 CAP participants who received arrearage forgiveness in 2011, and statistics on the number of times arrearage forgiveness was received. The table shows that 25 percent of all 2011 CAP participants and the full year CAP participants received arrearage forgiveness and 30 percent of the 2011 analysis group received arrearage forgiveness. As expected, most customers who received arrearage forgiveness received only one credit during the year as arrearage forgiveness is typically granted after 6 months on CAP with full payments and then at 18 months and 30 months.

**Table IV-5A
2011 CAP Participants
Arrearage Forgiveness Credits Received in 2011**

	Percent Received One or More Credit In 2011	Number of Arrearage Forgiveness Credits Received					
		Mean	Min	Percentile			Max
				25th	50th	75th	
All 2011 Participants	25%	0.3	0	0	0	1	2
2011 Analysis Group	30%	0.3	0	0	0	1	2
2011 Full Year CAP	25%	0.3	0	0	0	1	2

Table IV-5B displays the percent of 2010 CAP enrollees who received arrearage forgiveness in the year after enrollment, and statistics on the number of times arrearage forgiveness was received. Customers who enrolled in 2010 were more likely to receive arrearage forgiveness than the 2011 participants, even when comparing the full year participants. The table shows that 58 percent of all 2010 enrollees and 67 percent of those in the analysis

group received arrearage forgiveness. None of the customers received more than one forgiveness payment.

Tables IV-5A and IV-5B show that 2010 enrollees were much more likely to receive arrearage forgiveness in the year after enrollment than 2011 enrollees were to receive arrearage forgiveness in calendar year 2011. The reason for that difference is that most of the 2011 enrollees came into the program before 2011 and may have earned arrearage forgiveness before 2011. In fact 71 percent of all 2011 participants, 76 percent of the 2011 participant analysis group and 80 percent of 2011 full year participants received arrearage forgiveness at some time after their enrollment date, many before 2011.

Table IV-5B
2010 CAP Enrollees
Arrearage Forgiveness Credits Received in the Year After Enrollment

	Percent Received One or More Credit In the Year After Enrollment	Number of Arrearage Forgiveness Credits Received					
		Mean	Min	Percentile			Max
				25th	50th	75th	
All 2010 Enrollees	58%	0.6	0	0	1	1	1
2010 Enrollee Analysis Group	67%	0.7	0	0	1	1	1

Table IV-6A displays the percent of 2011 CAP participants who received arrearage forgiveness each month of 2011. The table shows that each month only a few percent received forgiveness. Again, many of these participants received arrearage forgiveness prior to 2011.

Table IV-6A
2011 CAP Participants
Arrearage Forgiveness Received in 2011

	Obs.	Calendar Year 2011											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
All 2011 Participants	15,333	3%	3%	3%	2%	2%	1%	1%	3%	2%	3%	2%	2%
2011 Analysis Group	9,704	3%	3%	3%	2%	2%	2%	2%	4%	3%	4%	3%	3%
2011 Full Year CAP	7,264	3%	4%	4%	3%	3%	2%	2%	2%	2%	2%	1%	1%

Table IV-6B displays the percent of 2010 CAP enrollees who received arrearage forgiveness each month following enrollment. The table shows that most of the customers who received arrearage forgiveness, 30 percent of all 2010 enrollees and 38 percent of the analysis group, received forgiveness in month six, followed by month seven and month eight.

Table IV-6B
2010 CAP Enrollees
Arrearage Forgiveness Received in the Year After Enrollment

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
2010 Enrollees	4,094 ¹	0%	0%	0%	<1%	<1%	30%	15%	7%	3%	2%	1%	<1%
2010 Enrollee Analysis Group	1,231	0%	0%	0%	0%	<1%	38%	16%	8%	2%	2%	1%	<1%

Table IV-7A displays statistics on the amount of arrearage forgiveness received by 2011 CAP participants. Within the 2011 analysis group, the mean arrearages at the beginning of 2011 were \$466 and the mean amount of arrearages forgiven was \$84. However, among those in the 2011 analysis group with arrearages, the mean arrearages were \$592 and the mean amount forgiven was \$106.

Table V-7A
2011 CAP Participants
Arrearage Forgiveness Statistics

	All				With Arrearages at Beginning of 2011			
	Obs.	Pre-program Arrearages at the Beginning of 2011	Mean \$ Forgiven	Median \$ Forgiven	Obs.	Pre-program Arrearages at the Beginning of 2011	Mean \$ Forgiven	Median \$ Forgiven
All 2011 Participants	15,333	\$499	\$75	\$0	12,301	\$622	\$93	\$0
2011 Analysis Group	9,704	\$466	\$84	\$0	7,631	\$592	\$106	\$0
2011 Full Year CAP	7,264	\$389	\$76	\$0	5,243	\$539	\$104	\$0

Table IV-7B displays statistics on the amount of arrearage forgiveness received by 2010 CAP enrollees. The table shows that mean arrearages at the beginning of the analysis period for the 2010 enrollee analysis group were \$722 and the mean amount of arrearages forgiven was \$163. Among those with arrearages, the mean arrearages were \$747 and the mean amount forgiven was \$169. Almost all of the participants who enrolled in 2010 had outstanding arrearages.

**Table V-7B
2010 CAP Enrollees
Arrearage Forgiveness Statistics**

	All				With Arrearages at Beginning of Analysis Period			
	Obs.	Pre-program Arrearages at the Beginning of Analysis Period	Mean \$ Forgiven	Median \$ Forgiven	Obs.	Pre-program Arrearages at the Beginning of Analysis Period	Mean \$ Forgiven	Median \$ Forgiven
2010 Enrollees	4,118	\$821	\$175	\$70	3,945	\$857	\$181	\$81
2010 Enrollee Analysis Group	1,231	\$722	\$163	\$112	1,189	\$747	\$169	\$117

G. Shortfall Forgiveness

Shortfall is the difference between the customer's full bill and the customer's CAP payment. This amount is placed into a separate bucket within the CAP participant's account until the time it is forgiven. The customer receives forgiveness of the shortfall every three months if the customer is up to date on CAP payments.

Table IV-8A displays shortfall forgiveness received in 2011 for 2011 CAP participants. The table shows that 68 percent of all participants, 78 percent of the 2011 analysis group, and 89 percent of 2011 full year CAP customers received one or more shortfall credits in 2011. The mean number of credits received by customers who were on CAP for the full year was two.

**Table IV-8A
2011 CAP Participants
Shortfall Forgiveness Credits Received in 2011**

	Obs.	Percent Received One or More Credit In 2011	Number of Shortfall Forgiveness Credits Received					
			Mean	Min	Percentile			Max
					25th	50th	75th	
All 2011 Participants	15,333	68%	1.3	0	0	1	2	4
2011 Analysis Group	9,704	78%	1.6	0	1	2	2	4
2011 Full Year CAP	7,264	89%	2.0	0	2	2	3	4

Table IV-8B displays shortfall forgiveness received in the year after enrollment for 2010 CAP enrollees. The table shows that 66 percent of all enrollees and 78 percent of the 2010 enrollee analysis group received one or more shortfall credits in the year following enrollment. On average, customers in the analysis group received 1.8 credits.

Table IV-8B
2010 CAP Enrollees
Shortfall Forgiveness Credits Received in the Year After Enrollment

	Percent Received One or More Credit In the Year After Enrollment	Number of Shortfall Forgiveness Credits Received					
		Mean	Min	Percentile			Max
				25th	50th	75th	
All 2010 Enrollees	66%	1.4	0	0	1	2	4
2010 Enrollee Analysis Group	78%	1.8	0	1	2	3	4

Table IV-9A displays the percent of 2011 CAP participants who received shortfall forgiveness each month in 2011. The table shows that between two and 31 percent of 2011 participants received shortfall forgiveness each month.

Table IV-9A
2011 CAP Participants
Shortfall Forgiveness Received in 2011

	Obs.	Calendar Year 2011											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
All 2011 Participants	15,333	12%	15%	18%	17%	21%	19%	14%	12%	4%	2%	3%	8%
2011 Analysis Group	9,704	14%	18%	20%	19%	25%	23%	19%	15%	5%	3%	5%	11%
2011 Full Year CAP	7,264	19%	24%	27%	26%	31%	27%	21%	17%	6%	3%	5%	12%

Table IV-9B displays the percent of 2010 CAP enrollees who received shortfall forgiveness each month in the year after enrollment. The table shows that 42 percent of customers in the analysis group received forgiveness in the fourth month after enrollment, 29 percent in the seventh month after enrollment, and 43 percent in the tenth month after enrollment.

Table IV-9B
2010 CAP Enrollees
Shortfall Forgiveness Received in the Year After Enrollment

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
2010 Enrollees	4,094 ¹	0%	0%	<1%	38%	2%	1%	24%	4%	2%	29%	7%	3%
2010 Enrollee Analysis Group	1,231	0%	0%	<1%	42%	2%	<1%	29%	3%	2%	43%	7%	4%

Table IV-10A displays the mean and median amount of shortfall forgiveness received by 2011 CAP participants in 2011. The table shows that the mean amount received for those who participated in CAP for the full year was \$457 and the median amount was \$435.

Table IV-10A
2011 CAP Participants
Shortfall Forgiveness

	Obs.	Mean \$ Forgiven	Median \$ Forgiven
All 2011 Participants	15,333	\$294	\$169
2011 Analysis Group	9,704	\$358	\$280
2011 Full Year CAP	7,264	\$457	\$435

Table IV-10B displays the mean and median amount of shortfall forgiveness received by 2010 CAP enrollees in the year following enrollment. The table shows that the mean amount received among those in the analysis group was \$365 and the median amount was \$266.

Table V-10B
2010 CAP Enrollees
Shortfall Forgiveness

	Obs.	Mean \$ Forgiven	Median \$ Forgiven
2010 Enrollees	4,118	\$295	\$137
2010 Enrollee Analysis Group	1,231	\$365	\$266

H. Affordability

The Pennsylvania Public Utility Commission has established standards for appropriate energy burdens for CAP participants. The standards that they established for gas heating participants are as follows.

- 0 - 50% of poverty: 5%-8% of income
- 51 - 100% of poverty: 7%-10% of income
- 101 - 150% of poverty: 9%-10% of income.

Table IV-11A displays energy burden for 2011 CAP participants. The table shows that while 65 percent of full year 2011 CAP participants had energy burden that was within or below the PUC target range, 35 percent had an energy burden above the target range.

Table IV-11A¹⁶
2011 CAP Participants
Energy Burden Relative to PUC Target

	Obs.	Below Target	Within Target Range	Above Target
2011 Analysis Group	9,656	13%	42%	44%
2011 Full Year CAP	7,217	15%	50%	35%

Table IV-11B displays energy burden for 2011 CAP participants by poverty level. The table shows that while 12 percent of full year 2011 CAP participants with income between 100 and 150 percent of the poverty level had energy burden that was above the PUC target range, 77 percent of those with income below 50 percent of the poverty level had an energy burden above the target range. As the tier for this group is a seven percent of income payment, it appears likely that the lowest income customers had a burden higher than the PUC target because of a shortfall credit that would have exceeded the maximum credit if the payment was set at this level.

Table IV-11B¹⁷
2011 CAP Participants, By CAP Tier
Energy Burden Relative to PUC Target

		2011 Analysis Group			2011 Full Year CAP		
		Below Target	Within Target Range	Above Target	Below Target	Within Target Range	Above Target
Observations		86,143			50,333		
Tier	Poverty Level						
7%	≤50%	1%	17%	82%	1%	22%	77%
8%	51% -100%	9%	59%	33%	10%	67%	23%
9%	101% - 150%	45%	32%	22%	50%	38%	12%
Total		13%	42%	44%	15%	50%	35%

Table IV-12A displays the affordability analysis for the 2010 CAP enrollees and the comparison group. The table shows that the program had a large impact on affordability for program participants. Both groups had a reduction in their full bill, but the CAP enrollees reduced their bill by \$59 more than the comparison group. The mean CAP discount was \$351, so the net change in bills compared to the comparison group was a reduction of \$410. Energy burden for program participants was reduced significantly, by five percentage points as compared to the nonparticipants, and the percent above the PUC target was reduced by 40 percentage points.

¹⁶ The accounts with missing income information are excluded from this table.

¹⁷ The accounts with missing income information are excluded from this table.

Table IV-12A
2010 CAP Enrollees and Comparison Group
Affordability

	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Observations	1,230			6,842			
Full Bill	\$1,602	\$1,477	-\$125 [#]	\$1,172	\$1,106	-\$66 [#]	-\$59 [#]
CAP Bill	\$1,602	\$1,126	-\$476 [#]	\$1,172	\$1,106	-\$66 [#]	-\$410 [#]
CAP Discount	\$0	\$351	\$351 [#]	\$0	\$0	\$0	\$351 [#]
Energy Burden	15%	10%	-5% [#]	8%	7%	-1% [#]	-5% [#]
Percent Above PUC Target	65%	22%	-43% [#]	21%	19%	-2% [#]	-40% [#]

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

Table IV-12B displays more detail on the program impact on energy burden. The table shows that the greatest impact on burden was for the lowest income group, those who had income at or below 50 percent of the poverty level. These customers had a pre-CAP energy burden averaging 29 percent and a post-CAP energy burden averaging 16 percent, a 12 percentage point reduction in energy burden.

Table IV-12B
2010 CAP Enrollees and Comparison Group
Energy Burden

	Energy Burden						Net Change
	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			
	Pre	Post	Change	Pre	Post	Change	
<=50%	29%	16%	-12% [#]	11%	10%	>-1% [#]	-12% [#]
51%-100%	13%	8%	-4% [#]	11%	10%	>-1% [#]	-4% [#]
101% - 150%	10%	8%	-2% [#]	6%	6%	>-1% [#]	-2% [#]

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

Table IV-12C displays the program impact on the percent with an energy burden above the PUC target. The table shows that while 97 percent of the 2010 enrollee treatment group with income at or below 50 percent of the poverty level had an energy burden above the PUC target prior to program participation, 61 percent had a burden that exceeded the target in the year after enrollment.

Table IV-12C
2010 CAP Enrollees and Comparison Group
Percent Above PUC Target

	Percent Above PUC Target						Net Change
	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			
	Pre	Post	Change	Pre	Post	Change	
<=50%	97%	61%	-35% [#]	60%	47%	-13%	-22% [*]
51%-100%	63%	14%	-49% [#]	41%	39%	-2% [#]	-47% [#]
101% - 150%	45%	8%	-37% [#]	13%	10%	-3% [#]	-34% [#]

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

I. Bills and Payments

Table IV-13A displays bill coverage rates for 2011 CAP participants. The table shows that 15 percent of the participants paid their full bill in 2011. While 38 percent of the analysis group paid at least 90 percent of their CAP bill, 43 percent of full year CAP participants paid at least 90 percent of their CAP bill.

Table IV-13A
2011 CAP Participants
CAP Bill Coverage Rates

	2011 Analysis Group	2011 Full Year CAP
Observations	9,704	7,264
≥100%	15%	15%
90%-99%	23%	28%
75%-89%	26%	28%
<75%	37%	28%
Total	100%	100%

Table IV-13B displays bill coverage rates by poverty level. The table shows that lower poverty level groups were more likely to pay their full bill, perhaps because of other assistance that was available to them. The percent that paid less than 80 percent of the bill did not differ significantly by poverty level.

Table IV-13B¹⁸
2011 CAP Participants, By CAP Tier
CAP Bill Coverage Rates

	2011 Analysis Group			2011 Full Year CAP		
	≤50%	51%-100%	101%-150%	≤50%	51%-100%	101%-150%
Observations	2,625	5,186	1,845	1,915	3,918	1,384
≥100%	20%	14%	8%	21%	15%	8%
90% - 99%	20%	23%	27%	24%	28%	33%
80% - 89%	16%	18%	23%	18%	20%	25%
<80%	44%	45%	43%	37%	37%	34%
Total	100%	100%	100%	100%	100%	100%

Table IV-14 displays bill coverage rates prior to and after CAP enrollment for the 2010 enrollees and the nonparticipant comparison group. The table shows that while the percent of CAP participants who paid their full bill increased from 31 percent to 55 percent, the percent of nonparticipant customers who paid the full bill declined from 66 percent to 44 percent. While the percent of CAP customers who paid less than 80 percent of their bill declined from 40 percent to 13 percent, the percent of nonparticipant comparison group customers who paid less than 80 percent of the bill increased from 13 percent to 19 percent.

Table IV-14
CAP Participant and Comparison Groups
Bill Coverage Rates

	2010 Enrollee Treatment Group		Nonparticipant Comparison Group	
	Pre	Post	Pre	Post
Observations	1,231		6,842	
≥100%	31%	55%	66%	44%
90% - 99%	14%	21%	14%	23%
80% - 89%	15%	10%	8%	14%
<80%	40%	13%	13%	19%
Total	100%	100%	100%	100%

Table IV-15 displays data on the number of missed payments. The table shows that the 2010 enrollees were more likely to have no missed payments and to have only one to three missed payments after program enrollment. The nonparticipant comparison group increased the number of missed payments in the same time period.

¹⁸ The accounts with missing income information are excluded from this table.

Table IV-15
CAP Participant and Comparison Groups
Missed Payments

	Number of Missed Payments						Net Change
	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			
	Pre	Post	Change	Pre	Post	Change	
No Payments Missed	2%	7%	5% [#]	6%	3%	-3% [#]	8% [#]
1-3 Missed Payments	18%	23%	5% [#]	31%	20%	-10% [#]	15% [#]
4-6 Missed Payments	36%	35%	-1%	35%	34%	>-1%	>-1%
7-12 Missed Payments	43%	35%	-8% [#]	29%	43%	14% [#]	-22% [#]
>12 Missed Payments	<1%	<1%	>-1%	0%	<1%	<1% ^{**}	>-1% ^{**}

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

Table IV-16 displays additional statistics on bills and payments for the 2010 CAP enrollees and the nonparticipant comparison group. The table shows the following results.

- Cash Payments – The number of cash payments increased for the treatment group as compared to the comparison group, by almost two payments over the year.
- LIHEAP Assistance – LIHEAP assistance increased by \$52 for the CAP participants as compared to the nonparticipants.
- Crisis Assistance – Crisis assistance declined by \$76 for the CAP participants as compared to the nonparticipants.
- Total Credits – Total credits declined by \$115 for the CAP participants as compared to the nonparticipants.
- Coverage Rate – The total coverage rate increased by 26 percentage points as compared to the nonparticipants.
- Ending Balance – CAP participants reduced their ending balance (balanced at the end of the year following enrollment compared to balance at the end of the year preceding enrollment) significantly compared to the nonparticipants due to the set-aside of the pre-program arrearages.
- Balance Change – While CAP participants increased their balance in the year prior to enrollment, they did not have a significant change in the post enrollment period, as they were able to cover their CAP bills.

Table IV-16
CAP Participant and Comparison Groups
Bills and Payments

	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Observations	1,231			6,842			
Full Bill	\$1,602	\$1,477	-\$125 [#]	\$1,172	\$1,107	-\$66 [#]	-\$59 [#]
CAP Bill	\$1,602	\$1,126	-\$476 [#]	\$1,172	\$1,107	-\$66 [#]	-\$410 [#]
# of Cash Payments	6.6	7.1	0.6 [#]	7.6	6.4	-1.2 [#]	1.8 [#]
Cash Payment	\$986	\$765	-\$221 [#]	\$848	\$684	-\$163 [#]	-\$58 [#]
LIHEAP Assistance	\$215	\$288	\$73 [#]	\$304	\$324	\$21 [#]	\$52 [#]
CRISIS Assistance	\$146	\$45	-\$101 [#]	\$54	\$29	-\$25 [#]	-\$76 [#]
Operations Share Assistance	\$17	\$1	-\$17 [#]	\$5	\$7	\$2*	-\$18 [#]
Other Assistance	\$5	<\$1	-\$5 [#]	\$1	\$1	>-\$1	-\$4 [#]
Other Credits	\$4	\$2	-\$2	\$12	\$20	\$8 [#]	-\$10**
Total Credits	\$1,374	\$1,100	-\$274 [#]	\$1,224	\$1,065	-\$158 [#]	-\$115 [#]
Cash Coverage Rate	60%	66%	5% [#]	69%	56%	-13% [#]	18% [#]
Total Coverage Rate	86%	101%	15% [#]	107%	96%	-11% [#]	26% [#]
Ending Balance	\$760	-\$80	-\$840 [#]	\$107	\$108	\$2	-\$841 [#]
Balance Change	\$265	-\$12	-\$277 [#]	-\$42	\$11	\$53 [#]	-\$330 [#]

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

J. Energy Assistance

Table IV-17 displays LIHEAP receipt for the 2011 CAP participants. The table shows that 58 percent received LIHEAP, and that the mean grant for those who received LIHEAP was about \$300.

Table IV-17
2011 CAP Participants
LIHEAP Assistance

	2011 Analysis Group	2011 Full Year CAP
Observations	9,704	7,264
Percent Received LIHEAP	58%	56%
Number Received LIHEAP	5,600	4,044

	2011 Analysis Group	2011 Full Year CAP
Mean LIHEAP Grant (LIHEAP Recipients)	\$324	\$307

Table IV-18 displays LIHEAP receipt for the 2010 CAP enrollees and the nonparticipant group. The table shows that the percent of participants who received LIHEAP increased from 68 percent in the year prior to enrollment to 73 percent in the year following enrollment, a net increase of 11 percentage points. Across all participants, the net change in the mean grant was \$52.

Table IV-18
CAP Participant and Comparison Groups
LIHEAP Assistance

	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Observations	1,231			6,842			
Percent Received LIHEAP	68%	73%	5%	85%	79%	-6% [#]	11% [#]
Mean LIHEAP Grant – Received in Pre or Post Period	\$316	\$395	\$79	\$359	\$413	\$54	\$25
Mean LIHEAP Grant – All Cases	\$215	\$288	\$73 [#]	\$304	\$324	\$21 [#]	\$52 [#]
Mean LIHEAP Grant – Received in Both Pre and Post Period	\$313	\$387	\$74 [#]	\$362	\$408	\$46 [#]	\$27 [#]

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

K. Collections Impact

Table IV-19 displays the change in collections actions and costs after program enrollment. The table shows that the total number of collections actions increased by an average of .2 per participant in the year following enrollment and the cost increased by an average of just over two dollars per participant. The nonparticipants also had a small increase in collections actions.

Table IV-19
CAP Participant and Comparison Groups
Collections Actions and Cost

	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Number of Customers	1,231			6,842			
Mail Action (.45)	0.2	0.3	<0.1 [*]	0.2	0.5	0.3 [#]	-0.2 [#]

	2010 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Phone/Field Action (\$15)	0.1	0.2	0.1 [#]	0.1	0.2	0.1 [#]	<0.1*
Office Action (\$8)	0.0	0.0	0.0	<0.1	<0.1	0.0	0.0
Field Action (\$22)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shutoff (\$45)	<0.1	<0.1	>-0.1	<0.1	<0.1	<0.1 [#]	>-0.1
Total Actions	0.3	0.5	0.2 [#]	0.3	0.7	0.4 [#]	-0.2 [#]
Total Cost	\$2.08	\$4.16	\$2.08 [#]	\$1.89	\$3.95	\$2.06 [#]	\$0.02

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

L. Summary of CAP Data Analysis Findings

This section provides a summary of the findings from the CAP data analysis.

- *CAP Retention:* The retention analysis showed that customers who enroll in CAP remain in the program for the time period analyzed (one year) unless they close their account. While 4,094 of the 2010 enrollees had a bill and a CAP bill one month after enrollment, by month 12, only 3002 had a bill, but 2,999 of these customers who had a bill had a CAP bill.
- *Arrearage Forgiveness:* 67 percent of the 2010 enrollee analysis group received arrearage forgiveness at some point in the year after enrollment. 62 percent received arrearage forgiveness in six, seven, or eight months after enrollment. Mean arrearages were \$722, and the mean amount of arrearages forgiven was \$163.
- *Shortfall Forgiveness:* 78 percent of the 2010 enrollee analysis group received shortfall forgiveness at least once in the year after enrollment. The mean amount forgiven was \$365 in the year after enrollment.
- *Energy Burden:* Energy burden is the percent of income spent on the energy bill. The Pennsylvania Public Utility Commission has set target ranges for energy burden based on poverty level and fuel. Of all customers participating in CAP for all of 2011, 35 percent had an energy burden that was above the PUC targeted energy burden based on poverty level. While 77 percent of those below 50 percent of the poverty level were above the PUC target, 12 percent of those above 100 percent of the poverty level were above the PUC target.
- *Affordability:* The analysis showed that CAP had a large impact on affordability. Participants received an average CAP discount off the full bill of \$351. Mean energy burden declined from 15 percent to ten percent, and the percent of customers above the PUC targeted energy burden declined from 65 percent to 22 percent. Gross and net changes were all statistically significant.

- *Payment Compliance:* 2011 CAP participants who were on the program for a full year were likely to pay a large percentage of their bill. The analysis showed that 15 percent paid the full CAP bill, 28 percent paid between 90 and 99 percent, 28 percent paid between 75 and 90 percent, and 28 percent paid less than 75 percent of the annual CAP bill.
- *Payment Impact:* CAP had a positive impact on participants' ability to pay their bills. While 31 percent paid the full CAP bill in the year prior to enrollment, 55 percent paid the full CAP bill in the year following enrollment. An additional 21 percent paid between 90 and 99 percent of the CAP bill.
- *LIHEAP Assistance:* One of the CAP obligations is that participants apply for LIHEAP. Some of the CAP Administering agencies' representatives who were interviewed noted that this requirement was not enforced. The analysis showed that 56 percent of CAP participants who were on the program for all of 2011 received LIHEAP, with an average grant of \$307.¹⁹ CAP did appear to have a positive impact on LIHEAP receipt. The net change in the percent who received LIHEAP was an increase of 11 percentage points.
- *Collections Impact:* CAP did not impact collections actions and costs.

¹⁹ The survey showed that 86 percent of participants applied for LIHEAP. Not all applications receive the grant, and not all grant recipients award the grant to UGI.

V. Summary of Findings and Recommendations

This section of the report provides key findings and recommendations from the evaluation.

A. *Program Administration and Procedures*

UGI has contracted with agencies and developed tools to effectively administer its Universal Service Programs. Agency staff members have a good understanding of UGI's programs and other community services that are available. UGI's Customer Outreach System helps UGI representatives and agency representatives to effectively implement and manage the programs. Universal Service Programs operate effectively and provide important benefits to low-income customers to help them maintain utility service and meet their other household needs. This section provides recommendations for program administration and procedures that may improve the efficiency and/or effectiveness of program implementation and ensure that customers' receive the greatest benefit from program services.

1. *Consider allowing agencies to have greater access to data on the Customer Outreach System.*

The Customer Outreach System (COS) provides CAP Administering Agency access to determine customers' monthly CAP payment and enroll customers in CAP. However, representatives do not have access to the customer's billing and payment history if the customer has not yet enrolled in CAP. Agency representatives recommended that it would be useful to have greater access to customer account information for customers who were not enrolled in CAP. This would allow agency staff to review their billing and payment history and provide more information to customers about potentially beneficial services.²⁰

2. *Provide regular updates to agencies to inform them of any program changes.*

UGI staff members have regular contact with CAP Administering Agency staff and are responsive to agencies' questions and concerns. However, it is important to ensure that there is an effective mechanism to convey program changes to agencies. One of the interviewed agency representatives noted that program changes are not always communicated effectively. UGI should provide regular program update bulletins or hold quarterly agency meetings to ensure that agency staff members are aware of any program changes.

3. *Enforce or place more emphasis on LIHEAP requirement.*

UGI states that a requirement of CAP is that customers apply for LIHEAP. CAP agency representatives noted that this requirement is not enforced and is not discussed at the

²⁰ UGI has stated that they are willing to consider this recommendation, but would first need to work through their concerns about maintaining customer privacy.

time of re-certification. The data analysis showed that 58 percent of all 2011 CAP participants received LIHEAP and 73 percent of 2010 enrollees received LIHEAP in the year following CAP enrollment. UGI should have a mechanism in place to remind customers of this requirement and the availability of agencies to assist with LIHEAP application if needed.

4. *Conduct oversight to ensure that agencies are furnishing all expected program services.*

UGI's three-year plan states that agencies are responsible for usage reduction education, budget counseling, and referrals. CAP Administering Agencies reported extensive referrals for CAP applicants. However, their description of usage reduction education and budget counseling varied, and many did not report that they make referrals to UGI's LIURP and the PA Weatherization program. While some agencies reported more extensive education, some reported that it did not happen. UGI should clarify the agency requirements, make sure they are understood by the agencies, and conduct periodic observation of agency/customer meetings to determine if the agencies are performing these tasks as expected.

5. *Ensure that UGI Customer Service representatives are knowledgeable about the Universal Service Programs.*

One agency representative stated that Customer Service representatives sometimes provide clients with incorrect information about CAP. UGI should ensure that they periodically review Universal Service Program requirements and benefits with staff.

6. *Provide additional training to CAP Administering Agencies to ensure that they fulfill contracted responsibilities to assist CAP applicants, rather than referring customers back to UGI for assistance.*

Responsibilities for CAP application and enrollment are shared between UGI and agencies. Customers may receive the CAP application from UGI or from the agency. Some of the interviewed agencies reported that they will refer customers back to UGI for a CAP application or eligibility determination. Agencies should be trained that it is their responsibility to provide the application or eligibility determination to the customer if applicable, rather than having the customer need to take the extra step.

7. *Provide application form and information in Spanish.*

One agency stated that they have many Spanish clients and need to bring in a translator to assist these customers. UGI should consider providing all forms and information in Spanish.

8. *Work with lower-performing LIURP agency to improve performance.*

UGI is working with the low-performing LIURP agency that has consistently produced poor energy saving results. UGI should continue to work with low performing agencies,

and provide the agency with specific information regarding areas that require improvement. The agency should be required to provide progress reports to the Company on the steps that are taken to improve their performance. UGI should continue to contract with WAP agencies to benefit from the certifications and experience of such agencies.

UGI is considering implementation of a third party LIURP evaluation. If UGI does implement this research, they should consider including study of the training and experience of LIURP staff at the low-performing agency compared to other agencies, and assessment of whether additional staff training is needed.

9. *Integration of CARES with other UGI Universal Service Programs*

UGI is considering adding CARES to the Customer Outreach System and increasing automation of referrals between Universal Service Programs. This change would be an improvement to program coordination and should be implemented if possible.

B. Program Impact

Analysis of bills and payments for CAP enrollees in the year before and after enrollment, and in comparison to changes for nonparticipant low-income customers showed that the program had large, positive impacts on affordability. Customers received discounts that averaged \$350, more than 20 percent of the pre-enrollment bill. Energy burden declined from an average of 15 percent to 10 percent, and the percent of customers with energy burden above the PUC target level declined from 65 percent to 22 percent. However, some customers still face unaffordable energy bills, even while participating in CAP. This section provides some recommendations for increasing affordability for the most vulnerable customers, assisting additional customers, and increasing the probability that customers can successfully transition out of the program.

1. *Consider a larger shortfall maximum for lowest income CAP participants or elimination of the maximum shortfall component.*

The analysis showed that the lowest income customers were most likely to exceed the PUC energy burden targets. While only 12 percent of 2011 full year CAP participants with income above 100 percent of the federal poverty level had an energy burden above the PUC target, 77 percent of those with income below 50 percent of the federal poverty level had an energy burden above the PUC target. The analysis also showed that the mean energy burden for 2010 CAP enrollees with income below 50 percent of the poverty level was 16 percent in the year after program enrollment, as compared to eight percent for the 2010 enrollees with income between 50 and 150 percent of the poverty level.

UGI should consider increasing the maximum shortfall amount for customers in this poverty group to increase the affordability for these customers. Another option is to consider eliminating the maximum shortfall component.

2. *Assess lowest income CAP customers for LIURP and prioritize those with high usage*

All CAP customers with income below 50 percent of the poverty level should be assessed for LIURP and prioritized for treatment if they are high usage. Currently, customers are solicited based on high usage first. More emphasis should be considered for high usage customers in the lowest income range.

3. *Market CAP to lowest income LIHEAP recipients*

The customer survey showed that nonparticipant CAP customers faced some significant problems paying their gas bills and meeting their other needs. One third of these customers said it was very difficult to pay their gas bills, 20 percent said that they had to delay expenditures on food in the past year, and 18 percent said they had to delay expenditures on medical or dental care in the past year. Additionally, 16 percent said they used their stove or oven to provide heat in the past year. UGI should continue to solicit LIHEAP recipients for CAP application.

4. *Consider forgiveness of excess shortfall for customers who leave CAP.*

The maximum shortfall forgiveness amounts are \$950 for heating accounts and \$560 for non-heating accounts. Customers who exceed these shortfall amounts are not asked to repay the discounted amount, but the excess shortfall remains with their account and the customers are expected to pay that amount if they leave CAP or close their account. This policy could potentially be a burden for customers who have an increase in income and are able to leave CAP. Customers in this category are likely to remain close to the low-income CAP eligibility standard for some time and may have considerable difficulty paying their past excess shortfall amount in addition to their full non-CAP bill. UGI should consider forgiving excess shortfall for customers who leave CAP and pay their full UGI bill for a certain period of time. UGI may also consider eliminating the maximum shortfall component of the program.