# Pennsylvania Public Utility Commission

## Fourth Biennial Report to the General Assembly and the Governor pursuant to section 1415

## Implementation of Chapter 14

Dec. 14, 2012

# Table of Contents



## Tables

# Appendices

# Executive Summary

In the First Biennial Report to the General Assembly and Governor Pursuant to Section 1415 of the Public Utility Code submitted on Dec. 14, 2006, the Pennsylvania Public Utility Commission (Commission or PUC) concluded that a comprehensive evaluation of the impact of Chapter 14 was premature. In both the second report submitted on Dec. 14, 2008, and the third report submitted on Jan. 14, 2011, the Commission concluded that the electric industry implementation of the Act showed some deterioration since the passage of Chapter 14 while the natural gas industry, especially Philadelphia Gas Works (PGW), showed improvement. Utility data from 2002 through 2011 has been analyzed for this report.

Based on the evidence in the Fourth Biennial Report contained herein, the PUC concludes that the utilities have successfully implemented Chapter 14 since its passage on Dec. 14, 2004.

***Highlights from the Fourth Biennial Report:***

- Despite a prolonged declining economy since the passage of Chapter 14, utilities have effectively managed residential collections expenses. Total gross collections costs increased modestly from 8.8 percent of revenues in 2004 to 8.9 percent of revenues in 2011.

- Terminations have increased dramatically since the passage of Chapter 14. On the positive side, utilities are using terminations as a collections tool to effectively manage customer debt. However, more customers now enter the winter without a central heating source and the Commission is concerned about the health and safety of the occupants in these homes.

- Overall, low-income customers have fared better since the passage of Chapter 14. The utilities have adopted the Commission’s request for lenient restoration terms in our annual Prepare Now Campaign. Low-income customers are given many opportunities to have utility service entering the wintertime. Most significantly, enrollment in Customer Assistance Programs (CAPs) increased by 66 percent from 2004 to 2011.

- The report concludes that, while some instances of non-compliance remain, overall the utilities have effectively complied with Chapter 14.

- Chapter 14 has had an impact on the number of Payment Agreement Requests (PARs). The Commission has turned away 134,218 customers who are ineligible to receive a PAR since the passage of Chapter 14.

Chapter 14 requires the PUC to provide a report to the General Assembly and Governor every two years (§ 1415). The reports are to review the implementation of the provisions of Chapter 14, including, but not limited to, the following four areas:

- The degree to which the Chapter's requirements have been successfully implemented;
- The effect upon the cash working capital or cash flow, uncollectible levels and collections of the affected public utilities;
- The level of access to utility services by residential customers including low-income customers; and
- The effect upon the level of consumer complaints and mediations filed with and adjudicated by the Commission. (Mediations are currently classified as payment agreement requests (PARs) under § 1415.)

**Section I – The Degree to Which the Chapter's Requirements Have Been Successfully Implemented**

- Chapter 14 has been in effect for eight years. The Commission has taken steps to implement Chapter 14 in a manner that achieves the policy goals of increasing utility account collections and eliminating the subsidization of bad debt costs by paying customers.

- The Commission revised the "Standards and Billing Practices for Residential Utility Service" regulations at 52 Pa. Code Chapter 56, bringing it into compliance with Chapter 14 (Docket No. L-00060182). The regulations are now in effect following publication in the Pennsylvania Bulletin on Oct. 8, 2011. The Commission works to implement Chapter 14 fairly and ensure that service remains available to all customers on reasonable terms and conditions.

- Upon review, the Commission concludes that, overall, the utilities have effectively complied with Chapter 14. Some compliance issues are apparent from a review of informal complaints filed with the Bureau of Consumer Services (BCS) and informal investigations conducted by the Commission's Bureau of Investigation & Enforcement (I&E). However, no indications of widespread, systemic violations of the Chapter currently exist. The utilities appear to have brought their operations into compliance with the requirements of the Chapter, and the Commission is generally satisfied with the level of compliance to date.

- Neverthless, instances of non-compliance are present. This is evidenced by the number of informally verified infractions found by the Commission relative to the electric, gas and water industries as shown in Tables 1 through 7 of this report and in the settlement resulting from an informal investigation by I&E. Infractions are defined here as misapplications or violations of Chapter 14 found by BCS staff as part of an informal complaint investigation. BCS staff verifies infractions by reviewing the informal complaint and information provided by the utility concerning the allegation and determining that the information indicates a possible violation of the Chapter has occurred. An infraction also may be verified if the utility chooses not to contest the allegation, or admits that a violation may have occurred.

**Section II – The Effect Upon the Cash Working Capital or Cash Flow, Uncollectible Levels and Collections of the Affected Public Utilities**

- The overall collections performance for the electric industry is beginning to show some improvement since the passage of Chapter 14, despite the weak economy.

    - Specifically, residential revenues have increased 48.2 percent since 2004, with a number of utilities reporting record earnings and profits during this period. Collections operating expenses, as a percentage of residential revenues, have declined slightly from 1.6 percent in 2004 to 1.4 percent in 2011.

    - Due to the economic downturn and the implementation of Chapter 14, a significant increase in the number of low-income, payment-troubled customers has occurred since 2004. Enrollment in Universal Service programs has increased dramatically, resulting in higher Universal Service costs. However, these costs are recoverable for the utilities. The combination of total collections and Universal Service costs as a percentage of gross revenues has increased from 7.1 percent in 2004 to 7.7 percent in 2011.

    - The gross residential write-offs ratio, which is the percentage of billings written off as uncollectible, declined from 2.1 percent in 2004 to 1.8 percent in 2011.

- The overall collections performance for the gas industry improved from 2004-11. This improvement reflects the continuation of a trend that had begun in the pre-Chapter 14 period from 2002-04.

    - Since the implementation of Chapter 14, the percent of customers in debt declined from 22.63 percent in 2004 to 15.82 percent in 2011. Meanwhile, the total dollars in debt declined by 44.6 percent.

    - The gross residential write-offs ratio declined by 33.7 percent since the passage of Chapter 14, going from 5.61 percent in 2004 to 3.72 percent in 2011.

- Overall, the analysis of the various collections data since the passage of Chapter 14 continues to show a dramatic pattern of improvement for PGW.

    - Significantly fewer residential customers owe money to PGW, while the amount of debt has also significantly declined since 2004.

    - PGW also stands out for a 30.6 percent decrease in its gross residential write-offs ratio.

    - PGW's upgraded bond rating also reflects its improved collections performance and overall financial health.

**Section III – The Level of Access to Utility Services by Residential Customers, Including Low-Income Customers**

- The Cold Weather Survey data is the most important indicator of the level of access to utility service.
  - ➢ The companies reported that as of Dec. 19, 2011, 17,475 households entered the winter season without heat-related service.
  - ➢ An additional 2,559 residences were using potentially unsafe heating sources, bringing the total number of homes not using a central heating system to 20,034. This number is 34 percent higher than the pre-Chapter 14 average from 2001-04 of 14,992.
  - ➢ Terminations increased dramatically, by 95.2 percent for the electric industry and by a more modest 11.9 percent for the gas industry from 2004-11.
  - ➢ Additionally, the Commission turned away 134,218 customers seeking PARs who were deemed ineligible under Chapter 14 since its passage (from 2005-11).
- Both the electric and gas industries have seen a significant increase in CAP enrollment since the passage of Chapter 14. This has led to a corresponding increase in CAP spending, which is borne by all residential ratepayers. Specifically, since 2004, the electric industry has increased CAP spending 108.7 percent and the gas industry has increased cap spending 62.1 percent. Reductions in collections costs have partially offset the increase in CAP costs. Low-income households that are placed into CAP and successfully manage to pay their CAP bills represent the success of the program.
- The Commission continues to promote energy efficiency and conservation as well as customer responsibility as tools for maintaining access to utility service.

**Section IV – The Effect Upon the Level of Consumer Complaints and Mediations Filed with and Adjudicated by the Commission (Mediations are Currently Classified as Payment Agreement Requests Under § 1415)**

- Chapter 14 continues to have an impact on the number of Payment Agreement Requests (PARs).
  - ➢ PARs decreased 35 percent from 2004-11 and have been well below the 2004 level in each year since then.
  - ➢ The Commission turned away 19,756 customers in 2011 due to the restrictions on its ability to grant payment agreements.
  - ➢ Since the passage of Chapter 14, through the end of 2011, the Commission has turned away 134,218 customers seeking PARs.

- While the Commission continues to issue payment terms for customers whose service was terminated, this authority is exercised judiciously and only in instances where the customer has made a good-faith effort to pay their bill.

- In addition, informal consumer complaint volume declined by 28 percent from 2004-11.

**<u>Recommendations by the Commission for Legislative Amendments</u>**

- The Commission is not recommending legislative amendments at this time. The Commission will continue to evaluate what, if any, legislative amendments may be necessary to further promote the goals of the Act and the public interest and will communicate those recommendations to the General Assembly and Governor in its Fifth and final Biennial Report in Dec. 2014. The Commission appreciates the opportunity to continually evaluate Chapter 14 so that the goals of increasing utility account collections and eliminating the subsidization of bad debt costs by paying customers do not erode consumer protections.

**<u>Target Dates for Future Biennial Reports</u>**

- The Commission will issue its fifth biennial report by Dec. 14, 2014, and will include data from 2012-13. Through the issuance of the Biennial Report, the Commission will keep the General Assembly and Governor abreast of the implementation of Chapter 14. In recognition of the sunset of Chapter 14 on Dec. 14, 2014, the Commission may target an earlier release date of the final biennial report so that it is available for the legislature to use in its decision-making on whether to allow Chapter 14 to sunset, to modify it, or to continue it without change.

# Introduction

On Nov. 30, 2004, Senate Bill 677, also known as Act 201, the Responsible Utility Consumer Protection Act, was signed into law. The Act went into effect on Dec. 14, 2004, and amended Title 66 by adding Chapter 14 (66 Pa. C.S. §§ 1401-1418) (*Responsible Utility Customer Protection Act*). Chapter 14 is applicable to electric distribution companies, water distribution companies and larger natural gas distribution companies (those having annual operating income in excess of $6 million).

Chapter 14 requires the PUC to provide a report to the General Assembly and Governor every two years (§ 1415). The first report was due no later than Dec. 14, 2006, and the final report is due in December 2014. The reports are to review the implementation of the provisions of Chapter 14, including, but not limited to:

1. The degree to which the Chapter's requirements have been successfully implemented;

2. The effect upon the cash working capital or cash flow, uncollectible levels and collections of the affected public utilities;

3. The level of access to utility services by residential customers including low-income customers; and

4. The effect upon the level of consumer complaints and mediations filed with and adjudicated by the Commission. (Mediations are currently classified as payment agreement requests under § 1415.)

Chapter 14 directs public utilities affected by this Chapter to provide data, as required by this Commission, to complete the reports. The PUC's report also may contain recommendations to the General Assembly and Governor regarding recommended legislative amendments or other changes that the Commission deems appropriate.

Chapter 14 includes the Philadelphia Gas Works (PGW), a city natural gas distribution operation, within the category of natural gas distribution utilities. The category specifically excludes natural gas distribution utilities with operational revenues of less than $6 million per year except where the public utility voluntarily petitions the Commission to be included or where the public utility seeks to provide natural gas supply services to retail gas customers outside its service territory. Natural gas distribution utilities that are not connected to an interstate gas pipeline are similarly excluded from the provisions of Chapter 14 under § 1403.

## *Section I - The Degree to Which the Chapter's Requirements Have Been Successfully Implemented*

As part of the first section of this report, the Commission will provide a summary of the Chapter 14 implementation process by both the Commission and the utilities. It will include a report on verified infractions of Chapter 14 committed by utilities, as determined through a random sampling of informal complaints before the Commission's BCS,[1] and possible violations of Chapter 14 from informal PUC investigations resolved in the last two calendar years. Although these violations represent non-compliance with Chapter 14, the violations are, for the most part, isolated occurrences, and the Commission concludes that overall, the utilities have effectively implemented and complied with Chapter 14.

### Commission Regulations

The Commission revised the "Standards and Billing Practices for Residential Utility Service" regulations at 52 Pa. Code Chapter 56, bringing it into compliance with Chapter 14 (Docket No. L-00060182). The regulations are now in effect following publication in the *Pennsylvania Bulletin* on Oct. 8, 2011. The Commission works to implement Chapter 14 fairly and ensure that service remains available to all customers on reasonable terms and conditions.

The PUC's Bureau of Consumer Services (BCS) continues to work in a collaborative manner with utilities and consumer representatives on implementation issues as they arise. This included revising the "Rights and Responsibilities" booklet that offers consumers a plain-language explanation of their basic rights and responsibilities as utility customers under the new regulations. Utilities have made this document available to all of their consumers and it is also available on the Commission's website.

To further facilitate implementation of the Act, Commission staff met with utility companies to address specific concerns and questions. Commission staff provided informal written guidance to the utility companies relating to areas of particular concern, such as winter termination rules and the annual change in the federal poverty guidelines.

The BCS informal compliance process has also facilitated the implementation of the Act by giving utilities specific examples of possible infractions of Chapter 14. The informal compliance process uses consumer complaints to identify, document and notify utilities of possible infractions. A utility that receives notification of a possible infraction has an opportunity to refute the allegation. The utility can use the information to identify and voluntarily correct deficiencies in its customer service operations. Corrective actions may include modifying a computer program; revising the text of a notice, bill, letter or company procedure; or providing additional staff training to ensure the proper use of a procedure. The

[1] The random sampling consists of a statistically valid sample, with a reasonable margin of error, of informal complaints opened within the calendar year. An automated process that sorts through the cases as they are closed and is intended to produce a representative sample of BCS informal complaint activity selects the sample. The selected sample is then reviewed for evaluative and compliance purposes. Utilities whose activity with the BCS is insufficient to produce a valid sample are excluded from sampling.

notification process also allows utilities to receive written clarifications of Chapter 14 and Commission regulations and policies. This is an informal process intended to address compliance deficiencies in a quick, non-punitive manner.

**Informal Complaint Infractions**

One measure of Chapter 14 compliance that the PUC's BCS uses is the frequency of Chapter 14 infractions that are found and verified during an informal complaint investigation. BCS typically keeps track of Chapter 14 infractions against energy and water utilities, including, but not limited to, infractions related to the collection of security deposits, to defective service termination notices, to unauthorized service terminations, and to untimely reconnections of service.

Upon review of informal complaints filed, the BCS recorded the following verified infractions of Chapter 14. As the data shows, while there are possible infractions of the Chapter documented, there is no indication of widespread, systemic violations of the Chapter. For the most part, it appears that the utilities have brought their operations into compliance with the requirements of the Chapter.

**Table 1 – 2005 Infractions**

| 2005 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | 2 | 5 | 1 | 8 |
| § 1404 Credit and Deposits | 10 | 11 | | 21 |
| § 1405 Payment Agreements | | 1 | | 1 |
| § 1406(a) Authorized Termination | 14 | 32 | 4 | 50 |
| § 1406(b) Notice of Termination | 9 | 6 | 5 | 20 |
| § 1406(c) Grounds for Immediate Termination | 1 | 2 | | 3 |
| § 1406(e) Winter Termination | | 1 | | 1 |
| § 1406 Medical Certificates | 1 | 1 | | 2 |
| § 1407(a) Reconnection Fee | | 1 | | 1 |
| § 1407(b) Reconnection of Service – Timing | 11 | 14 | | 25 |
| § 1407(c) Reconnection – Payment to Restore Service | | 1 | 4 | 5 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 2 | 2 | | 4 |
| **Total** | **50** | **77** | **14** | **141** |

## Table 2 – 2006 Infractions

| 2006 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | 4 | 13 | 1 | 18 |
| § 1404 Credit and Deposits | 2 | 14 | | 16 |
| § 1406(a) Authorized Termination | 5 | 25 | | 34 |
| § 1406(b) Notice of Termination | 9 | 2 | 4 | 13 |
| § 1406(c) Grounds for Immediate Termination | | | 2 | 1 |
| § 1406 Medical Certificates | | 1 | 1 | 1 |
| § 1407(a) Reconnection Fee | | 2 | | 2 |
| § 1407(b) Reconnection of Service – Timing | 5 | 13 | | 18 |
| § 1407(c) Reconnection – Payment to Restore Service | 1 | 3 | 1 | 5 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 2 | 11 | 1 | 14 |
| **Total** | **28** | **84** | **10** | **122** |

## Table 3 – 2007 Infractions

| 2007 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | 4 | 5 | | 9 |
| § 1404 Credit and Deposits | 6 | 25 | | 31 |
| § 1405 Payment Agreements | | 1 | 1 | 2 |
| § 1406(a) Authorized Termination | 7 | 29 | 9 | 45 |
| § 1406(b) Notice of Termination | 4 | 6 | 6 | 16 |
| § 1406(c) Grounds for Immediate Termination | | 1 | 2 | 3 |
| § 1407(a) Reconnection Fee | 1 | | | 1 |
| § 1407(b) Reconnection of Service – Timing | 3 | 13 | | 16 |
| § 1407(c) Reconnection – Payment to Restore Service | 1 | 2 | | 3 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 5 | 12 | 2 | 19 |
| § 1417 Nonapplicability - Protection From Abuse | 1 | 1 | | 2 |
| **Total** | **32** | **95** | **20** | **147** |

## Table 4 – 2008 Infractions

| 2008 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | 8 | 8 | 1 | 17 |
| § 1404 Credit and Deposits | 7 | 21 | 1 | 29 |
| § 1406(a) Authorized Termination | 8 | 27 | 15 | 50 |
| § 1406(b) Notice of Termination | 2 | 2 | 3 | 7 |
| § 1406(f) Medical Certificates | 1 | | | 1 |
| § 1407(a) Reconnection Fee | 2 | 4 | | 6 |
| § 1407(b) Reconnection of Service – Timing | 4 | 20 | | 24 |
| § 1407(c) Reconnection – Payment to Restore Service | 6 | 17 | 4 | 27 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 5 | 4 | 2 | 11 |
| § 1410 Complaints | | | 2 | 2 |
| **Total** | **43** | **103** | **28** | **174** |

## Table 5 – 2009 Infractions

| 2009 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | | 6 | 4 | 10 |
| § 1404 Credit and Deposits | 11 | 8 | | 19 |
| § 1405 Payment Agreements | 1 | | | 1 |
| § 1406(a) Authorized Termination | 13 | 12 | 10 | 35 |
| § 1406(b) Notice of Termination | 1 | 2 | 2 | 5 |
| § 1406(c) Grounds for Immediate Termination | | 1 | | 1 |
| § 1407(a) Reconnection Fee | | 3 | 3 | 6 |
| § 1407(b) Reconnection of Service – Timing | 1 | 5 | | 6 |
| § 1407(c) Reconnection – Payment to Restore Service | 2 | | | 2 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 3 | 7 | 1 | 11 |
| § 1410 Complaints | | 2 | | 2 |
| **Total** | **32** | **46** | **20** | **98** |

## Table 6 – 2010 Infractions

| 2010 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | 1 | 1 | 1 | 3 |
| § 1404 Credit and Deposits | 6 | 14 | | 20 |
| § 1406(a) Authorized Termination | 9 | 6 | 3 | 18 |
| § 1406(b) Notice of Termination | 1 | | 1 | 2 |
| § 1406(c) Grounds for Immediate Termination | | | 1 | 1 |
| § 1407(a) Reconnection Fee | 1 | 1 | 1 | 3 |
| § 1407(b) Reconnection of Service – Timing | 5 | 4 | | 9 |
| § 1407(c) Reconnection – Payment to Restore Service | 4 | | | 4 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 3 | 2 | | 5 |
| **Total** | **30** | **28** | **7** | **65** |

## Table 7 – 2011 Infractions

| 2011 | | | | |
|---|---|---|---|---|
| **Section of Chapter 14** | **Electric Utilities** | **Gas Utilities** | **Water Utilities** | **Total** |
| § 1403 Definitions | 2 | 2 | 2 | 6 |
| § 1404 Credit and Deposits | 8 | 7 | | 15 |
| § 1405 Payment Agreements | | | | |
| § 1406(a) Authorized Termination | 12 | 6 | 4 | 22 |
| § 1406(b) Notice of Termination | 1 | 1 | | 2 |
| § 1407(b) Reconnection of Service – Timing | 8 | 5 | | 13 |
| § 1407(c) Reconnection – Payment to Restore Service | 1 | 1 | 1 | 3 |
| § 1407(d)(e) Payment of Outstanding Balance at Premise | 5 | 4 | 1 | 10 |
| § 1414 Without Grounds Placed Lien on Property | | 1 | | 1 |
| § 1417 Nonapplicability - Protection From Abuse | 1 | | | 1 |
| **Total** | **38** | **27** | **8** | **73** |

## Formal Commission Actions

Pursuant to 66 Pa. C.S. §§ 331(a), 506 and 52 Pa. Code § 3.113, the Commission's Bureau of Investigation & Enforcement (I&E) along with BCS, continues to conduct informal investigations into alleged Chapter 14 infractions. These informal investigations have resulted in the Commission's approval of settlement agreements reached between companies and I&E staff to resolve these matters. It can take six months or longer to bring an informal investigation to settlement. In all of the settlements, each company denied any Chapter 14 violations. The settlements are significant in that they may indicate systemic problems that need to be corrected. They also may involve public health and safety issues that the Commission takes very seriously.

In the First, Second, and Third Biennial Reports submitted pursuant to Section 1415, the PUC reported on 13 settlements related to alleged Chapter 14 violations.[2] For this reporting period, the Commission acted on the following settlement that involved alleged violations of Chapter 14:

- On Jan. 27, 2011, the Commission finalized a settlement with Peoples Natural Gas LLC, which resulted from an investigation into the company's handling of an account that was terminated on October 14, 2009, for non-payment. (Docket No. M-2010-2147821) I&E staff alleged that the company failed to provide the customer with information about obtaining a medical certificate in order to restore service and failed to determine if the customer was satisfied with the calls to the company. In reviewing the company's actions related to the incidents, I&E staff alleged that Peoples violated portions of the state Public Utility Code, including Chapter 14 and Commission regulations. Under the terms of the settlement, the company agreed to provide ongoing training for its customer representatives regarding customer medical certification information and ensure that representatives expressly inquire at the conclusion of every customer telephone call if the call has been resolved to the customer's satisfaction.

---

[2] (i) Pennsylvania Public Utility Commission Prosecutory Staff v. PECO Energy Company, Public Meeting of Dec. 1, 2005. M-00051904; (ii) PUC Prosecutory Staff Informal Investigation of the Pennsylvania Electric Company Service Terminations in Hastings and Erie, Pennsylvania. Public Meeting of Dec. 15, 2005. M-00051906; (iii) PUC Prosecutory Staff Informal Investigation of the PPL Electric Utilities Corporation Residential Service Terminations. Public Meeting of Aug. 17, 2006. M-00061942; (iv) Settlement Agreement Between PUC Prosecutory Staff and West Penn Power Co., t/d/b/a Allegheny Power, Public Meeting of Oct. 19, 2006. M-00061952; (v) Pennsylvania Public Utility Commission Prosecutory Staff v. PECO Energy Company, Public Meeting of June 24, 2008. M-00072051; (vi) Pennsylvania Public Utility Commission, Prosecutory Staff v. PPL Electric Utilities Corporation, Public Meeting of March 26, 2009, M-2008-2057562; (vii) Pennsylvania Public Utility Commission Law Bureau Prosecutory Staff v. Philadelphia Gas Works, Public Meeting of December 18, 2008, M-00072017; (viii) Pennsylvania Public Utility Commission; (ix) Pennsylvania Public Utility Commission Law Bureau Prosecutory Staff v. Metropolitan Edison Company, Public Meeting held April 22, 2010, M-2009-2035436; (x) Pennsylvania Public Utility Commission Law Bureau Prosecutory Staff v. PPL Electric Utilities Corporation, Public Meeting held November 19, 2009, M-2009-2058182; (xi) Pennsylvania Public Utility Commission Law Bureau Prosecutory Staff, Public Meeting held November 19, 2009, M-2009-2059414; (xii) Pennsylvania Public Utility Commission Prosecutory Staff v. Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company d/b/a FirstEnergy, Public Meeting held December 3, 2009, M-2009-2112849; (xiii) Re: Informal Investigation of Pennsylvania-American Water Company, Public Meeting held March 26, 2009, M-2008-2066530; (xiv) Law Bureau Prosecutory Staff v. Pennsylvania Electric Company, Public Meeting of March 12, 2009, M-2008-2027681.

The company also agreed to pay a civil penalty of $1,500 to resolve the alleged violations. The company did not admit to any wrongdoing under the settlement.

**Conclusion: Section I – The Degree to Which the Chapter's Requirements Have Been Successfully Implemented**

Chapter 14 has been in effect for eight years. The Commission has taken steps to implement Chapter 14 in a manner that achieves the policy goals of increasing utility account collections and eliminating the subsidization of bad debt costs by paying customers. The Commission revised the Chapter 56 regulations to make them consistent with the mandates of Chapter 14. The Commission works to implement Chapter 14 fairly and ensure that service remains available to all customers on reasonable terms and conditions.

Overall, the utilities have effectively complied with Chapter 14. While some compliance issues are apparent from a review of informal complaints filed with BCS and informal investigations conducted by the Commission's I&E, no indication of widespread, systemic violations exist. It appears the utilities have brought their operations into compliance with the requirements of the Chapter, and the Commission is generally satisfied with the level of compliance demonstrated by the utilities to date.

Instances of non-compliance are evident in the number of informally verified infractions found by the Commission relative to the electric, gas and water industries and alleged infractions shown in the list of formal settlements resulting from I&E informal investigations. The Commission continues to be concerned with unlawful or erroneous terminations, which present serious issues of health and safety for both the individuals directly involved and the surrounding community. The Commission notes that many of these infractions are isolated occurrences. However, where a systemic failure is involved, appropriate corrective and, if need be, punitive action has been taken. The Commission further notes that prior to the enactment of Chapter 14, utilities experienced similar compliance issues related to improper service terminations, etc. under the PUC's Chapter 56 billing regulations and/or Section 1501 of the Code (pertaining to reasonable service). Thus, these types of compliance issues are not unique to Chapter 14. In any event, the Commission takes such matters seriously and continues to work diligently to address these issues with utilities on a case-by-case basis.

## *Section II - The Effect Upon the Cash Working Capital or Cash Flow, Uncollectible Levels and Collections of the Affected Public Utilities*

Chapter 14 requires the Commission to report on the effect of Chapter 14 on cash working capital or cash flow, uncollectible levels and residential collections of the affected utilities. The following section will begin with an overview of the collections process followed by a review of the type of collections data that the Commission receives and utilizes to, among other things, assess the impact of Chapter 14 on energy and water utility uncollectible levels and collections, etc. This section concludes with data on the collections impact of Chapter 14 on affected utilities. Based on this data, the overall collections performance for the electric industry is beginning to show some improvement since enactment of Chapter 14, while the overall collections performance for the gas industry continues to improve. Noting the current economic conditions, utilities have effectively managed their overall collection levels during the report period.

### Overview of the Collections Process

The collections process begins when a customer does not pay his/her bill in full and on time. Active account balances are those accounts with service still on. The number of active accounts in debt and the corresponding dollars in debt are included in this report.

Inactive account balances are those accounts that have been terminated or discontinued but not yet written-off by the company. Inactive account balances will either be paid by the customer or written off as uncollectible by the company. The Commission's Collections Reporting Interim Guidelines require utility reporting of inactive accounts beginning with 2007 data (See Appendix 30). Write-offs are accounts that the company determines to be uncollectible.

Companies move accounts from inactive status to write-offs on differing timelines, varying from two months to one year following termination or discontinuance, according to individual company accounting strategies. Collections Operating Expenses represent the costs to the company for pursuing the dollars owed by customers. Universal Service Programs costs reflect the costs associated with those programs that serve as alternative collections devices for low-income customers. Security Deposits on Hand represent a cash asset for utilities and are treated as an offset to collections costs in the calculation of a company's Distribution Charges (See Appendix 31).

### Collections Data Process

The Commission sought comments from the industry and interested parties on collections data issues associated with Chapter 14 reporting requirements, including, but not limited to, the following:

- Applicability of the reporting requirements;
- Content of the list of collections data variables to be included under the reporting requirements;

- Frequency of utility reporting under the requirements;
- Due dates for the utility reporting under the requirements;
- Establishment of the Collaborative Process Working Group;
- Transfer of historical data from the Commission to the utilities;
- Link between the Chapter 56 rulemaking and the Collections Reporting Requirements; and
- Process for making collections data available to the public.

**Applicability**

***Larger Utilities - Electric***

By order entered July 24, 2006, at Docket No. M-00041802F0003, the Commission established that larger utilities – those electric, gas and water distribution utilities with annual operating revenues greater than or equal to $200 million – are subject to full reporting pursuant to § 1415. The complete list of collections data variables appears in Appendix 1. The electric distribution utilities subject to the Chapter 14 evaluation collections reporting requirements include: Duquesne Light Co. (Duquesne), Metropolitan Edison Co. (Met-Ed), PECO Electric Inc. (PECO), Pennsylvania Electric Co. (Penelec), Pennsylvania Power Co. (Penn Power), PPL Electric Utilities Corp. and West Penn Power Co. (formerly Allegheny).

*Treatment of West Penn Power (formerly Allegheny Power)*

On Feb. 24, 2011, PUC approved a joint application where Allegheny and TrAILCo each became a wholly owned subsidiary of FirstEnergy Co. Subsequent to the approval, Allegheny Power began identifying itself to customers as "West Penn Power, A FirstEnergy Company". Starting with this year's report, we will identify the company as West Penn Power.

***Larger Utilities – Natural Gas***

The natural gas distribution utilities include: Columbia Gas of Pennsylvania (Columbia), Peoples Natural Gas Co. (formerly Dominion Peoples), Equitable Gas Co. (Equitable), National Fuel Gas Distribution Corp. (NFG), PECO Gas, UGI Penn Natural Gas (PNG), PGW and UGI-Gas.

***Larger Utilities – Water***

The water utilities include: Aqua (Aqua Pennsylvania) and Pennsylvania American Water Co. (PAWC).

***Smaller Utilities***

The Commission established that smaller utilities covered by Chapter 14 are required to report only a limited number of residential collections data variables beginning with 2007 data. This abbreviated list of collections variables includes the number of residential customers, annual residential billings, annual gross residential write-offs, the number of terminations and the number of reconnections.

### Number of Years to be Included in the Biennial Report

The historical reporting period for the residential collections data in the Commission's Fourth Biennial Report is 2002, 2004 and 2006 through 2011. Data for the years 2003 and 2005 are excluded from this report but can be found in the three previously issued reports. Under Commission regulations at 52 Pa. Code § 56.202 (Record Maintenance), utilities are required to maintain a minimum of four years written or recorded disputes and complaints.

### Chapter 56 Rulemaking and the Collections Reporting Requirements/ Frequency of Utility Reporting

In 2011 the Commission revised the "Standards and Billing Practices for Residential Utility Service" regulations at 52 Pa. Code Chapter 56 to bring them into compliance with Chapter 14. In the Chapter 56 rulemaking, the Commission revised § 56.231 to incorporate the Interim Guidelines for collections data reporting. Utilities are to report data on an annual basis. This reporting frequency is sufficient.

### Utility Reporting Due Dates

The Commission set Sept. 1, 2006, as the initial reporting deadline. For subsequent reporting, the Commission established April 1 as the due date for the previous year's information (*i.e.* 2011 data was due April 1, 2012). The annual reporting will continue through April 1, 2014, which will cover the year 2013. The Final Order also set utility reporting due dates which are reflected in the Interim Guidelines.

### Making Collections Data Available to the Public

The Commission received comments asking that collections data be made available on the PUC website www.puc.pa.gov. The Commission agreed and placed the initial historical data submission covering the period 2002-05 on its website in December 2006. The Commission continues to post annual data submissions to the PUC website by May 31 of each year. Data for the period 2002-11 is now on our website and can be found at: http://www.puc.state.pa.us/filing_resources/biennial_report_pursuant_to_section_1415.aspx

## Collections Data

### Residential Collections Data 2002–11

All residential collections data tables presented in this report are based on data previously submitted to the Commission by the affected companies and subsequently validated by the companies. The validation process was set forth in the Commission's Final Order at Docket No. M-00041802F0003. The historical data set for this report covers 2002-11 and was recently validated and updated by the utilities during 2012 for this report. In some cases, data has been revised since its prior publication in the first two reports and the corrected data is contained herein.

### Treatment of Electric and Gas Industry Totals and Averages

All electric and gas industry totals shown throughout the tables in this report are based on industry totals and do not represent an average of the company scores. This rule applies to all tables, regardless of whether the table shows total lines that are simple additions or whether the table shows totals that are derived from calculated variables, which are based on equations using at least two input variables.

Gas industry totals in the report tables include PGW beginning in 2004 since the Commission does not have PGW data prior to the implementation of Chapter 14. However, the narrative descriptive highlights below the gas industry tables are based on industry totals excluding PGW. In this way, PGW can better be compared to its industry peers.

### Collections Performance Measures and Data

The Commission believes that specific collections performance measures such as the percent of customers in debt, the percent of billings in debt, the weighted arrearage and the percent of billings written off provide a comprehensive picture of collections performance. These primary collections measures appear in Section II, along with annual residential billings and annual Universal Service Program costs. Billings are included because billings are used to calculate the percentage of billings in debt and the percentage of billings written off. In addition, the amount of billings shows the magnitude of the dollars involved in residential collections. Universal Service costs are included because Universal Service Programs provide a safety net for low-income customers and, as such, represent a significant part of the utilities' overall collections strategy.

Other collections data appear in the appendices of this report. While the Commission views this data as secondary to the performance measures presented in Section II, the Commission considers the data important enough to include in this report. In all cases, the additional data presented in the appendices offers significant supporting and summary data. The Commission's goal is to provide a comprehensive view of collections performance and the appendices allow us to do so. The appendices include: the dollars in gross write-offs; the number of active accounts in debt; the total dollars in debt for active accounts; average arrearages; annual utility collections operating expenses; collections costs as a percentage of billings; Universal Service Program costs as a percentage of billings; Customer Assistance Program (CAP) Costs; Low Income Usage Reduction Program (LIURP) costs; summaries of select collections and Universal Service costs; monthly average bills; the number of accounts and dollars in debt for inactive accounts; and the number of accounts and total dollars in security deposits on hand.

Definitions for each collections performance measure and data variable are provided prior to all data tables in Section II and in the various appendices that provide additional supporting collections data.

## Collections Trend Analysis of Pre-Chapter 14 Data versus Post-Chapter 14 Data

The data presented in Tables 8-28 illustrate the Pre-Chapter 14 versus Post-Chapter 14 collections trends. These tables show collections data from 2002 and 2004 for the pre-Chapter 14 period and data from 2006-11 for the post-Chapter 14 period. The line graphs in this section present collections data from 2002, 2004 and 2006 to 2011.

The annual residential billings shown below represent the total amount of the residential billings for calendar years 2002-11. This includes normal tariff billings and late payment fees.

**Table 8 – Annual Residential Billings ($) – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 335,199,000 | 314,096,238 | 367,688,569 | 451,564,521 | 469,775,020 | 466,507,432 | 511,240,918 | 523,025,310 | -6.3 | 66.5 |
| GPU* | 794,398,727 | | | | | | | | | |
| Met-Ed | | 459,899,488 | 490,102,735 | 556,775,006 | 585,043,618 | 626,478,569 | 690,183,918 | 741,983,813 | 3.5*** | 61.3 |
| PECO** | 1,801,779,619 | 1,957,092,865 | 2,281,139,333 | 2,453,497,423 | 2,429,827,312 | 2,366,957,059 | 2,530,246,332 | 2,576,470,996 | 8.6 | 31.6 |
| Penelec | | 375,076,999 | 391,403,521 | 451,605,105 | 467,879,472 | 472,113,272 | 503,077,503 | 599,475,621 | 0.5*** | 59.8 |
| Penn Power | 136,838,297 | 139,365,836 | 134,567,931 | 174,449,198 | 184,277,941 | 183,328,312 | 179,027,401 | 172,679,614 | 1.8 | 23.9 |
| PPL | 1,066,109,848 | 1,119,311,100 | 1,300,025,518 | 1,383,051,077 | 1,450,626,903 | 1,487,538,825 | 1,856,148,702 | 1,858,691,507 | 5.0 | 66.1 |
| West Penn | 472,083,703 | 461,441,708 | 494,672,069 | 547,374,217 | 554,454,172 | 599,340,971 | 682,938,695 | 679,101,765 | -2.3 | 47.2 |
| **Total** | **4,606,409,194** | **4,826,284,234** | **5,459,599,676** | **6,018,316,547** | **6,141,884,438** | **6,202,264,440** | **6,952,863,469** | **7,151,428,626** | **4.8** | **48.2** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO's data includes electric and gas.
***Percent change from 2003-04.

## Table 9 – Annual Residential Billings ($) – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 188,343,042 | 334,443,294 | 418,132,074 | 402,803,625 | 481,827,700 | 387,454,010 | 359,493,889 | 346,316,467 | 77.6 | 3.6 |
| Equitable | 217,196,523 | 283,893,176 | 287,990,871 | 302,131,240 | 363,574,586 | 308,905,022 | 282,496,294 | 251,683,545 | 30.7 | -11.3 |
| NFG | 184,074,895 | 244,711,222 | 287,197,446 | 262,091,560 | 292,267,922 | 259,746,550 | 183,821,950 | 182,111,890 | 32.9 | -25.6 |
| Peoples | 181,078,432 | 290,778,050 | 322,086,340 | 286,731,554 | 331,893,654 | 259,501,732 | 215,310,143 | 249,251,788 | 60.6 | -14.3 |
| PGW* | | 572,312,071 | 632,699,250 | 622,743,570 | 649,689,318 | 629,654,666 | 553,513,141 | 499,921,332 | * | -12.6 |
| UGI-Gas | 232,474,943 | 260,933,261 | 310,939,761 | 333,604,769 | 343,459,192 | 311,515,001 | 280,090,582 | 251,635,022 | 12.2 | -3.6 |
| UGI Penn Natural | 149,164,424 | 184,696,814 | 199,170,443 | 220,805,764 | 233,511,186 | 239,555,679 | 186,321,235 | 172,666,044 | 23.8 | -6.5 |
| **Total** | **1,152,332,259** | **2,171,767,888** | **2,458,216,185** | **2,430,912,082** | **2,696,223,558** | **2,396,332,660** | **2,061,047,234** | **1,953,586,088** | ***** | **-10.0** |

*PGW did not come under reporting requirements until 2004.

The following tables show the percentage of customers in debt for electric and gas utilities from 2002 through 2011. The percentage of customers in debt is calculated by dividing the number of residential customers in debt by the total number of residential customers. A company with a low percentage of its residential customers in debt will experience better cash flow than one with a higher percentage.[3]

**Table 10 – Percentage of Residential Customers in Debt[3] – Active Accounts – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 15.85 | 11.78 | 10.20 | 9.50 | 9.50 | 9.41 | 9.73 | 7.67 | -25.7 | -34.9 |
| GPU* | 20.52 | | | | | | | | | |
| Met-Ed | | 18.79 | 18.69 | 18.82 | 19.12 | 19.88 | 20.90 | 21.91 | -3.9*** | 16.6 |
| PECO** | 19.78 | 19.77 | 26.58 | 23.26 | 23.80 | 23.71 | 22.56 | 22.86 | 0.0 | 15.6 |
| Penelec | | 19.88 | 19.79 | 19.63 | 19.24 | 19.46 | 19.99 | 21.41 | -3.5*** | 7.7 |
| Penn Power | 21.44 | 19.23 | 19.17 | 19.18 | 18.76 | 19.31 | 19.36 | 18.41 | -10.3 | -4.3 |
| PPL | 15.62 | 15.97 | 17.20 | 17.28 | 17.28 | 17.56 | 17.94 | 18.58 | 2.2 | 16.3 |
| West Penn | 18.68 | 17.54 | 15.55 | 16.07 | 15.89 | 16.83 | 17.24 | 17.68 | -6.1 | 0.8 |
| **Total** | **18.40** | **17.59** | **19.43** | **18.47** | **18.59** | **18.85** | **18.86** | **19.16** | **-4.4** | **8.9** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas.
***Percent change from 2003-04.

The percentage of residential customers in debt for the electric industry declined by 4.4 percent in the pre-Chapter 14 period from 2002-04 but has since increased by 8.9 percent in the post-Chapter 14 period from 2004-11.

[3] These are customers with utility account arrearages.

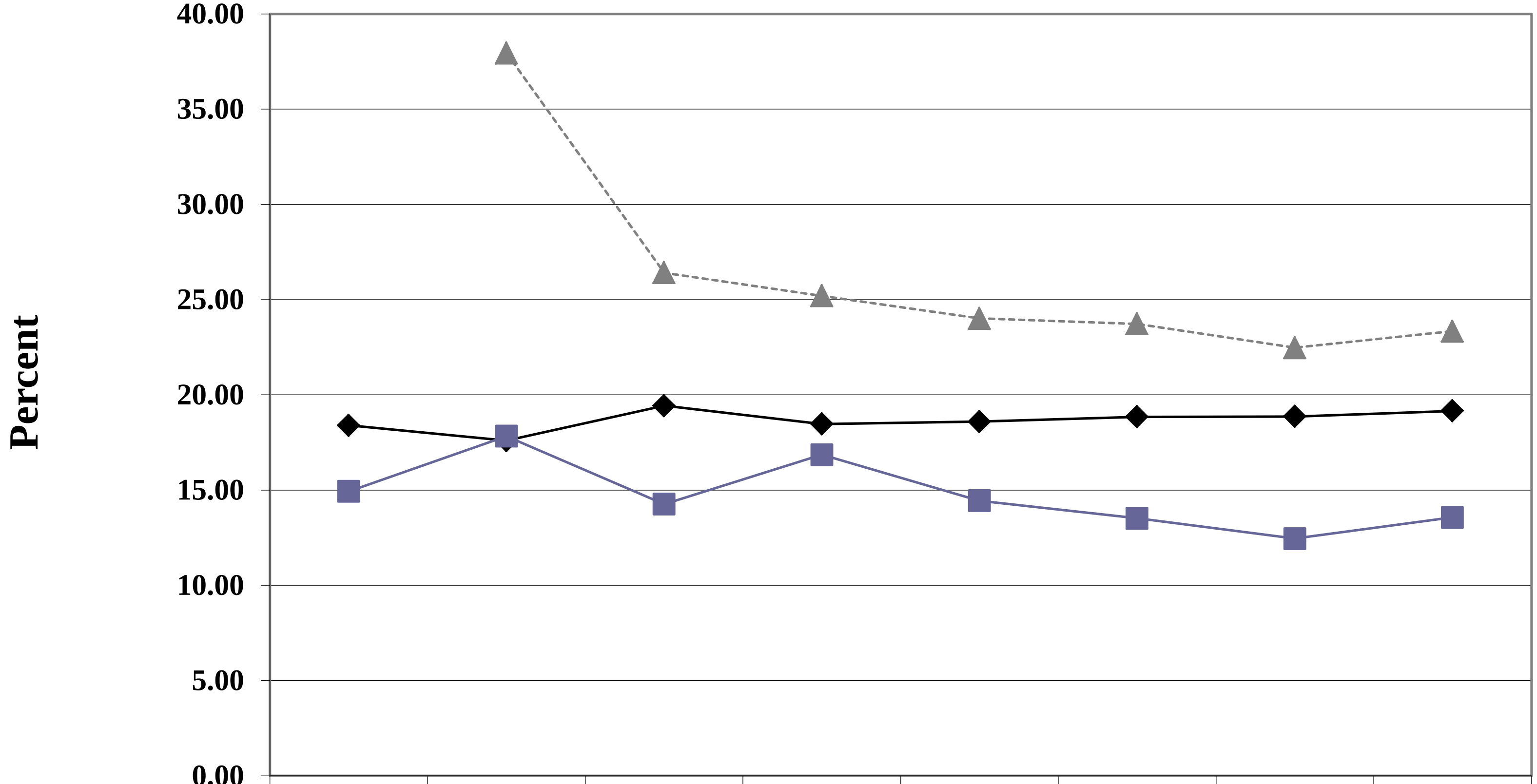
**Table 11 – Percentage of Residential Customers in Debt – Active Accounts – Gas**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 10.44 | 14.14 | 13.13 | 12.85 | 13.34 | 11.49 | 11.09 | 12.04 | 35.4 | -14.9 |
| Equitable | 16.99 | 27.44 | 14.25 | 13.43 | 12.31 | 11.84 | 11.95 | 12.27 | 61.5 | -55.3 |
| NFG | 15.03 | 16.54 | 13.81 | 12.09 | 12.33 | 12.07 | 10.66 | 11.54 | 10.0 | -30.2 |
| Peoples | 18.10 | 18.03 | 15.61 | 14.61 | 14.19 | 12.76 | 10.05 | 12.60 | -0.4 | -30.1 |
| PGW* | | 37.95 | 26.41 | 25.20 | 24.01 | 23.73 | 22.47 | 23.34 | * | -38.5 |
| UGI-Gas | 14.15 | 15.22 | 13.12 | 16.61 | 17.52 | 16.39 | 15.79 | 16.78 | 7.6 | 10.2 |
| UGI Penn Natural | 16.66 | 17.52 | 17.02 | 17.14 | 17.92 | 19.20 | 17.54 | 17.75 | 5.2 | 1.3 |
| **Total** | **14.93** | **22.63** | **17.14** | **16.86** | **16.68** | **15.90** | **14.77** | **15.82** | ***** | **-30.1** |

*PGW did not come under reporting requirements until 2004.

The percentage of residential customer in debt for the gas industry, excluding PGW, increased by 19.4 percent in the pre-Chapter 14 period from 2002-04 and declined by 23.9 percent in the post-Chapter 14 period from 2004-11. PGW's improvement since the passage of Chapter 14 was more dramatic than most of its industry peers as the percent of customers in debt declined by 38.5 percent from 2004-11. See page 18 for additional data included in this analysis.

# Percentage of Customers in Debt - Active Accounts




| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Electric | 18.40 | 17.59 | 19.43 | 18.47 | 18.59 | 18.85 | 18.86 | 19.16 |
| Gas Exluding PGW* | 14.93 | 17.83 | 14.26 | 16.86 | 14.44 | 13.52 | 12.45 | 13.57 |
| PGW | | 37.95 | 26.41 | 25.20 | 24.01 | 23.73 | 22.47 | 23.34 |

*PGW did not come under reporting requirements until 2004

Electric    Gas Exluding PGW*    PGW

The following tables show the percentage of billings in debt for electric and gas utilities from 2002 through 2011. The percentage of billings in debt is calculated by dividing the total annual billings by the total monthly average dollars in debt. This calculated variable provides another way to measure the extent of customer debt. In the two tables that follow, the higher the percentage, the greater the potential collections risk.

**Table 12 – Percentage of Billings in Debt – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 11.75 | 7.13 | 4.27 | 3.41 | 3.99 | 4.22 | 4.22 | 3.46 | -39.3 | -51.5 |
| GPU* | 5.74 | | | | | | | | | |
| Met-Ed | | 5.44 | 5.29 | 5.05 | 4.85 | 4.81 | 5.10 | 5.62 | -2.9*** | 3.3 |
| PECO** | 4.92 | 6.32 | 4.10 | 5.77 | 8.11 | 7.39 | 4.91 | 5.05 | 28.5 | -20.1 |
| Penelec | | 6.62 | 6.26 | 5.79 | 5.31 | 5.27 | 5.27 | 5.59 | 3.0*** | -15.6 |
| Penn Power | 3.90 | 5.76 | 6.19 | 5.29 | 5.29 | 5.63 | 5.91 | 5.86 | 47.7 | 1.7 |
| PPL | 4.58 | 5.15 | 5.86 | 5.87 | 5.94 | 6.08 | 5.30 | 6.15 | 12.4 | 19.4 |
| West Penn | 3.60 | 3.38 | 2.05 | 2.01 | 2.04 | 2.20 | 2.24 | 2.45 | -6.1 | -27.5 |
| **Total** | **5.31** | **5.74** | **4.66** | **5.20** | **6.12** | **5.86** | **4.77** | **5.10** | **8.1** | **-11.1** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas.
***Percent change from 2003-04.

The percentage of billings in debt was worsening for the electric industry prior to the passage of Chapter 14, as evidenced by the 8.1 percent increase from 2002-04. Since the passage of Chapter 14, the electric industry showed a decrease of 11.1 percent.

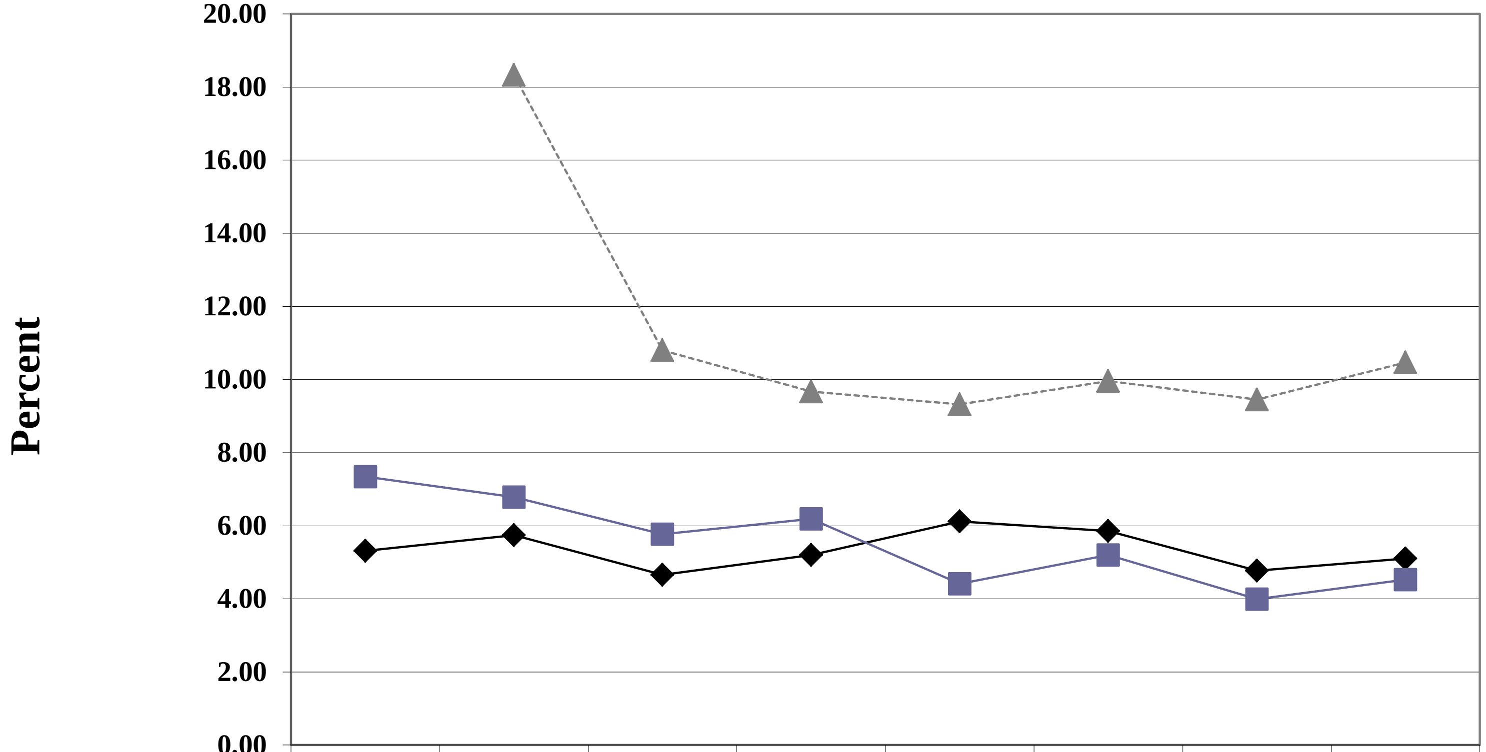
**Table 13 – Percentage of Billings in Debt – Gas**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 5.61 | 4.78 | 4.18 | 3.73 | 3.53 | 5.12 | 3.61 | 4.56 | -14.8 | -4.6 |
| Equitable | 8.50 | 9.44 | 5.36 | 4.19 | 3.23 | 3.99 | 3.86 | 3.88 | 11.1 | -58.9 |
| NFG | 3.09 | 3.54 | 2.75 | 2.45 | 2.31 | 2.76 | 2.56 | 2.81 | 14.6 | -20.6 |
| Peoples | 21.99 | 14.48 | 15.27 | 12.92 | 10.36 | 12.18 | 7.15 | 7.62 | -34.2 | -47.4 |
| PGW* | | 18.33 | 10.80 | 9.67 | 9.32 | 9.96 | 9.45 | 10.47 | * | -42.9 |
| UGI-Gas | 2.17 | 3.04 | 2.72 | 3.48 | 4.06 | 3.52 | 3.20 | 3.84 | 40.1 | 26.3 |
| UGI Penn Natural | 3.38 | 3.76 | 4.07 | 3.41 | 3.68 | 4.18 | 3.90 | 3.74 | 11.2 | -0.5 |
| **Total** | **7.34** | **9.82** | **7.12** | **6.19** | **5.67** | **6.45** | **5.46** | **6.05** | ***** | **-38.4** |

*PGW did not come under reporting requirements until 2004.

The percentage of billings in debt decreased by 7.6 percent for the gas industry, excluding PGW, prior to the passage of Chapter 14 from 2002-04 and showed a more dramatic decrease of 33.2 percent since 2004. PGW showed a dramatic improvement since the passage of Chapter 14, based on the 42.9 percent decrease in the percentage of billings in debt. See page 21 for additional data included in this analysis.

# Percentage of Billings in Debt




| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Electric | 5.31 | 5.74 | 4.66 | 5.20 | 6.12 | 5.86 | 4.77 | 5.10 |
| Gas-Excluding PGW* | 7.34 | 6.78 | 5.77 | 6.19 | 4.41 | 5.20 | 3.99 | 4.53 |
| PGW | | 18.33 | 10.80 | 9.67 | 9.32 | 9.96 | 9.45 | 10.47 |

*PGW did not come under reporting requirements until 2004

Electric — Gas-Excluding PGW* — PGW

The following tables show the weighted average of arrearages compared to bills for electric and gas utilities from 2002 through 2011. The weighted arrearage is calculated by dividing the average arrearage by the average bill. It represents the number of average bills in an average arrearage. The larger the number, the greater the collections risk.

**Table 14 – Weighted Arrearage – Active Accounts – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 8.81 | 7.29 | 5.03 | 4.42 | 5.07 | 5.96 | 5.84 | 6.23 | -17.3 | -14.5 |
| GPU* | 3.35 | | | | | | | | | |
| Met-Ed | | 3.17 | 3.40 | 3.21 | 3.04 | 2.93 | 2.94 | 3.08 | -7.6*** | -2.8 |
| PECO** | 2.98 | 3.83 | 1.85 | 4.06 | 4.09 | 3.74 | 3.39 | 3.77 | 28.5 | -1.6 |
| Penelec | | 3.99 | 3.77 | 3.51 | 3.32 | 3.25 | 3.16 | 3.13 | 18.8*** | -21.6 |
| Penn Power | 3.53 | 3.16 | 3.86 | 3.31 | 3.38 | 3.51 | 3.68 | 3.80 | -10.5 | 20.3 |
| PPL | 3.58 | 3.96 | 4.14 | 4.12 | 4.09 | 4.20 | 4.44 | 5.58 | 10.6 | 40.9 |
| West Penn | 2.48 | 2.33 | 1.58 | 1.51 | 1.51 | 1.51 | 1.55 | 1.67 | -6.0 | -28.3 |
| **Total** | **3.99** | **4.13** | **3.24** | **3.91** | **4.24** | **4.02** | **3.65** | **3.93** | **3.5** | **-4.8** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas.
***Percent change from 2003-04.

From 2002 to 2004, the weighted arrearage for the electric industry increased by 3.5 percent. It improved somewhat after the passage of Chapter 14, as reflected by the 4.8 percent decrease from 2004-11.

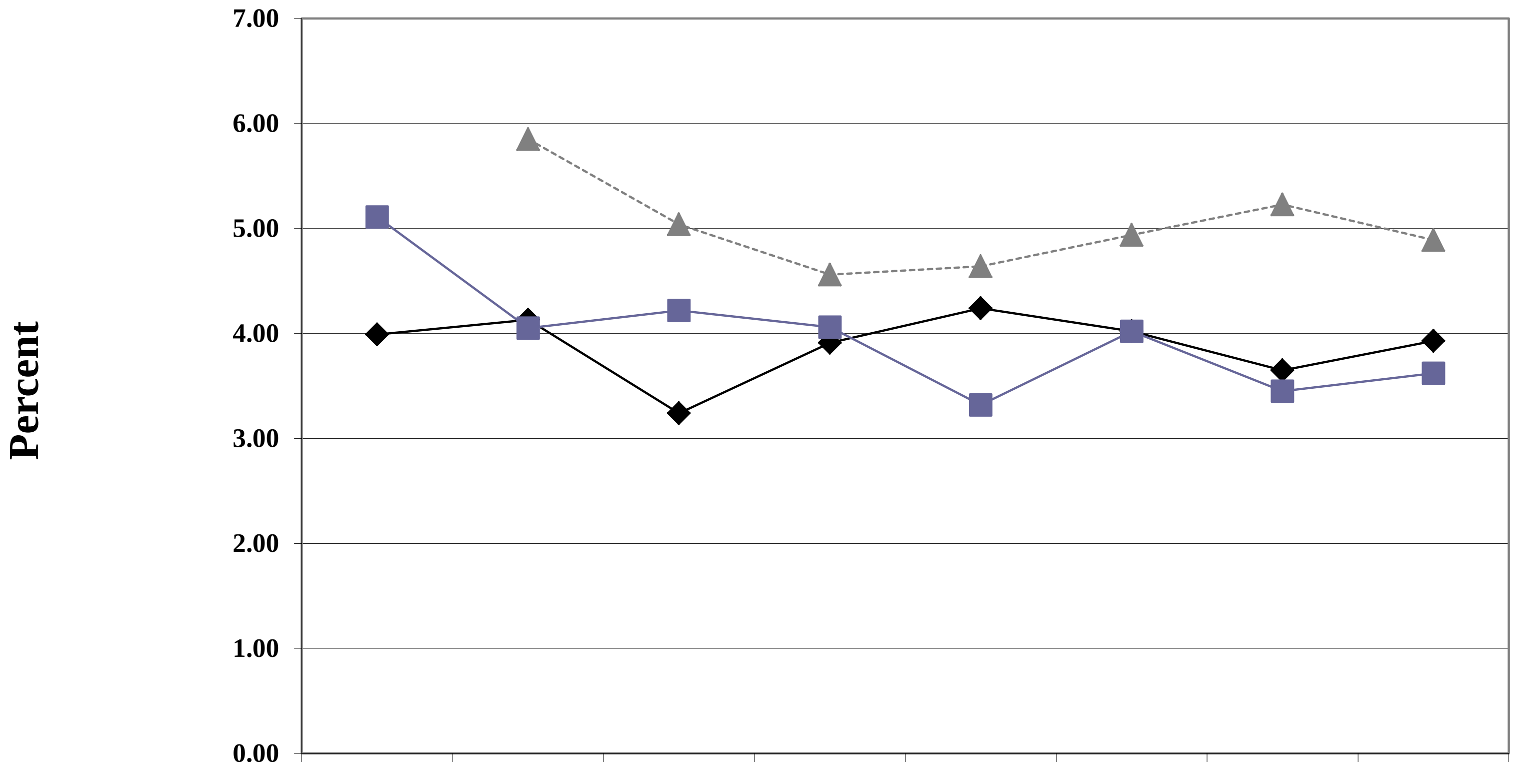
**Table 15 – Weighted Arrearage – Active Accounts – Gas**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 4.73 | 3.48 | 3.56 | 3.36 | 3.04 | 5.53 | 3.74 | 4.45 | -26.4 | 27.9 |
| Equitable | 5.32 | 3.84 | 3.87 | 3.36 | 2.91 | 3.39 | 3.60 | 3.47 | -27.8 | -9.6 |
| NFG | 2.50 | 2.63 | 2.46 | 2.44 | 2.24 | 2.75 | 2.87 | 2.82 | 5.2 | 7.2 |
| Peoples | 10.15 | 7.21 | 8.33 | 7.64 | 6.33 | 7.94 | 6.37 | 6.34 | -29.0 | -12.1 |
| PGW* | | 5.85 | 5.04 | 4.56 | 4.64 | 4.94 | 5.23 | 4.89 | * | -16.4 |
| UGI-Gas | 2.20 | 2.33 | 2.19 | 2.53 | 2.43 | 2.48 | 2.35 | 2.50 | 5.9 | 7.3 |
| UGI Penn Natural | 2.46 | 2.61 | 2.73 | 2.48 | 2.52 | 2.66 | 2.59 | 2.43 | 6.1 | -6.9 |
| **Total** | **5.11** | **4.77** | **4.45** | **4.06** | **3.71** | **4.38** | **4.14** | **4.20** | ***** | **-11.9** |

*PGW did not come under reporting requirements until 2004.

The weighted arrearage for the gas industry, excluding PGW, improved significantly, decreasing by 20.7 percent from 2002-04. The gas industry showed an improvement following the passage of Chapter 14 as the decline measured 10.6 percent from 2004-11. PGW's weighted arrearage improved more dramatically than that of its industry peers since the passage of Chapter 14 as the weighted arrearage declined by 16.4 percent from 2004-11. See page 24 for additional data included in this analysis.

## Weighted Arrearage - Active Accounts




| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Electric | 3.99 | 4.13 | 3.24 | 3.91 | 4.24 | 4.02 | 3.65 | 3.93 |
| Gas-Excluding PGW | 5.11 | 4.05 | 4.22 | 4.06 | 3.32 | 4.02 | 3.45 | 3.62 |
| PGW | | 5.85 | 5.04 | 4.56 | 4.64 | 4.94 | 5.23 | 4.89 |

*PGW did not come under reporting requirements until 2004

Electric Gas-Excluding PGW PGW

The following tables show the gross residential write-offs ratio for electric and gas utilities from 2002 through 2011. The gross residential write-off ratio is the percentage of billings written off as uncollectible. The percentage of residential billings written off as uncollectible is the most commonly used long-term measure of collections system performance. This measure is calculated by dividing the annual total gross dollars written off for residential accounts by the annual total dollars of residential billings.

**Table 16 – Percentage of Gross Residential Write-Offs Ratio – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 5.19 | 3.15 | 2.62 | 1.15 | 1.26 | 1.76 | 1.14 | 1.23 | -39.3 | -61.0 |
| GPU* | 2.49 | | | | | | | | | |
| Met-Ed | | 2.11 | 1.89 | 1.93 | 1.91 | 1.71 | 1.68 | 1.92 | 17.2*** | -9.0 |
| PECO** | 2.31 | 2.12 | 1.84 | 2.24 | 2.11 | 2.22 | 1.84 | 1.43 | -8.2 | -32.5 |
| Penelec | | 2.33 | 2.20 | 2.07 | 2.00 | 1.76 | 1.67 | 1.79 | 7.9*** | -23.2 |
| Penn Power | 1.35 | 1.69 | 1.93 | 1.74 | 1.81 | 1.82 | 1.61 | 1.85 | 25.2 | 9.5 |
| PPL | 1.51 | 1.99 | 1.63 | 1.68 | 1.78 | 2.36 | 2.13 | 2.68 | 31.8 | 34.7 |
| West Penn | 1.65 | 1.86 | 1.17 | 1.09 | 1.01 | 0.93 | 0.93 | 1.03 | 12.7 | -44.6 |
| **Total** | **2.27** | **2.14** | **1.81** | **1.87** | **1.83** | **2.00** | **1.74** | **1.79** | **-5.7** | **-16.4** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas.
***Percent change from 2003-04.

The percentage of gross residential write-offs ratio for the electric industry declined by 5.7 percent prior to the passage of Chapter 14. The residential write-offs ratio continued to decline after the passage of Chapter 14, as indicated by the 16.4 percent decrease from 2004-11.

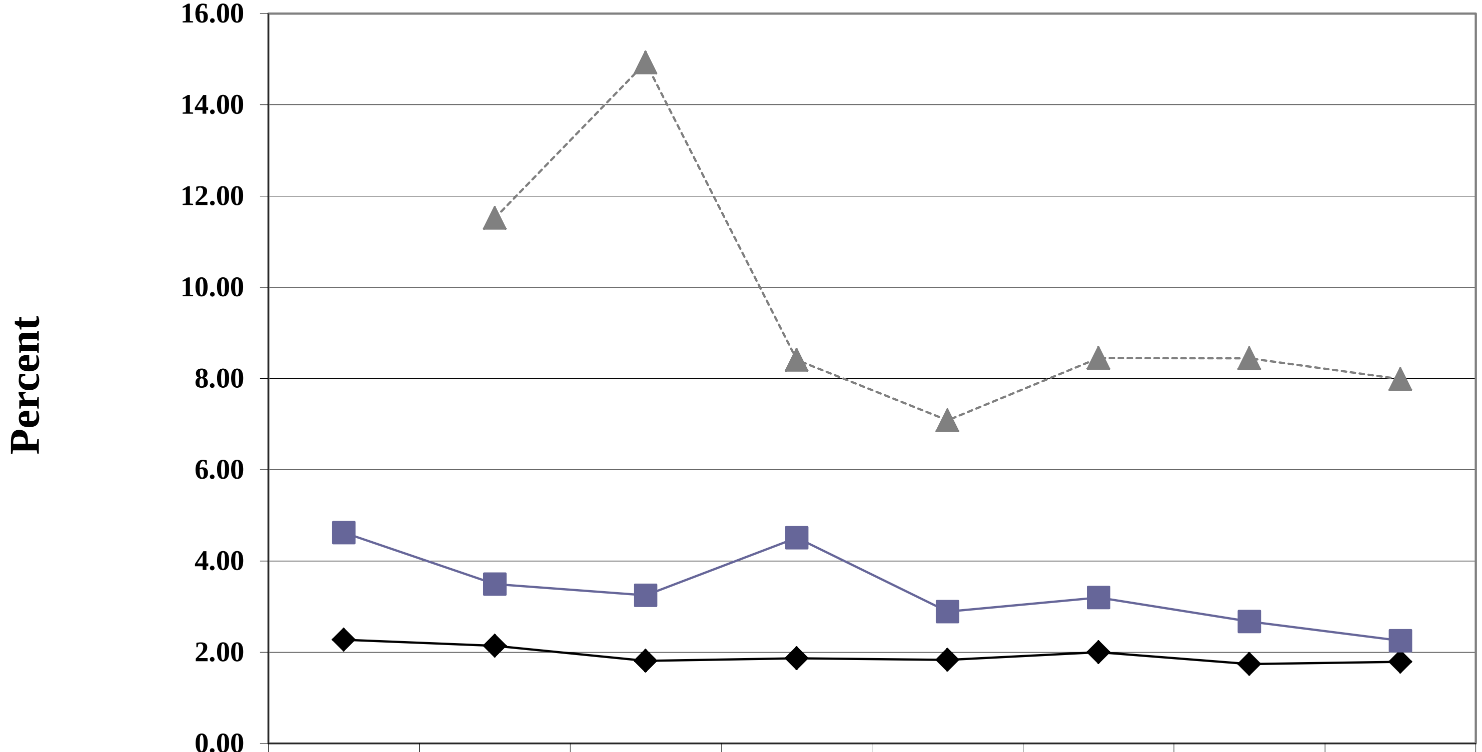
## Table 17 – Percentage of Gross Residential Write-Offs Ratio – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 3.87 | 4.81 | 3.04 | 2.61 | 2.26 | 3.11 | 2.27 | 2.82 | 24.3 | -41.4 |
| Equitable | 7.44 | 2.79 | 5.32 | 3.73 | 3.46 | 2.97 | 2.19 | 2.13 | -62.5 | -23.7 |
| NFG | 3.61 | 2.45 | 2.55 | 3.17 | 2.09 | 2.33 | 3.39 | 2.00 | -32.1 | -18.4 |
| Peoples | 7.70 | 4.79 | 3.23 | 3.86 | 2.87 | 4.06 | 3.59 | 1.82 | -37.8 | -62.0 |
| PGW* | | 11.52 | 14.93 | 8.41 | 7.08 | 8.45 | 8.44 | 7.99 | * | -30.6 |
| UGI-Gas | 2.56 | 2.60 | 2.73 | 2.93 | 3.39 | 3.08 | 2.43 | 2.27 | 1.6 | -12.7 |
| UGI Penn Natural | 2.17 | 2.79 | 2.53 | 2.81 | 3.57 | 3.83 | 2.75 | 2.10 | 28.6 | -24.7 |
| **Total** | **4.62** | **5.61** | **6.25** | **4.51** | **3.90** | **4.58** | **4.22** | **3.72** | ***** | **-33.7** |

*PGW did not come under reporting requirements until 2004.

The percentage of gross residential write-offs ratio for the gas industry, excluding PGW, declined by 24.5 percent prior to the passage of Chapter 14 and continued to decline after the passage of Chapter 14, as indicated by the 35.5 percent decrease from 2004-11. PGW did better than most of its industry peers following the passage of Chapter 14 as indicated by the decline of 30.6 percent. See page 27 for additional data included in this analysis.

## Percentage of Gross Residential Write-Off Ratio




| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Electric | 2.27 | 2.14 | 1.81 | 1.87 | 1.83 | 2.00 | 1.74 | 1.79 |
| Gas-Excluding PGW | 4.62 | 3.49 | 3.25 | 4.51 | 2.89 | 3.20 | 2.67 | 2.25 |
| PGW | | 11.52 | 14.93 | 8.41 | 7.08 | 8.45 | 8.44 | 7.99 |

*PGW did not come under reporting requirements until 2004

Electric   Gas-Excluding PGW   PGW

The following tables show total universal service costs for electric and gas utilities from 2002 through 2011. Universal Service Programs are targeted to low-income customers and include the Customer Assistance Program (CAP), the Low Income Usage Reduction Program (LIURP), Customer Assistance and Referral Evaluation Services (CARES) and Hardship Funds. Universal Service Programs offer an alternative payment strategy for low-income customers aimed at making bills more affordable. Customers who participate in CAP are removed from mainstream collections data and are tracked under Universal Service Program Costs, consistent with the Commission's treatment of such costs for ratemaking purposes. Consistent with reporting in the Commission's annual Universal Service Report, the total Universal Service Program Costs include CAP, LIURP and CARES.

### Table 18 – Total Universal Service Program Costs – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $7,740,834 | $6,396,250 | $11,566,730 | $13,027,031 | $14,816,236 | $17,508,094 | $19,464,980 | $20,275,094 | -17.4 | 217.0 |
| GPU* | $12,965,640 | | | | | | | | | |
| Met-Ed | | $6,686,226 | $7,989,825 | $9,995,788 | $16,144,867 | $22,015,084 | $26,884,978 | $31,294,913 | 3.0*** | 368.1 |
| PECO** | $66,179,850 | $86,102,371 | $82,440,873 | $100,361,093 | $120,605,511 | $115,914,246 | $109,598,048 | $117,318,571 | 30.1 | 36.3 |
| Penelec | | $8,571,959 | $10,422,216 | $12,694,954 | $21,988,893 | $27,570,954 | $30,436,815 | $32,726,847 | 9.8*** | 281.8 |
| Penn Power | $2,498,900 | $2,353,117 | $2,333,840 | $3,182,635 | $6,183,737 | $9,725,640 | $11,109,118 | $11,164,436 | -5.8 | 374.5 |
| PPL | $16,235,685 | $20,334,191 | $24,579,346 | $27,672,369 | $31,868,731 | $37,859,371 | $55,095,434 | $60,937,485 | 25.2 | 199.7 |
| West Penn | $5,464,748 | $7,109,745 | $9,759,595 | $10,275,264 | $9,529,798 | $9,252,313 | $11,416,768 | $13,376,386 | 30.1 | 88.1 |
| **Total** | **$111,085,657** | **$137,553,859** | **$149,092,425** | **$177,209,134** | **$221,137,773** | **$239,845,702** | **$264,006,141** | **$287,093,732** | **23.8** | **108.7** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

Spending on Universal Service programs increased dramatically prior to the passage of Chapter 14, and this trend continued after the passage of Chapter 14 as the electric companies continued to expand these programs for low-income customers.

**Table 19 – Total Universal Service Program Costs – Gas**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $10,408,791 | $16,344,747 | $27,380,104 | $24,816,225 | $25,879,596 | $31,551,847 | $21,875,493 | $21,567,265 | 57.0 | 32.0 |
| Equitable | $2,717,462 | $6,596,751 | $16,745,551 | $12,506,073 | $16,675,577 | $30,380,400 | $15,964,898 | $13,072,242 | 142.8 | 98.2 |
| NFG | $3,098,569 | $5,833,965 | $10,015,338 | $7,884,198 | $9,420,781 | $8,119,399 | $4,298,336 | $3,870,753 | 88.3 | -33.7 |
| Peoples | $2,214,685 | $6,161,196 | $8,389,190 | $23,570,907 | $9,448,364 | $11,046,754 | $6,710,862 | $8,718,959 | 178.2 | 41.5 |
| PGW* | | $59,808,697 | $105,440,734 | $108,307,951 | $105,892,522 | $108,636,123 | $96,192,935 | $102,964,829 | * | 72.2% |
| UGI-Gas | $1,097,623 | $2,615,634 | $4,119,883 | $5,075,209 | $5,749,679 | $6,781,836 | $4,931,486 | $5,100,032 | 138.3 | 95.0 |
| UGI Penn Natural | $686,930 | $1,036,120 | $1,763,766 | $1,604,466 | $2,963,411 | $4,450,767 | $3,187,398 | $4,197,023 | 50.8 | 305.1 |
| **Total** | **$20,224,060** | **$98,397,110** | **$173,854,566** | **$183,765,029** | **$176,029,930** | **$200,967,126** | **$153,161,408** | **$159,491,103** | ***** | **62.1** |

*PGW did not come under reporting requirements until 2004.

Spending on Universal Service programs increased prior to the enactment of Chapter 14, and this trend increased dramatically after the passage of Chapter 14 as gas companies expanded these programs for low-income customers during the era of volatile gas prices since 2002.

The following table is a summary of various significant collections data variables and collections data performance measures that appear in Section II, Section III and in various appendices in this report. For both the electric and gas industries, the pre-Chapter 14 trend is shown in the columns indicating the change from 2002-04 and the post-Chapter 14 analysis is shown in the columns indicating the change from 2004-11.

**Table 20 – Summary of Collections Measures – Percent Change 2002-04 and Percent Change 2004-11**

| Collections Measure | Electric Industry 2002-04 | Electric Industry 2004-11 | Gas Industry 2002-04* | Gas Industry 2004-11* | PGW 2004-11 |
|---|---|---|---|---|---|
| Billings | 4.8 | 48.2 | 38.8 | -9.1 | -12.6 |
| Gross Write-Offs Ratio | -5.7 | -16.4 | -24.5 | -35.5 | -30.6 |
| Percent of Billings in Debt | 8.1 | -11.1 | -7.6 | -33.2 | -42.9 |
| Percent of Customers in Debt** | -4.4 | 8.9 | 19.4 | -23.9 | -38.5 |
| Weighted Arrearage | 3.5 | -4.8 | -20.7 | -10.6 | -16.4 |
| Universal Service Programs Costs | 23.8 | 108.7 | 90.8 | 46.5 | 72.2 |

*Excludes PGW – PGW did not come under reporting requirements until 2004.
**See Appendix 2 for the explanation of variability among the companies for reporting when they consider an account to be overdue and see Appendix 3 for the explanation of variability of when they move an account from active status to inactive status following a termination or discontinuance of service.

**<u>Conclusion: Section II – The Effect Upon the Cash Working Capital or Cash Flow, Uncollectible Levels and Collections of the Affected Public Utilities</u>**

Despite the weak economy, the overall collections performance for the electric industry is showing some improvement since the passage of Chapter 14. A 48.2 percent increase in residential revenues has occurred since 2004. The gross residential write-offs ratio, which is the percentage of billings written off as uncollectible, declined from 2.1 percent in 2004 to 1.8 percent in 2011 and the percent of billings in debt declined 11.1 percent for the same period.

Due to the economic downturn and the implementation of Chapter 14, a significant increase in the number of low-income, payment-troubled customers since 2004 has occurred. Enrollment in Universal Service programs has increased dramatically, resulting in higher Universal Service costs. However, these costs are recoverable for the utilities and the combination of total collections and Universal Service costs as a percentage of gross revenues have only increased from 7.1 percent in 2004 to 7.7 percent in 2011. In support of the evidence of the economic downturn, the Commission offers the statewide increase in the percentage of Pennsylvania households at or below 150 percent of the Federal Poverty Level, from 19 percent in 2000 to over 26 percent in 2010.

The overall collections performance for the gas industry improved from 2004-11. This improvement reflects the continuation of a trend that had already begun in the pre-Chapter 14 period from 2002-04. During the post-Chapter 14 years, the percentage of customers in debt declined from 22.63 percent in 2004 to 15.82 percent in 2011. Meanwhile, the total dollars in debt declined by 44.6 percent. The gross residential write-offs ratio declined by 33.7 percent since the passage of Chapter 14, going from 5.61 percent in 2004 to 3.72 percent in 2011. Finally, the gas industry has expanded CAP spending by 59.1 percent since 2004.

Overall, the analysis of the various collections data continues to show a dramatic pattern of improvement for PGW since the passage of Chapter 14. Significantly fewer customers owe money to PGW while the amount of debt has also significantly declined since 2004. PGW also stands out for a 30.6 percent decrease in its gross residential write-offs ratio. PGW’s improved collections performance and overall financial health is reflected by its upgraded bond rating.

As shown above, the impact on residential collections continues to be more developed since our initial report. The collections data presented in this report do not include CAP accounts, consistent with the Commission’s historical treatment of CAP accounts. For ratemaking purposes, CAP costs are recovered as a Universal Service Program Expense and not as a collections expense. The increase in the enrollment in CAP since the passage of Chapter 14 is a factor in the overall collections trend line. Based on data from the previously released annual reports on Universal Service programs, the corresponding year-end CAP enrollments increased from 305,303 in 2004 to 492,986 in 2011. The net effect in the growth of the CAP programs is that these customer arrearages are removed from the amount of current arrearages. Reduction in collection costs have partially offset the increase in CAP costs.

### *Section III - The Level of Access to Utility Services by Residential Customers, Including Low-Income Customers*

This report also is designed to measure the impact of Chapter 14 on access to utility services by residential customers, including low-income customers.

To help measure access, the PUC uses monthly termination and reconnection data received from the electric and gas distribution companies. The Commission also uses limited information on terminated households through the annual Cold Weather Survey (CWS). The electric and natural gas distribution companies gather CWS data annually during the fall months. The utilities survey residential properties where heat-related service was terminated during the calendar year and not reconnected. Survey results are reported to the Commission and categorized according to income status. The CWS does not provide any indication as to how long the household has been without utility service. A further limitation of the CWS is that customers whose service was terminated and not reconnected in a prior year will not be in the pool of customers to be surveyed in the current year.

Termination of utility service is the most serious consequence of customer nonpayment. The termination of utility service is a last resort when customers fail to meet their payment obligations. The following tables contain information on the number of terminations for electric and gas utilities from 2002 through 2011.

**Table 21 – Terminations – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 9,307 | 10,694 | 20,885 | 22,624 | 22,081 | 23,143 | 21,915 | 22,927 | 14.9 | 114.4 |
| GPU* | 9,268 | | | | | | | | | |
| Met-Ed | | 4,506 | 8,465 | 15,432 | 16,359 | 12,915 | 10,676 | 18,169 | 26.9*** | 303.2 |
| PECO** | 46,040 | 55,098 | 42,336 | 53,729 | 84,323 | 76,862 | 78,180 | 81,408 | 19.7 | 47.8 |
| Penelec | | 5,881 | 11,307 | 14,061 | 13,442 | 9,878 | 6,750 | 17,513 | 12.1*** | 197.8 |
| Penn Power | 1,483 | 1,446 | 3,016 | 4,598 | 4,030 | 3,196 | 1,705 | 3,622 | -2.5 | 150.5 |
| PPL | 7,736 | 9,061 | 21,221 | 25,873 | 38,917 | 33,247 | 33,536 | 33,641 | 17.1 | 271.3 |
| West Penn | 8,777 | 12,007 | 21,514 | 21,689 | 19,650 | 17,057 | 16,803 | 15,351 | 36.8 | 27.9 |
| **Total** | **82,611** | **98,693** | **128,744** | **158,006** | **198,802** | **176,298** | **169,565** | **192,631** | **19.5** | **95.2** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas.
***Percent change from 2003-04.

Terminations for the electric industry were on the rise prior to the passage of Chapter 14. For example, terminations increased by 19.5 percent from 2002-04. Since 2004, terminations have reached record levels, increasing 95.2 percent during the period from 2004 to 2011.

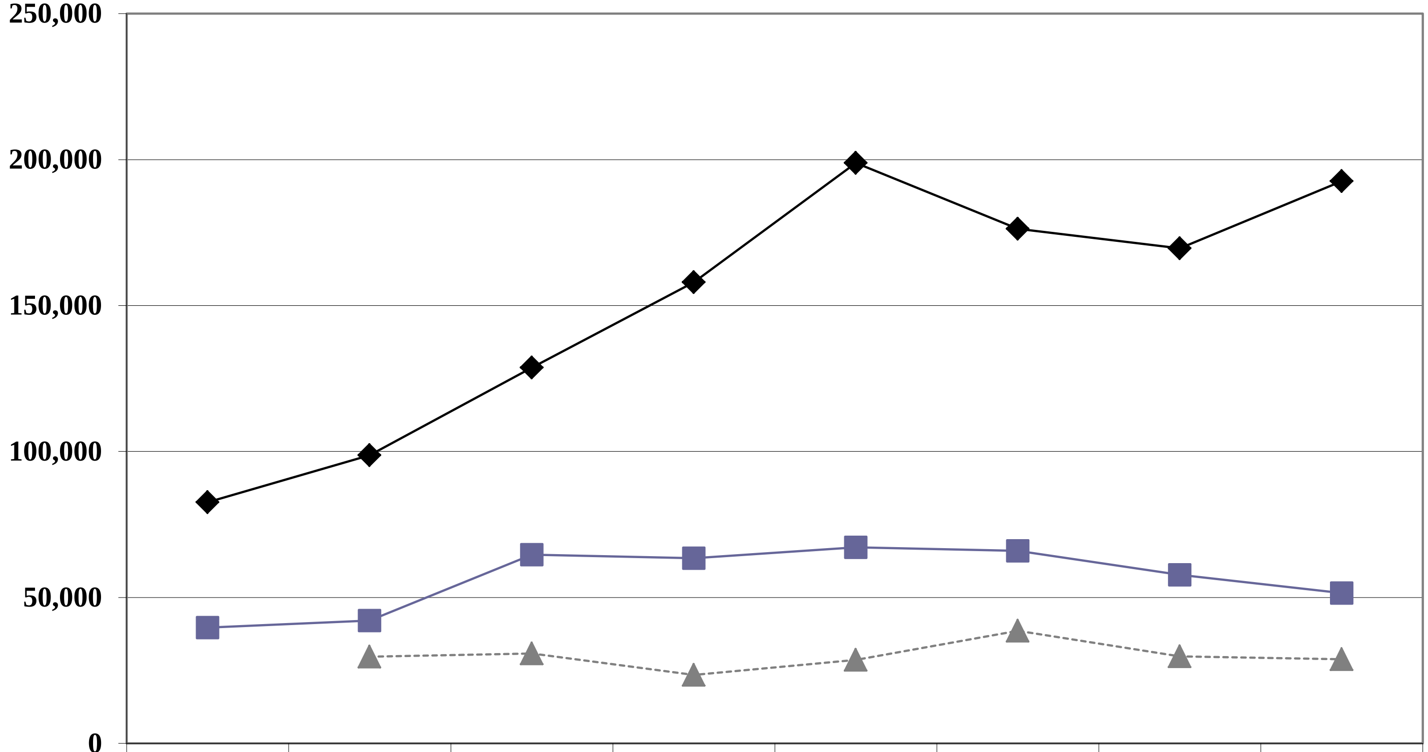
## Table 22 – Terminations – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 5,832 | 7,545 | 14,571 | 12,825 | 12,188 | 11,662 | 9,878 | 9,650 | 29.4 | 27.9 |
| Equitable | 11,012 | 7,023 | 12,793 | 12,593 | 11,979 | 10,836 | 10,967 | 10,471 | -36.2 | 49.1 |
| NFG | 5,880 | 7,422 | 13,243 | 11,138 | 11,022 | 12,290 | 9,296 | 9,472 | 26.2 | 27.6 |
| Peoples | 5,131 | 6,054 | 5,083 | 5,302 | 7,867 | 7,640 | 7,135 | 3,696 | 18.0 | -38.9 |
| PGW* | | 29,695 | 30,808 | 23,437 | 28,674 | 38,536 | 29,865 | 28,868 | * | -2.8 |
| UGI-Gas | 7,824 | 8,911 | 13,778 | 14,571 | 16,415 | 14,891 | 11,885 | 11,206 | 13.9 | 25.8 |
| UGI Penn Natural | 4,041 | 5,169 | 5,179 | 7,065 | 7,735 | 8,672 | 8,569 | 6,967 | 27.9 | 34.8 |
| **Total** | **39,720** | **71,819** | **95,455** | **86,931** | **95,880** | **104,527** | **87,595** | **80,330** | ***** | **11.9** |

*PGW did not come under reporting requirements until 2004.

Terminations for the gas industry (excluding PGW) rose to record levels since the passage of Chapter 14, with an overall increase of 22.2 percent from 2004-11. This followed a period of a more modest increase of 6.1 percent from 2002-04. Meanwhile, PGW has shown a 2.8 percent decline in terminations since 2004, while also showing improvement across the board for the residential collections performance measures presented in this report. See page 35 for additional data included in this analysis.

# Terminations




| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Electric | 82,611 | 98,693 | 128,744 | 158,006 | 198,802 | 176,298 | 169,565 | 192,631 |
| Gas-Excluding PGW | 39,720 | 42,124 | 64,647 | 63,494 | 67,206 | 65,991 | 57,730 | 51,462 |
| PGW | | 29,695 | 30,808 | 23,437 | 28,674 | 38,536 | 29,865 | 28,868 |

*PGW did not come under reporting requirements until 2004

Electric — Gas-Excluding PGW — PGW

The following tables show termination rates for electric and gas utilities from 2002 through 2011. The termination rate is calculated by dividing the number of terminations by the number of customers.

**Table 23 – Termination Rate – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 1.77 | 2.03 | 3.98 | 4.31 | 4.21 | 4.41 | 4.18 | 4.37 | 14.7 | 115.3 |
| GPU* | 0.98 | | | | | | | | | |
| Met-Ed | | 0.98 | 1.78 | 3.22 | 3.39 | 2.67 | 2.20 | 3.73 | 24.1*** | 280.6 |
| PECO** | 3.32 | 3.95 | 3.01 | 3.82 | 5.95 | 5.43 | 5.51 | 5.71 | 19.0 | 44.6 |
| Penelec | | 1.17 | 2.24 | 2.78 | 2.66 | 1.96 | 1.34 | 3.46 | 12.5*** | 195.7 |
| Penn Power | 1.10 | 1.05 | 2.17 | 3.30 | 2.88 | 2.29 | 1.22 | 2.58 | -4.5 | 145.7 |
| PPL | 0.68 | 0.78 | 1.79 | 2.16 | 3.23 | 2.75 | 2.77 | 2.77 | 14.7 | 255.1 |
| West Penn | 1.48 | 2.00 | 3.54 | 3.55 | 3.21 | 2.78 | 2.73 | 2.49 | 35.1 | 24.5 |
| **Total** | **1.75** | **2.06** | **2.66** | **3.25** | **4.07** | **3.60** | **3.46** | **3.92** | **17.7** | **90.3** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas
***Percent change from 2003-04.

Terminations for the electric industry have risen to record high levels since the passage of Chapter 14, increasing from 2.06 to 3.92 from 2004-11. Overall, the termination rate has increased by 90.3 percent from 2004-11.

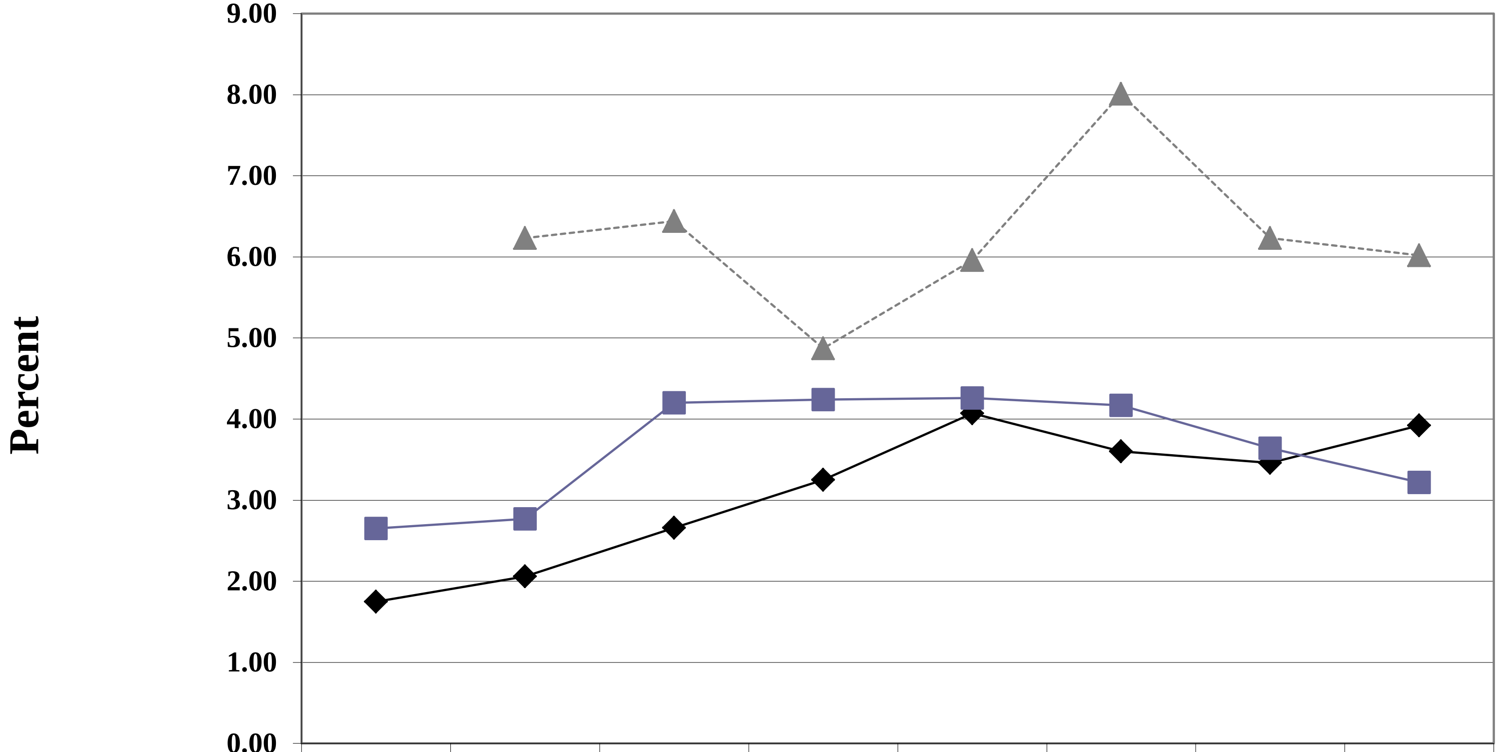
### Table 24 – Termination Rate – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 1.67 | 2.11 | 4.00 | 3.48 | 3.29 | 3.14 | 2.65 | 2.58 | 26.3 | 22.3 |
| Equitable | 4.66 | 3.00 | 5.51 | 5.28 | 5.01 | 4.52 | 4.61 | 4.36 | -35.6 | 45.3 |
| NFG | 3.01 | 3.81 | 6.86 | 5.62 | 5.57 | 6.22 | 4.70 | 4.77 | 26.6 | 25.2 |
| Peoples | 1.59 | 1.87 | 1.57 | 1.63 | 2.41 | 2.34 | 2.18 | 1.12 | 17.6 | -40.1 |
| PGW* | | 6.23 | 6.44 | 4.87 | 5.96 | 8.01 | 6.23 | 6.02 | * | -3.4 |
| UGI-Gas | 3.06 | 3.30 | 4.85 | 4.96 | 5.50 | 4.92 | 3.89 | 3.61 | 7.8 | 9.4 |
| UGI Penn Natural | 2.91 | 3.69 | 3.68 | 4.95 | 5.38 | 5.99 | 5.93 | 4.79 | 26.8 | 29.8 |
| **Total** | **2.65** | **3.60** | **4.73** | **4.24** | **4.66** | **5.07** | **4.24** | **3.87** | ***** | **7.5** |

*PGW did not come under reporting requirements until 2004.

The termination rate for the gas industry, excluding PGW, has risen to record high levels since the passage of Chapter 14, going from 2.77 in 2004 to 3.22 in 2011. PGW's termination rate went from 6.23 in 2004, peaked at 8.01 in 2009, and declined to 6.02 in 2011. PGW has shown significant improvement in overall collections performance under Chapter 14. See page 38 for additional data included in this analysis.

## Termination Rate




| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Electric | 1.75 | 2.06 | 2.66 | 3.25 | 4.07 | 3.60 | 3.46 | 3.92 |
| Gas-Excluding PGW* | 2.65 | 2.77 | 4.20 | 4.24 | 4.26 | 4.17 | 3.64 | 3.22 |
| PGW | | 6.23 | 6.44 | 4.87 | 5.96 | 8.01 | 6.23 | 6.02 |

*PGW did not come under reporting requirements until 2004

Electric — Gas-Excluding PGW* — PGW

Reconnection of service occurs when a customer pays his/her debt in full or makes a significant up-front payment and agrees to a payment agreement for the balance owed to the company. The following tables contain information on the number of reconnections for electric and gas utilities from 2002 through 2011.

**Table 25 – Reconnections – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 4,461 | 6,182 | 14,587 | 16,360 | 16,443 | 16,877 | 15,946 | 16,846 | 38.6 | 172.5 |
| GPU* | 3,205 | | | | | | | | | |
| Met-Ed | | 1,953 | 6,338 | 12,457 | 14,002 | 10,279 | 7,650 | 14,696 | 43.7*** | 652.5 |
| PECO** | 30,118 | 35,469 | 24,874 | 36,468 | 58,296 | 52,281 | 55,863 | 58,323 | 17.8 | 64.4 |
| Penelec | | 2,558 | 7,482 | 10,162 | 10,754 | 7,603 | 4,111 | 14,209 | 36.9*** | 455.5 |
| Penn Power | 550 | 589 | 2,178 | 3,740 | 3,687 | 2,739 | 1,104 | 3,316 | 7.1 | 463.0 |
| PPL | 3,742 | 3,681 | 15,578 | 18,595 | 29,053 | 23,424 | 22,158 | 22,727 | -1.6 | 517.4 |
| West Penn | 4,176 | 6,084 | 13,766 | 14,184 | 12,308 | 10,500 | 10,121 | 9,914 | 45.7 | 63.0 |
| **Total** | **46,252** | **56,516** | **84,803** | **111,966** | **144,543** | **123,703** | **116,953** | **140,031** | **22.2** | **147.8** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas
***Percent change from 2003-04.

Reconnections for the electric industry were on the rise prior to the passage of Chapter 14, by 22.2 percent. Since 2004, electric reconnections have increased dramatically, 147.8 percent from 2004-11.

**Table 26 – Reconnections – Gas**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 4,670 | 2,797 | 7,973 | 7,489 | 7,212 | 6,559 | 5,336 | 4,958 | -40.1 | 77.3 |
| Equitable | 4,225 | 1,964 | 10,529 | 9,393 | 7,988 | 7,392 | 7,873 | 7,587 | -53.5 | 286.3 |
| NFG | 2,923 | 3,304 | 8,284 | 7,234 | 7,192 | 8,249 | 6,445 | 6,449 | 13.0 | 95.2 |
| Peoples | 2,384 | 2,320 | 1,854 | 2,380 | 4,048 | 4,597 | 4,602 | 2,660 | -2.7 | 14.7 |
| PGW | | 24,937 | 22,873 | 22,247 | 27,434 | 33,815 | 30,626 | 26,011 | * | 4.3 |
| UGI-Gas | 6,235 | 2,819 | 8,639 | 9,182 | 10,018 | 8,752 | 6,703 | 5,426 | -54.8 | 92.5 |
| UGI Penn Natural | 2,495 | 3,131 | 2,853 | 3,716 | 4,524 | 4,871 | 5,548 | 4,276 | 25.5 | 36.6 |
| **Total** | **22,932** | **41,272** | **63,005** | **61,641** | **68,416** | **74,235** | **67,133** | **57,367** | ***** | **39.0** |

As with terminations, reconnections for the gas industry, excluding PGW, rose to record levels since the passage of Chapter 14, with an overall increase of 92.0 percent from 2004-11. PGW also showed an increase of 4.3 percent in reconnections during this same period.

The following tables show the reconnection ratios of electric and gas utilities from 2002 through 2011. The reconnect ratio is calculated by dividing the number of reconnections by the number of terminations in a calendar year.

**Table 27 – Reconnect Ratio – Electric**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 47.9 | 57.8 | 69.8 | 72.3 | 74.5 | 72.9 | 72.8 | 73.5 | 20.7 | 27.2 |
| GPU* | 34.6 | | | | | | | | | |
| Met-Ed | | 43.3 | 74.9 | 80.7 | 85.6 | 79.6 | 71.7 | 80.9 | 13.1*** | 86.8 |
| PECO** | 65.4 | 64.4 | 58.8 | 67.9 | 69.1 | 68.0 | 71.5 | 71.6 | -1.5 | 11.2 |
| Penelec | | 43.5 | 66.2 | 72.3 | 80.0 | 77.0 | 60.9 | 81.1 | 22.2*** | 86.4 |
| Penn Power | 37.1 | 40.7 | 72.2 | 81.3 | 91.5 | 85.7 | 64.8 | 91.6 | 9.7 | 125.1 |
| PPL | 48.4 | 40.6 | 73.4 | 71.9 | 74.7 | 70.5 | 66.1 | 67.6 | -16.1 | 66.5 |
| West Penn | 47.6 | 50.7 | 64.0 | 65.4 | 62.6 | 61.6 | 60.2 | 64.6 | 6.5 | 27.4 |
| **Total** | **56.0** | **57.3** | **65.9** | **70.9** | **72.7** | **70.2** | **69.0** | **72.7** | **2.3** | **26.9** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO statistics include electric and gas.
**Percent change from 2003-04.

The electric industry's reconnect ratio showed little improvement prior to the passage of Chapter 14. The overall reconnection ratio for the electric industry improved with a 26.9 percent increase from 2004-11.

**Table 28 – Reconnect Ratio – Gas**

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 80.1 | 37.1 | 54.7 | 58.4 | 59.2 | 56.2 | 54.0 | 51.4 | -53.7 | 38.5 |
| Equitable | 38.4 | 28.0 | 82.3 | 74.6 | 66.7 | 68.2 | 71.8 | 72.5 | -27.1 | 158.9 |
| NFG | 49.7 | 44.5 | 62.6 | 65.0 | 65.3 | 67.1 | 69.3 | 68.1 | -10.5 | 53.0 |
| Peoples | 46.5 | 38.3 | 36.5 | 44.9 | 51.5 | 60.2 | 64.5 | 72.0 | -17.6 | 88.0 |
| PGW | | 84.0 | 74.2 | 94.9 | 95.7 | 87.8 | 102.6 | 90.1 | * | 7.3 |
| UGI-Gas | 79.7 | 31.6 | 62.7 | 63.0 | 61.0 | 58.8 | 56.4 | 48.4 | -60.4 | 53.2 |
| UGI Penn Natural | 61.7 | 60.6 | 55.1 | 52.6 | 58.5 | 56.2 | 64.8 | 61.4 | -1.8 | 1.3 |
| **Total** | **57.7** | **57.5** | **66.0** | **70.9** | **71.4** | **71.0** | **76.6** | **71.4** | ***** | **24.2** |

From 2002 to 2004, the reconnection ratio for the gas industry, excluding PGW, declined by 32.8 percent. The reconnection ratio for the gas industry, excluding PGW, increased 57.1 percent since the passage of Chapter 14. PGW's reconnection ratio also increased 7.3 percent during this time.

## **Cold Weather Survey (CWS)**

Every December, the PUC releases its CWS results, which assess the number of households without heat-related service entering the winter months. As part of the survey, the PUC requires natural gas and electric utilities to check residential properties where service has been shut off. Contact is attempted through mail, telephone calls and in-person visits to the homes. In the pre-Chapter 14 period of 2001-04, there was an average of 12,049 households that entered the winter heating season without heat-related utility service. This number peaked in 2011 at 17,475 households.

Homes using potentially unsafe heating sources also are counted because the home is not relying on a central heating system. According to the National Fire Protection Association, potentially unsafe sources of heat include kerosene heaters, kitchen stoves or ovens, electric space heaters, fireplaces and connecting extension cords to neighbors' homes. According to the 2011 survey, 2,559 residences were using potentially unsafe heating sources, bringing the total homes not using a central heating system to 20,034. The total number of homes not using a central heating system continues to be considerably higher than the pre-Chapter 14 average of 14,979.

The 2011 survey results also show that as of Dec. 15, 2011:

- 5,206 residential households were without electric service; 13,136 residences where service was terminated now appear to be vacant; and 186 households are heating with potentially unsafe heating sources. The total electric residences without safe heating are 5,392.

- 12,269 residential households that heat with natural gas are without service; 5,977 residences where service was terminated now appear to be vacant; and 2,373 households are heating with potentially unsafe heating sources. The total natural gas residences without safe heating are 14,642.

- PGW reported that 8,524 households that heat with natural gas are without service - the highest number of all utilities. A total of 11,233 or 56 percent of the total off accounts that have no service live in the Philadelphia area.

The Commission urges customers to call their utility and the PUC for help in getting their service restored.

The CWS Charts that follow show the number of residential properties without service for each of the major, regulated electric and natural gas distribution companies in the Commonwealth. The charts show only post-Chapter 14 results, which include the average of the years 2006-2009 and individual results for 2010 and 2011. The years 2010 and 2011, as shown in Tables 29 and 30, represent the two most recent years of available data.

## Table 29
## 4-Year Average, 2010 & 2011 Cold Weather Survey Results – Electric

| Survey Outcome | Duquesne | Met-Ed | PECO[1] | Penelec | Penn Power | PPL | UGI-Electric | West Penn | Total | Percent Change from Avg. of 2006-2009 to 2010 | Percent Change from Avg. of 2006-2009 to 2011 | Percent Change 2010 to 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Vacant Residences** | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 1,502 | 1,097 | 2,589 | 1,197 | 576 | 2,931 | 128 | 2,119 | 12,139 | | | |
| **2010** | 863 | 1,738 | 3,207 | 1,299 | 485 | 3,383 | 106 | 1,974 | 13,055 | 8 | | |
| **2011** | 923 | 1,677 | 3,418 | 1,376 | 452 | 3,649 | 162 | 1,479 | 13,136 | | 8 | 1 |
| **Total Households Using Potentially Unsafe Heating Sources[2]** | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 3 | 10 | 13 | 14 | 2 | 1 | 4 | 39 | 86 | | | |
| **2010** | 1 | 10 | 85 | 5 | 5 | 0 | 2 | 38 | 146 | 70 | | |
| **2011** | 1 | 6 | 139 | 9 | 3 | 0 | 0 | 28 | 186 | | 116 | 27 |
| **Total Households Without Service After Completion of the Survey (Excludes Households Using Potentially Unsafe Heating Sources, Other Central Heating Sources and Vacant)** | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 849 | 264 | 1,841 | 338 | 83 | 13 | 34 | 166 | 3,588 | | | |
| **2010** | 1,356 | 192 | 2,189 | 235 | 36 | 0 | 94 | 251 | 4,353 | 21 | | |
| **2011** | 1,392 | 438 | 2,570 | 426 | 38 | 0 | 89 | 253 | 5,206 | | 45 | 20 |
| **Total Households Without a Central Heating Source Due to Termination of Utility Service (Includes Households Using Potentially Unsafe Heating Sources and Excludes Other Central Heating Sources and Vacant Residences)** | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 852 | 274 | 1,854 | 352 | 85 | 14 | 38 | 205 | 3,674 | | | |
| **2010** | 1,357 | 202 | 2,274 | 240 | 41 | 0 | 96 | 289 | 4,499 | 22 | | |
| **2011** | 1,393 | 444 | 2,709 | 435 | 41 | 0 | 89 | 281 | 5,392 | | 47 | 20 |

[1] PECO statistics include electric and gas.
[2] Potentially Unsafe Heating Sources include kerosene heaters, electric space heaters, oil-filled space heaters, fireplaces, kitchen stoves or ovens, and use of extension cords to neighbor's service.

## Table 30
## 4-Year Average, 2010 & 2011 Cold Weather Survey Results – Gas

| Survey Outcome | Columbia | Equitable | NFG | Peoples | Peoples TWP | PGW[1] | UGI Central Penn | UGI-Gas | UGI Penn Natural | Total | Percent Change from Avg. of 2006-2009 to 2010 | Percent Change from Avg. of 2006-2009 to 2011 | Percent Change 2010 to 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Vacant Residences** | | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 892 | 789 | 935 | 802 | 168 | 1,780 | 208 | 702 | 597 | 6,873 | | | |
| **2010** | 801 | 639 | 614 | 822 | 115 | 2,201 | 138 | 581 | 357 | 6,268 | -9 | | |
| **2011** | 941 | 546 | 631 | 599 | 137 | 1,985 | 202 | 715 | 221 | 5,977 | | -13 | -5 |
| **Total Households Using Potentially Unsafe Heating Sources[2]** | | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 329 | 311 | 635 | 108 | 75 | 911 | 241 | 430 | 416 | 3,456 | | | |
| **2010** | 265 | 307 | 267 | 140 | 58 | 684 | 80 | 269 | 147 | 2,217 | -36 | | |
| **2011** | 356 | 340 | 287 | 59 | 53 | 773 | 103 | 247 | 155 | 2,373 | | -31 | 7 |
| **Total Households Without Service After Completion of the Survey (Excludes Households Using Potentially Unsafe Heating Sources, Other Central Heating Sources and Vacant)** | | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 951 | 1,080 | 536 | 787 | 149 | 6,475 | 202 | 1,217 | 323 | 11,720 | | | |
| **2010** | 935 | 911 | 345 | 951 | 71 | 7,732 | 228 | 1,027 | 741 | 12,941 | 10 | | |
| **2011** | 805 | 862 | 392 | 442 | 105 | 7,751 | 216 | 999 | 697 | 12,269 | | 5 | -5 |
| **Total Households Without a Central Heating Source Due to Termination of Utility Service (Includes Households Using Potentially Unsafe Heating Sources and Excludes Other Central Heating Sources and Vacant Residences)** | | | | | | | | | | | | | |
| **Avg. of 2006-2009** | 1,280 | 1,391 | 1,171 | 895 | 224 | 7,386 | 443 | 1,647 | 739 | 15,176 | | | |
| **2010** | 1,200 | 1,218 | 612 | 1,091 | 129 | 8,416 | 308 | 1,296 | 888 | 15,158 | 0 | | |
| **2011** | 1,161 | 1,202 | 679 | 501 | 158 | 8,524 | 319 | 1,246 | 852 | 14,642 | | -4 | -3 |

[1] PGW did not come under reporting requirements until 2004.
[2] Potentially Unsafe Heating Sources include kerosene heaters, electric space heaters, oil-filled space heaters, fireplaces, kitchen stoves or ovens, and use of extension cords to neighbor's service.

**Media Reported Incidents Related to Lack of Utility Service**

When alerted to a possible utility-related tragedy, historically through media reports, the Commission investigates the incident by contacting the utilities involved, and, if necessary, health and safety officials in the municipality. If it appears that a lack of utility service was involved, staff initiates a preliminary investigation into possible compliance issues. If possible compliance issues are identified, staff refers the matter to the appropriate bureau for possible enforcement action. The Commission tracks the incidents as well as subsequent informal and formal investigations and settlements or other outcomes.

To make the investigating and reporting of these incidents more consistent and comprehensive, on Jan. 16, 2009, the Commission issued a Secretarial Letter instituting an interim reporting requirement. Electric and gas utilities were directed to report to the Commission when, in the normal course of business, they become aware of a household fire, incident of hypothermia or carbon monoxide poisoning or another event that resulted in a death at a residence where the utility service was off at the time of the event. Additionally, the Commission's revisions to the Chapter 56 regulations require utilities to report to the Commission anytime they become aware of a death at a residence lacking utility service.

**Conclusion: Section III – The Level of Access to Utility Services by Residential Customers, Including Low-Income Customers**

As for access to utility service, the CWS data is the most important indicator of the level of access to utility service because the survey verifies service status. The companies reported as of Dec. 15, 2011, 17,475 households entered the winter season without heat-related service. This total is comparable to 2005 levels. Terminations increased by 95.2 percent from 2004-11 for the electric industry and by 11.9 percent for the natural gas industry. Reconnections increased by 147.8 percent for the electric industry during this same time and by 39.0 percent for the natural gas industry. While the corresponding increase in reconnections has helped maintain reasonable access to utility service, overall these results show that more Pennsylvanians are without electric and gas service since the passage of Chapter 14.

Low-income consumers placed into CAP programs who successfully manage to pay their CAP bills represent the success of the safety net in place for our poorest customers. Thus, it is essential that utilities design CAP programs to be reasonably affordable. The Commission will examine and focus on CAP affordability on a case-by-case basis as utilities submit their triennial Universal Service Plans to the Commission.

Lastly, the Commission continues to promote energy efficiency and conservation as well as customer responsibility as tools for maintaining access to utility service.

## *Section IV - The Effect Upon the Level of Consumer Complaints and Mediations Filed with and Adjudicated by the Commission*

The Commission measures the effect of Chapter 14 on the level of consumer complaints and payment agreement requests filed with and adjudicated by the Commission.

Generally, customer contacts to BCS fall into three categories: consumer complaints, payment agreement requests (PARs) and inquiries. BCS classifies contacts regarding complaints about utilities' actions - including those related to billing, service delivery and repairs - as consumer complaints. Contacts involving payment negotiations for unpaid utility service are PARs. Consumer complaints and PARs collectively are informal complaints.

Inquiries include information requests and opinions from consumers and most do not require investigation by BCS. Also, since the passage of Chapter 14, PARs that are ineligible for BCS assistance per Section 1405(d) and payment agreement requests from active CAP customers are categorized as inquiries.

The fourth section of this report includes a comparison of the number of consumer complaints and PARs received pre-Chapter 14 from 2002 and 2004 versus post-Chapter 14 from 2006-2011. This report also includes data on the number of non-CAP customers denied a PAR by the Commission for eligibility or other reasons, beginning in 2005. As the data shows, the number of consumer complaints and PARs received has decreased significantly since the passage of Chapter 14.

## Consumer Complaints

The following represents the number of residential consumer complaints to BCS from 2002-12. As shown by the table, the number of residential customer complaints referred to BCS since the passage of Chapter 14 has declined significantly.

**Table 31 – Consumer Complaints**

| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012* |
|---|---|---|---|---|---|---|---|---|---|
| Electric | 4,680 | 5,330 | 4,212 | 5,106 | 5,214 | 4,831 | 4,872 | 5,956 | 5,087 |
| Gas | 4,346 | 5,992 | 5,912 | 4,666 | 4,150 | 3,992 | 2,301 | 2,233 | 2,028 |
| Water | 1,064 | 1,189 | 1,104 | 1,261 | 1,233 | 1,071 | 934 | 787 | 567 |
| **Totals** | **10,090** | **12,511** | **11,228** | **11,033** | **10,597** | **9,894** | **8,107** | **8,976** | **7,682** |

*The 2012 data is based on data as of Sept. 28, 2012. It is included in this report because it provides the most current and comprehensive data as possible.

## PARs

PARs primarily include contacts to BCS or to utilities involving requests for payment terms in one of the following situations:

- Termination of service is pending;
- Service has been terminated and the customer needs payment terms to have service restored; and
- The customer wants to retire an arrearage.

The table below represents the number of PARs to BCS from 2002-12. As with residential customer complaints, the number of PARs to BCS has declined considerably since the passage of Chapter 14.

**Table 32 – Payment Agreement Requests**

| | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012* |
|---|---|---|---|---|---|---|---|---|---|
| Electric | 41,735 | 45,758 | 25,048 | 28,173 | 38,661 | 34,950 | 37,338 | 42,580 | 29,645 |
| Gas | 29,612 | 40,378 | 18,271 | 16,112 | 16,537 | 14,779 | 11,948 | 11,160 | 9,111 |
| Water | 3,073 | 3,805 | 3,499 | 4,171 | 4,027 | 4,548 | 5,059 | 4,568 | 3,560 |
| **Totals** | **74,420** | **89,941** | **46,818** | **48,456** | **59,225** | **54,277** | **54,345** | **58,308** | **42,316** |

*The 2012 data is based on data as of Sept. 28, 2012. It is included in this report because it provides the most current and comprehensive data as possible.

**Number of Non-Cap Customers Denied a Payment Agreement by the Commission**

Beginning in 2005, BCS started tracking the number of customers calling the Commission's termination hotline seeking assistance to avoid termination, but were turned away because the customer was not eligible for assistance. Section 1405(d) of Chapter 14 prohibits the Commission from establishing a second payment agreement if the customer has defaulted on a previous payment agreement. The only permitted exception is if the customer has experienced a change in income since the previous agreement as defined in Section 1403 definitions: "A decrease in household income of 20 percent or more if the customer's household income level exceeds 200 percent of the federal poverty level or a decrease in household income of 10 percent or more if the customer's household income level is 200 percent or less of the federal poverty level."

The table below represents the number of customers turned away by the Commission because it was determined that the customer was not eligible for a payment agreement per the above mentioned section of Chapter 14. These customers are not participating in the utility's CAP.

**Table 33**

| Non-CAP Customers Turned Away by Call Center Because of Ineligibility | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012*** | **TOTAL** |
| Service is on | 23,326 | 6,812 | 6,888 | 5,597 | 6,679 | 6,107 | 7,362 | 4,914 | **67,685** |
| Service is off | 4,760 | 523 | 191 | 274 | 221 | 199 | 106 | 85 | **6,359** |
| **Totals** | **28,086** | **7,335** | **7,079** | **5,871** | **6,900** | **6,306** | **7,468** | **4,999** | **74,044** |

*The 2012 data is based on data as of Sept. 28, 2012. It is included in this report because it provides the most current and comprehensive data possible.

In addition to the above noted restrictions, Section 1405(c) forbids the Commission from establishing a payment agreement for customers who participate in a utility's CAP. The table below represents the number of customers turned away by the Commission because it was determined the customer was not eligible for a payment agreement because they were a participant in the utility's CAP.

**Table 34**

| CAP Customers Turned Away by Call Center Because of Ineligibility | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012*** | **TOTAL** |
| CAP Customers | 5,403 | 5,240 | 7,114 | 7,861 | 13,888 | 13,379 | 12,288 | 8,120 | **73,293** |

*The 2012 data is based on data as of Sept. 28, 2012. It is included in this report because it provides the most current and comprehensive data possible.

## PARRs Dismissed Without a Decision

In addition to those already described as ineligible for a PUC payment agreement, occasions also exist where a PAR will be opened with BCS but will be subsequently dismissed because the customer is not eligible for a new payment agreement. This normally occurs for the reasons previously discussed, namely the customer has previously defaulted on a payment agreement and is not eligible for a second agreement.

The table below represents the number of customers that had their BCS case dismissed because it was determined they were not eligible for a subsequent payment agreement.

**Table 35**

| Payment Agreement Requests Dismissed Without a Decision | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012*** | **TOTAL** |
| Cases Dismissed | 14,225 | 7,328 | 6,005 | 6,411 | 5,969 | 6,347 | 6,572 | 5,151 | **58,008** |

*The 2012 data is based on data as of Sept. 28, 2012. It is included in this report because it provides the most current and comprehensive data possible.

## Customers Under a Protection From Abuse (PFA) Order Who Received a Payment Agreement from the PUC

Section 1417 of Chapter 14 specifies that the chapter "shall not apply to victims under a PFA Order as provided by 23 Pa. C.S. Ch. 61 (relating to protection from abuse)." In May 2005, BCS modified its complaint tracking system to allow the tracking of complaints that involved customers with PFA orders. The table below represents the number of such complaints.

**Table 36**

| Complaints From Customers With PFA Order | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2005*** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012**** | **TOTAL** |
| Number of Complaints | 2 | 21 | 14 | 10 | 5 | 5 | 100 | 150 | **307** |

*The Bureau of Consumer Services started tracking PFA cases in mid-2005.
**The 2012 data is based on data as of Sept. 28, 2012. It is included in this report because it provides the most current and comprehensive data possible.

**<u>Conclusion: Section IV – The Effect Upon the Level of Consumer Complaints and Mediations Filed with and Adjudicated by the Commission (Mediations are Currently Known as Payment Agreement Requests Under § 1415)</u>**

Chapter 14 has had an impact on the number of PARs. PARs decreased 35 percent from 2004-11 and have been well below the 2004 level in each year since then. The Commission turned away 19,756 callers in 2011 due to the restrictions on its ability to grant payment agreements. Since the passage of Chapter 14 through the end of 2011, the Commission has turned away 134,218 customers seeking PARs.

In late 2005, the Commission revised its interpretation of Section 1405(d) to permit the issuance of at least one payment agreement for all customers (except those participating in CAP), including those whose service was terminated. While the Commission continues to issue payment terms for customers whose service has been terminated, this authority is exercised judiciously and only in instances where the customer has made a good-faith effort to pay the bill.

In addition, annual informal consumer complaint volume has declined by 28 percent from 2004-11.

# Appendices

## Appendix 1 – Collections Data Variables

Collections data variables include the total:

1. Number of residential customers;
2. Dollar amount of annual collections operating expenses;
3. Dollar amount of annual residential billings;
4. Dollar amount of gross residential write-offs;
5. Number of active residential accounts in arrears and not on a payment agreement;
6. Dollar amount in arrears for active residential accounts in arrears and not on a payment agreement;
7. Number of active residential accounts in arrears and on a payment agreement;
8. Dollar amount in arrears for active residential accounts in arrears and on a payment agreement;
9. Number of inactive residential accounts in arrears;
10. Dollar amount in arrears for inactive residential accounts in arrears;
11. Number of terminations for non-payment as defined at § 1406(a)(1) or § 1406(a)(2) or § 1406(a)(3);

    Number of terminations for other reasons including failure to permit access, unauthorized use of service, fraud, meter tampering and safety as defined at § 1406(a)(4), § 1406(c)(1)(i), § 1406(c)(1)(ii), § 1406(c)(1)(iii) and § 1406(c)(1)(iv);
12. Number of reconnections for customer payment by income level;
13. Number of reconnections for medical certification by income level;
14. Number of reconnections for reasons other than customer payment or medical certification;
15. Number of applicants that are billed a security deposit;
16. Dollar amount of security deposits billed to applicants;

17. Number of customers that are billed a security deposit;

18. Dollar amount of security deposits billed to customers;

19. Number of security deposits on-hand;

20. Dollar amount of security deposits on-hand;

21. Dollar amount of actual LIURP spending for the previous year;

22. Dollar amount of CAP administrative costs for the previous year;

23. Dollar amount of CAP credits for the previous year;

24. Dollar amount of CAP pre-program arrearage forgiveness for the previous year;

25. Dollar amount of Customer Assistance and Referral Evaluation Services (CARES) program costs for the previous year; and

26. Dollar amount of hardship fund administrative costs assessed to ratepayers for the year just completed.

The BCS has advocated that the bill due date is equal to day zero, the starting point for determining when an account should be considered overdue, and this position is clarified in the Collections Data Dictionary filed at the Docket M-00041802F0003. The table below shows the individual company variations for the historical data set presented in this report and applies to all tables that show overdue customers or overdue dollars.

**Appendix 2 – When is an Account Considered to be Overdue?**

| Company | When is Day Zero (0) | How Many Days Overdue | Days of Variance from BCS Interpretation |
|---|---|---|---|
| Duquesne | Bill Due Date | 30 Days | 0 Days |
| Met-Ed and Penelec | Bill Due Date | 30 Days | 0 Days |
| PECO-Electric | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| Penn Power | Bill Due Date | 30 Days | 0 Days |
| PPL | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| West Penn | Bill Due Date | 10 Days | 20 Days Sooner |
| Columbia | Bill Due Date | 30 Days | 0 Days |
| Equitable | Bill Due Date | 30 Days | 0 Days |
| NFG | Bill Rendition Date* | 60 Days | 9 Days Later |
| PECO-Gas | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| Peoples | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| PGW | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| UGI-Gas | Bill Due Date | 30 Days | 0 Days |
| UGI Penn Natural | Bill Due Date | 30 Days | 0 Days |

*Bill Rendition Date is one day prior to the Bill Transmittal Date.

After an account is terminated or discontinued, it is no longer considered to be an active account. These accounts then become “inactive” accounts. Ultimately, these accounts are either paid or written-off according to each company’s accounting or write-off procedures. The Commission began to quantify the number of inactive accounts and corresponding arrearages beginning with 2007 collections data.

**Appendix 3 – When Does an Account Move from Active to Inactive Status?**

| Company | After an Account is Terminated | After an Account is Discontinued |
|---|---|---|
| Duquesne | 7 Days after Termination Date | 3 to 5 Days after Discontinuance |
| Met-Ed and Penelec | 10 Days after Termination Date | Same Day as Discontinuance |
| PECO-Electric | 30 to 32 Days after Termination Date | Same Day as Discontinuance |
| Penn Power | 10 Days after Termination Date | Same Day as Discontinuance |
| PPL | 5 to 8 Days after Termination Date | Bill Transmittal Date |
| West Penn | 10 Days after Termination Date | 0 to 1 Day after Final Bill Transmittal Date |
| Columbia | 5 to 7 Days after Termination Date | Same Day as Discontinuance |
| Equitable | 3 Days after Termination Date | 3 Days after Discontinuance |
| NFG | Same Day as Termination Date | Same Day as Discontinuance |
| PECO-Gas | 30 to 32 Days after Termination Date | Same Day as Discontinuance |
| Peoples | 10 Days after Termination Date | 10 Days after Discontinuance |
| PGW | 0 to 30 Days after Termination Date | 0 to 1 Day after Final Bill Transmittal Date |
| UGI-Gas | Same Day as Termination Date | Same Day as Discontinuance |
| UGI Penn Natural | Same Day as Termination Date | Same Day as Discontinuance |

Gross Residential Write-Offs that are reported below represent the cumulative total dollar amount written off as of the end of the calendar year. CAP Preprogram Arrearage Forgiveness dollars are excluded.

### Appendix 4 – Gross Residential Write-Offs – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $17,390,593 | $9,909,654 | $9,642,363 | $5,171,219 | $5,931,737 | $8,233,551 | $5,824,162 | $6,452,062 | -43.0 | -34.9 |
| GPU* | $19,772,525 | | | | | | | | | |
| Met-Ed | | $9,690,456 | $9,238,677 | $10,749,694 | $11,169,498 | $10,684,730 | $11,592,188 | $14,257,828 | 21.1*** | 47.1 |
| PECO** | $41,668,666 | $41,562,593 | $41,995,496 | $55,042,062 | $51,306,178 | $52,491,564 | $46,511,742 | $36,808,916 | -0.3 | -11.4 |
| Penelec | | $8,748,857 | $8,591,608 | $9,328,168 | $9,374,695 | $8,313,201 | $8,390,194 | $10,718,918 | 8.7*** | 22.5 |
| Penn Power | $1,844,651 | $2,361,062 | $2,592,509 | $3,027,132 | $3,342,208 | $3,335,176 | $2,889,882 | $3,192,700 | 28.0 | 35.2 |
| PPL | $16,149,965 | $22,326,252 | $21,194,274 | $23,284,516 | $25,774,438 | $35,132,218 | $39,598,997 | $49,731,802 | 38.2 | 122.8 |
| West Penn | $7,772,522 | $8,571,821 | $5,810,269 | $5,951,335 | $5,616,484 | $5,561,835 | $6,355,180 | $7,016,809 | 10.3 | -18.1 |
| **Total** | **$104,598,922** | **$103,170,695** | **$99,065,196** | **$112,554,126** | **$112,515,238** | **$123,752,275** | **$121,162,345** | **$128,179,035** | **-1.4** | **24.2** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

### Appendix 5 – Gross Residential Write-Offs – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $7,285,213 | $16,079,652 | $12,725,454 | $10,505,925 | $10,874,843 | $12,039,187 | $8,162,827 | $9,761,318 | 120.7 | -39.3 |
| Equitable | $16,153,080 | $7,922,823 | $15,314,485 | $11,270,907 | $12,591,877 | $9,187,767 | $6,176,012 | $5,371,481 | -51.0 | -32.2 |
| NFG | $6,644,662 | $6,001,579 | $7,316,442 | $8,320,871 | $6,116,105 | $6,040,660 | $6,228,075 | $3,649,936 | -9.7 | -39.2 |
| Peoples | $13,941,290 | $13,926,284 | $10,408,974 | $11,069,703 | $9,514,663 | $10,537,331 | $7,733,999 | $4,526,442 | -0.1 | -67.5 |
| PGW* | | $65,949,043 | $94,470,467 | $52,392,930 | $45,999,914 | $53,230,377 | $46,724,536 | $39,957,380 | * | -39.4 |
| UGI-Gas | $5,949,289 | $6,790,705 | $8,474,161 | $9,767,598 | $11,659,360 | $9,595,433 | $6,810,703 | $5,704,577 | 14.1 | -16.0 |
| UGI Penn Natural | $3,235,694 | $5,157,851 | $5,037,797 | $6,198,446 | $8,329,440 | $9,181,367 | $5,122,162 | $3,624,732 | 59.4 | -29.7 |
| **Total** | **$53,209,228** | **$121,827,937** | **$153,747,780** | **$109,526,380** | **$105,086,202** | **$109,812,122** | **$86,958,314** | **$72,595,866** | ***** | **-40.4** |

*PGW did not come under reporting requirements until 2004.

The number of customers in debt as reported below is a combination of customers in arrears who are on a payment agreement with customers in arrears who are not on a payment agreement. The Commission considers these customers to represent active accounts, i.e., accounts that have not been either discontinued or terminated (the service is still on).

### Appendix 6 – Number of Customers in Debt – Active Accounts – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | 83,376 | 61,960 | 53,472 | 49,799 | 49,812 | 49,326 | 51,033 | 40,265 | -25.7 | -35.0 |
| GPU* | 194,607 | | | | | | | | | |
| Met-Ed | | 86,297 | 88,711 | 90,217 | 92,292 | 96,298 | 101,577 | 106,648 | -2.4*** | 23.6 |
| PECO** | 274,073 | 275,634 | 373,315 | 327,346 | 337,267 | 336,140 | 320,269 | 325,775 | 0.6 | 18.2 |
| Penelec | | 100,221 | 100,071 | 99,151 | 97,151 | 98,246 | 101,040 | 108,249 | -3.3*** | 8.0 |
| Penn Power | 28,943 | 26,442 | 26,664 | 26,753 | 26,202 | 26,998 | 27,120 | 25,841 | -8.6 | -2.3 |
| PPL | 177,723 | 185,375 | 204,206 | 206,966 | 208,037 | 212,255 | 217,394 | 225,563 | 4.3 | 21.7 |
| West Penn | 111,052 | 105,331 | 94,543 | 98,215 | 97,390 | 103,346 | 106,013 | 108,795 | -5.2 | 3.3 |
| **Total** | **869,774** | **841,260** | **940,982** | **898,447** | **908,151** | **922,609** | **924,446** | **941,136** | **-3.3** | **11.9** |

*Met-Ed and Penelec reported combined under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

### Appendix 7 – Number of Customers in Debt – Active Accounts – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | 36,396 | 50,485 | 47,845 | 47,274 | 49,365 | 42,606 | 41,356 | 45,078 | 38.7 | -10.7 |
| Equitable | 40,177 | 64,152 | 33,057 | 32,007 | 29,445 | 28,398 | 28,393 | 29,462 | 59.7 | -54.1 |
| NFG | 29,337 | 32,266 | 26,675 | 23,935 | 24,389 | 23,837 | 21,085 | 22,891 | 10.0 | -29.1 |
| Peoples | 58,298 | 58,319 | 50,692 | 47,658 | 46,357 | 41,708 | 32,845 | 41,551 | 0.0 | -28.8 |
| PGW* | | 180,908 | 126,396 | 121,335 | 115,559 | 114,115 | 107,779 | 111,848 | * | -38.2 |
| UGI-Gas | 36,113 | 41,142 | 37,295 | 48,773 | 52,292 | 49,602 | 48,304 | 52,098 | 13.9 | 26.6 |
| UGI Penn Natural | 23,137 | 24,524 | 23,955 | 24,454 | 25,755 | 27,781 | 25,357 | 25,797 | 6.0 | 5.2 |
| **Total** | **223,458** | **451,796** | **345,915** | **345,436** | **343,162** | **328,047** | **305,119** | **328,725** | ***** | **-27.2** |

*PGW did not come under reporting requirements until 2004.

The total amount of money in debt has an impact on a company's expenses. The specific expense category is called Cash-Working-Capital and is part of a company's distribution charge.

## Appendix 8 – Dollars in Debt – Active Accounts – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $39,381,306 | $22,386,725 | $15,684,578 | $15,647,727 | $18,753,698 | $19,688,979 | $21,578,760 | $18,087,200 | -43.2 | -19.2 |
| GPU* | $45,600,237 | | | | | | | | | |
| Met-Ed | | $24,996,155 | $25,944,388 | $28,116,879 | $28,352,528 | $30,141,424 | $35,223,159 | $41,730,249 | 0.4*** | 66.9 |
| PECO** | $88,648,050 | $123,606,844 | $93,578,748 | $141,578,061 | $196,946,691 | $174,966,336 | $124,264,918 | $130,098,817 | 39.4 | 5.3 |
| Penelec | | $24,821,329 | $24,512,581 | $26,135,992 | $24,843,496 | $24,874,089 | $26,517,340 | $33,515,100 | 3.4*** | 35.0 |
| Penn Power | $5,339,438 | $8,023,260 | $8,328,922 | $9,221,929 | $9,742,309 | $10,319,699 | $10,584,312 | $10,121,363 | 50.3 | 26.2 |
| PPL | $48,804,828 | $57,647,458 | $76,242,112 | $81,192,011 | $86,117,707 | $90,442,588 | $98,431,119 | $114,230,430 | 18.1 | 98.2 |
| West Penn | $16,994,925 | $15,613,294 | $10,145,305 | $11,000,827 | $11,292,516 | $13,215,351 | $15,296,743 | $16,613,700 | -8.1 | 6.4 |
| **Total** | **$244,768,784** | **$277,095,065** | **$254,436,634** | **$312,893,426** | **$376,048,945** | **$363,648,466** | **$331,896,351** | **$364,396,859** | **13.2** | **31.5** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

## Appendix 9 – Dollars in Debt – Active Accounts – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $10,573,365 | $15,990,488 | $17,495,368 | $15,042,071 | $17,009,255 | $19,839,351 | $12,964,497 | $15,799,448 | 51.2 | -1.2 |
| Equitable | $18,457,221 | $26,808,380 | $15,436,814 | $12,663,147 | $11,760,342 | $12,335,719 | $10,908,470 | $9,756,950 | 45.2 | -63.6 |
| NFG | $5,679,036 | $8,664,869 | $7,903,032 | $6,410,084 | $6,746,330 | $7,176,682 | $4,710,086 | $5,119,383 | 52.6 | -40.9 |
| Peoples | $39,827,219 | $42,105,099 | $49,198,137 | $37,045,039 | $34,394,910 | $31,599,923 | $15,392,195 | $18,997,672 | 5.7 | -54.9 |
| PGW* | | $104,917,102 | $68,349,548 | $60,206,779 | $60,523,636 | $62,740,950 | $52,281,264 | $52,357,938 | * | -50.1 |
| UGI-Gas | $5,036,542 | $7,927,107 | $7,263,727 | $11,596,233 | $11,801,753 | $10,968,226 | $8,972,801 | $9,651,339 | 57.4 | 21.8 |
| UGI Penn Natural | $5,040,940 | $6,952,897 | $8,115,685 | $7,519,359 | $8,588,592 | $10,007,648 | $7,257,657 | $6,463,851 | 37.9 | -7.0 |
| **Total** | **$84,614,323** | **$213,365,942** | **$173,762,311** | **$150,482,712** | **$150,824,818** | **$154,668,499** | **$112,486,970** | **$118,146,581** | ***** | **-44.6** |

*PGW did not come under reporting requirements until 2004.

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

## Appendix 10 – Average Arrearage – Active Accounts – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $472.33 | $361.31 | $293.32 | $314.22 | $376.49 | $399.16 | $422.84 | $449.20 | -23.5 | 24.3 |
| GPU* | $234.32 | | | | | | | | | |
| Met-Ed | | $289.65 | $292.46 | $311.66 | $307.20 | $313.00 | $346.76 | $391.29 | 2.9*** | 35.1 |
| PECO** | $323.45 | $448.45 | $250.67 | $432.50 | $583.95 | $520.52 | $388.00 | $399.35 | 38.6 | -10.9 |
| Penelec | | $247.67 | $244.95 | $263.60 | $255.72 | $253.18 | $262.44 | $309.61 | 7.0*** | 25.0 |
| Penn Power | $184.48 | $303.43 | $312.37 | $344.71 | $371.82 | $382.24 | $390.28 | $391.68 | 64.5 | 29.1 |
| PPL | $274.61 | $310.98 | $373.36 | $392.30 | $413.95 | $426.10 | $452.78 | $506.42 | 13.2 | 62.8 |
| West Penn | $153.04 | $148.23 | $107.31 | $112.01 | $115.95 | $127.87 | $144.29 | $152.71 | -3.1 | 3.0 |
| **Total** | **$281.42** | **$329.38** | **$270.39** | **$348.26** | **$414.08** | **$394.15** | **$359.05** | **$387.19** | **17.0** | **17.6** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

## Appendix 11 – Average Arrearage – Active Accounts – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $290.51 | $316.74 | $365.67 | $318.19 | $344.56 | $465.65 | $313.49 | $350.49 | 9.0 | 10.7 |
| Equitable | $459.40 | $417.89 | $466.98 | $395.64 | $399.40 | $434.39 | $384.20 | $331.17 | -9.0 | -20.8 |
| NFG | $193.58 | $268.54 | $296.27 | $267.81 | $276.61 | $301.07 | $223.39 | $223.64 | 38.7 | -16.7 |
| Peoples | $683.17 | $721.98 | $970.53 | $777.31 | $741.96 | $757.65 | $468.63 | $457.21 | 5.7 | -36.7 |
| PGW* | | $579.95 | $540.76 | $496.20 | $523.75 | $549.80 | $485.08 | $468.12 | * | -19.3 |
| UGI-Gas | $139.47 | $192.68 | $194.76 | $237.76 | $225.69 | $221.12 | $185.76 | $185.25 | 38.2 | -3.9 |
| UGI Penn Natural | $217.87 | $283.51 | $338.79 | $307.49 | $333.47 | $360.23 | $286.22 | $250.57 | 30.1 | -11.6 |
| **Total** | **$378.66** | **$472.26** | **$502.33** | **$435.63** | **$439.51** | **$471.48** | **$368.67** | **$359.41** | * | **-23.9** |

*PGW did not come under reporting requirements until 2004.

Annual collections operating expenses include administrative expenses associated with termination activity, field visits, negotiation of payment agreements, budget counseling, investigation and resolution of informal and formal complaints associated with payment agreements, the securing and maintenance of security deposits, the tracking of delinquent accounts, collection agencies' expenses, litigation expenses other than those already included, dunning expenses and winter survey expenses.

### Appendix 12 – Annual Collections Operating Expenses – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $28,100,000 | $16,164,612 | $16,221,301 | $12,707,668 | $16,384,435 | $21,347,215 | $12,136,755 | $13,156,923 | -42.5 | -18.6 |
| GPU* | $26,489,856 | | | | | | | | | |
| Met-Ed | | $13,567,289 | $12,131,756 | $14,428,576 | $14,927,475 | $13,874,375 | $14,840,980 | $17,837,820 | 21.7*** | 31.5 |
| PECO** | $31,173,745 | $9,576,151 | $4,460,572 | $7,130,283 | $16,112,191 | $15,056,392 | $16,615,043 | $17,837,156 | -69.3 | 86.3 |
| Penelec | | $13,526,387 | $12,313,795 | $13,385,070 | $13,490,269 | $11,592,885 | $11,726,539 | $14,451,221 | 11.2*** | 6.8 |
| Penn Power | $2,529,787 | $3,619,639 | $3,606,710 | $4,280,996 | $4,804,770 | $4,450,336 | $3,998,266 | $4,349,207 | 43.1 | 20.2 |
| PPL | $3,372,022 | $4,878,365 | $9,403,446 | $9,947,961 | $9,202,775 | $9,455,645 | $13,514,027 | $13,235,587 | 44.7 | 171.3 |
| West Penn | $14,287,272 | $14,313,568 | $13,488,737 | $14,498,093 | $13,140,612 | $13,872,516 | $16,115,403 | $16,327,452 | 0.2 | 14.1 |
| **Total** | **$105,952,682** | **$75,646,011** | **$71,626,317** | **$76,378,647** | **$88,062,527** | **$89,649,364** | **$88,947,013** | **$97,195,366** | **-28.6** | **28.5** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

### Appendix 13 – Annual Collections Operating Expenses – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $1,523,315 | $2,463,992 | $3,535,836 | $3,636,146 | $3,597,442 | $3,271,167 | $2,424,579 | $2,920,498 | 61.8 | 18.5 |
| Equitable | $3,817,120 | $3,950,187 | $4,746,027 | $3,739,605 | $3,317,026 | $2,999,286 | $2,789,079 | $2,756,402 | 3.5 | -30.2 |
| NFG | Not Available | $1,154,535 | $961,454 | $945,881 | $910,088 | $662,580 | $721,655 | $625,590 | -1.0* | -45.8 |
| Peoples | $1,963,339 | $3,224,084 | $2,430,649 | $1,927,923 | $1,125,826 | $1,083,342 | $1,200,898 | $801,057 | 64.2 | -75.2 |
| PGW** | | $10,102,014 | $9,629,280 | $9,694,140 | $9,821,543 | $8,884,858 | $4,687,640 | $2,517,589 | ** | -75.1 |
| UGI-Gas | $3,108,658 | $3,349,562 | $3,061,646 | $2,877,793 | $3,035,334 | $2,549,522 | $2,972,628 | $2,898,253 | 7.7 | -13.5 |
| UGI Penn Natural | $1,967,380 | $2,403,614 | $2,673,634 | $2,837,916 | $3,094,913 | $2,483,722 | $838,274 | $842,229 | 22.2 | -65.0 |
| **Total** | **$12,379,812** | **$26,647,988** | **$27,038,526** | **$25,659,404** | **$24,902,172** | **$21,934,477** | **$15,634,753** | **$13,361,618** | ** | **-49.9** |

*Percent change from 2003-04.
**PGW did not come under reporting requirements until 2004.

Collections operating expenses as a percentage of billings is calculated by dividing the collections operating expenses by the annual residential billings. The higher the percentage the more a company is spending on collections operating expenses. Appendices 14 and 15 show the percentage for the year 2011, which is the most current data available.

**Appendix 14 – 2011 Collections Operating Expenses as a Percentage of Residential Billings – Electric**

| Company | 2011 Billings | 2011 Collections Operating Expenses | Collections Operating Expenses as a Percent of Billings |
|---|---|---|---|
| Duquesne | $523,025,310 | $13,156,923 | 2.5 |
| Met-Ed | $741,983,813 | $17,837,820 | 2.4 |
| PECO* | $2,576,470,996 | $17,837,156 | 0.7 |
| Penelec | $599,475,621 | $14,451,221 | 2.4 |
| Penn Power | $172,679,614 | $4,349,207 | 2.5 |
| PPL | $1,858,691,507 | $13,235,587 | 0.7 |
| West Penn | $679,101,765 | $16,327,452 | 2.4 |
| **Total** | **$7,151,428,626** | **$97,195,366** | **1.4** |

*PECO data includes electric and gas.

**Appendix 15 – 2011 Collections Operating Expenses as a Percentage of Residential Billings – Gas**

| Company | 2011 Billings | 2011 Collections Operating Expenses | Collections Operating Expenses as a Percent of Billings |
|---|---|---|---|
| Columbia | $346,316,467 | $2,920,498 | 0.8 |
| Equitable | $251,683,545 | $2,756,402 | 1.1 |
| NFG | $182,111,890 | $625,590 | 0.3 |
| Peoples | $249,251,788 | $801,057 | 0.3 |
| PGW | $499,921,332 | $2,517,589 | 0.5 |
| UGI-Gas | $251,635,022 | $2,898,253 | 1.2 |
| UGI Penn Natural | $172,666,044 | $842,229 | 0.5 |
| **Total** | **$1,953,586,088** | **$13,361,618** | **0.7** |

The aggregate spending for Universal Service programs is shown in Appendices 16 and 17 for the year 2011 and that spending is also shown as a percentage of residential billings for 2011.

**Appendix 16 – 2011 Universal Service Program Costs* as a Percentage of Residential Billings – Electric**

| Company | 2011 Billings | 2011 Universal Service Costs* | Universal Service Costs as a Percent of Billings |
|---|---|---|---|
| Duquesne | $523,025,310 | $20,275,094 | 3.9 |
| Met-Ed | $741,983,813 | $31,294,913 | 4.2 |
| PECO** | $2,576,470,996 | $117,318,571 | 4.6 |
| Penelec | $599,475,621 | $32,726,847 | 5.5 |
| Penn Power | $172,679,614 | $11,164,436 | 6.5 |
| PPL | $1,858,691,507 | $60,937,485 | 3.3 |
| West Penn | $679,101,765 | $13,376,386 | 2.0 |
| **Total** | **$7,151,428,626** | **$287,093,732** | **4.0** |

*Includes CAP, LIURP, and CARES.

**PECO data includes electric and gas.

**Appendix 17– 2011 Universal Service Program Costs* as a Percentage of Residential Billings – Gas**

| Company | 2011 Billings | 2011 Universal Service Costs* | Universal Service Costs as a Percent of Billings |
|---|---|---|---|
| Columbia | $346,316,467 | $21,567,265 | 6.2 |
| Equitable | $251,683,545 | $13,072,242 | 5.2 |
| NFG | $182,111,890 | $3,870,753 | 2.1 |
| Peoples | $249,251,788 | $8,718,959 | 3.5 |
| PGW | $499,921,332 | $102,964,829 | 20.6 |
| UGI-Gas | $251,635,022 | $5,100,032 | 2.0 |
| UGI Penn Natural | $172,666,044 | $4,197,023 | 2.4 |
| **Total** | **$1,953,586,088** | **$159,491,103** | **8.2** |

*Includes CAP, LIURP, and CARES.

Customer Assistance Programs (CAPs) provide an alternative to traditional collections methods for low-income, payment troubled customers. Customers make regular monthly payments, which may be for an amount that is less than the current bill for utility service.

### Appendix 18 – Annual Total CAP Costs – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $5,275,000 | $5,275,000 | $10,375,795 | $11,508,948 | $13,460,999 | $14,977,956 | $17,074,234 | $18,565,822 | 0.0 | 252.0 |
| GPU* | $9,457,535 | | | | | | | | | |
| Met-Ed | | $4,966,221 | $6,149,163 | $8,087,480 | $14,167,515 | $19,321,710 | $24,391,452 | $28,075,091 | 1.4*** | 465.3 |
| PECO** | $59,078,443 | $79,088,439 | $75,017,655 | $93,096,247 | $113,300,164 | $106,871,181 | $100,218,942 | $107,947,486 | 33.9 | 36.5 |
| Penelec | | $6,914,194 | $8,494,452 | $10,683,202 | $19,470,323 | $24,480,070 | $27,498,718 | $29,080,721 | 13.3*** | 320.6 |
| Penn Power | $1,882,134 | $1,825,678 | $1,705,114 | $2,461,202 | $5,346,829 | $8,964,942 | $10,151,973 | $9,863,285 | -3.0 | 440.3 |
| PPL | $10,829,095 | $14,691,811 | $17,090,500 | $20,919,308 | $24,149,702 | $28,929,342 | $47,255,396 | $53,148,044 | 35.7 | 261.8 |
| West Penn | $3,069,116 | $4,987,081 | $7,551281 | $8,043,013 | $7,680,209 | $7,922,756 | $9,586,776 | $10,916,940 | 62.5 | 118.9 |
| **Total** | **$89,591,323** | **$117,748,424** | **$126,383,960** | **$154,754,400** | **$197,575,741** | **$211,467,957** | **$236,177,491** | **$257,597,389** | **31.4** | **118.8** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

### Appendix 19 – Annual Total CAP Costs – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $8,894,938 | $14,708,222 | $25,788,593 | $23,214,621 | $24,358,427 | $28,084,379 | $18,260,343 | $18,141,003 | 65.4 | 23.3 |
| Equitable | $2,098,071 | $5,694,802 | $15,801,900 | $11,496,437 | $15,735,516 | $29,451,600 | $14,810,218 | $12,162,295 | 171.4 | 113.6 |
| NFG | $2,137,966 | $4,613,226 | $9,074,207 | $6,595,173 | $8,118,056 | $6,743,167 | $2,992,877 | $2,778,028 | 115.8 | -39.8 |
| Peoples | $1,399,490 | $5,358,196 | $7,586,249 | $22,767,942 | $8,645,396 | $10,266,754 | $5,772,862 | $7,664,959 | 282.9 | 43.1 |
| PGW* | | $57,800,000 | $105,440,734 | $106,027,731 | $102,525,112 | $105,782,371 | $93,023,754 | $96,254,993 | * | 66.5 |
| UGI-Gas | $555,482 | $1,898,609 | $3,396,393 | $4,335,537 | $4,721,569 | $5,051,419 | $4,076,933 | $3,996,287 | 241.8 | 110.5 |
| UGI Penn Natural | $271,454 | $590,454 | $1,322,719 | $1,131,095 | $1,989,428 | $3,520,853 | $2,291,790 | $3,243,172 | 117.5 | 449.3 |
| **Total** | **$15,357,401** | **$90,663,509** | **$165,703,174** | **$175,568,536** | **$166,093,504** | **$188,900,543** | **$141,228,777** | **$144,240,737** | ***** | **59.1** |

*PGW did not come under reporting requirements until 2004.

The LIURP is a statewide, utility-sponsored, residential usage reduction program mandated by PUC regulations at 52 Pa. Code, Chapter 58. The primary goal of LIURP is to assist low-income residential customers in lowering energy bills through usage reduction (energy conservation) and thereby making bills more affordable.

### Appendix 20 – Annual Total LIURP Costs – Electric

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Duquesne | $2,365,834 | $1,021,250 | $1,090,935 | $1,393,083 | $1,230,237 | $2,405,138 | $2,265,746 | $1,584,272 | -56.8 | 55.1 |
| GPU* | $3,508,105 | | | | | | | | | |
| Met-Ed | | $1,720,005 | $1,840,662 | $1,908,308 | $1,977,352 | $2,693,374 | $2,493,526 | $3,219,822 | 7.7*** | 87.2 |
| PECO** | $6,475,000 | $6,475,000 | $6,474,997 | $6,475,000 | $6,475,000 | $7,825,001 | $7,850,000 | $7,850,000 | 0.0 | 21.2 |
| Penelec | | $1,657,765 | $1,927,764 | $2,056,752 | $2,518,570 | $3,090,884 | $2,938,097 | $3,646,126 | -2.7*** | 119.9 |
| Penn Power | $599,649 | $527,439 | $628,726 | $721,433 | $836,908 | $760,698 | $957,145 | $1,301,151 | -12.0 | 146.7 |
| PPL | $5,406,590 | $5,642,380 | $7,488,846 | $6,753,061 | $7,719,029 | $8,930,029 | $7,840,038 | $7,789,441 | 4.4 | 38.1 |
| West Penn | $2,217,965 | $2,053,981 | $2,133,124 | $2,125,938 | $1,752,070 | $1,278,715 | $1,812,314 | $2,457,707 | -7.4 | 19.7 |
| **Total** | **$20,573,143** | **$19,087,820** | **$21,585,054** | **$21,433,575** | **$22,509,166** | **$26,983,839** | **$26,156,866** | **$27,848,519** | **-7.2** | **45.9** |

*Met-Ed and Penelec reported jointly under GPU in 2002.
**PECO data includes electric and gas.
***Percent change from 2003-04.

### Appendix 21 – Annual Total LIURP Costs – Gas

| Company | 2002 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Percent Change 2002-04 | Percent Change 2004-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Columbia | $1,376,403 | $1,399,634 | $1,364,003 | $1,326,765 | $1,127,535 | $3,148,334 | $3,235,040 | $3,057,749 | 1.7 | 118.5 |
| Equitable | $393,834 | $602,699 | $704,128 | $644,006 | $542,207 | $548,056 | $832,697 | $623,379 | 53.0 | 3.4 |
| NFG | $943,743 | $1,199,392 | $924,211 | $1,272,306 | $1,285,326 | $1,364,323 | $1,293,934 | $1,087,765 | 27.1 | -9.3 |
| Peoples | $610,856 | $610,000 | $609,941 | $609,965 | $609,968 | $610,000 | $768,000 | $884,000 | -0.1 | 44.9 |
| PGW* | | $2,008,697 | $2,118,621 | $1,691,250 | $2,578,214 | $2,046,452 | $2,341,176 | $5,889,212 | * | 193.2 |
| UGI-Gas | $460,280 | $648,025 | $659,649 | $693,374 | $989,233 | $1,682,262 | $755,161 | $1,068,201 | 40.8 | 64.8 |
| UGI Penn Natural | $335,481 | $365,191 | $358,619 | $393,014 | $911,409 | $917,614 | $851,297 | $928,115 | 8.9 | 154.1 |
| **Total** | **$4,120,597** | **$6,833,638** | **$6,739,172** | **$6,630,680** | **$8,043,892** | **$10,317,041** | **$10,077,305** | **$13,538,421** | ***** | **98.1** |

*PGW did not come under reporting requirements until 2004.

The following two appendices show the three major collections cost categories and the Universal Service program costs for the year 2011. The corresponding residential billings are also shown as a basis for comparison against the four cost categories in the tables. Please note that only a fraction of the total dollars in debt is recovered in rates, perhaps up to 10 percent of the total dollars in debt.

## Appendix 22 – Summary of 2011 Collections and Universal Service Program Costs* – Electric

| Company | 2011 Residential Billings | 2011 Collections Operating Expenses | 2011 Gross Write-Offs | 2011 Total Dollars in Debt | 2011 Universal Service Programs* |
|---|---|---|---|---|---|
| Duquesne | $523,025,310 | $13,156,923 | $6,452,062 | $18,087,200 | $20,275,094 |
| Met-Ed | $741,983,813 | $17,837,820 | $14,257,828 | $41,730,249 | $31,294,913 |
| PECO** | $2,576,470,996 | $17,837,156 | $36,808,916 | $130,098,817 | $117,318,571 |
| Penelec | $599,475,621 | $14,451,221 | $10,718,918 | $33,515,100 | $32,726,847 |
| Penn Power | $172,679,614 | $4,349,207 | $3,192,700 | $10,121,363 | $11,164,436 |
| PPL | $1,858,691,507 | $13,235,587 | $49,731,802 | $114,230,430 | $60,937,485 |
| West Penn | $679,101,765 | $16,327,452 | $7,016,809 | $16,613,700 | $13,376,386 |
| **Total** | **$7,151,428,626** | **$97,195,366** | **$128,179,035** | **$364,396,859** | **$287,093,732** |

*Includes CAP, LIURP, and CARES.

** PECO data includes electric and gas.

## Appendix 23 – Summary of 2011 Collections and Universal Service Program Costs* – Gas

| Company | 2011 Residential Billings | 2011 Collections Operating Expenses | 2011 Gross Write-Offs | 2011 Total Dollars in Debt | 2011 Universal Service Programs* |
|---|---|---|---|---|---|
| Columbia | $346,316,467 | $2,920,498 | $9,761,318 | $15,799,448 | $21,567,265 |
| Equitable | $251,683,545 | $2,756,402 | $5,371,481 | $9,756,950 | $13,072,242 |
| NFG | $182,111,890 | $625,590 | $3,649,936 | $5,119,383 | $3,870,753 |
| Peoples | $249,251,788 | $801,057 | $4,526,442 | $18,997,672 | $8,718,959 |
| PGW | $499,921,332 | $2,517,589 | $39,957,380 | $52,357,938 | $102,964,829 |
| UGI-Gas | $251,635,022 | $2,898,253 | $5,704,577 | $9,651,339 | $5,100,032 |
| UGI Penn Natural | $172,666,044 | $842,229 | $3,624,732 | $6,463,851 | $4,197,023 |
| **Total** | **$1,953,586,088** | **$13,361,618** | **$72,595,866** | **$118,146,581** | **$159,491,103** |

*Includes CAP, LIURP, and CARES.

For the purpose of showing individual company variations and differences in collections costs, collections operating expenses, gross write-offs and Universal Service program costs are added together and shown as a percentage of the residential billings.

### Appendix 24 – 2011 Collections Costs* as a Percentage of Billings – Electric

| Company | 2011 Billings | 2011 Collections Operating Expenses | 2011 Gross Write-Offs | 2011 Universal Service Programs | 2011 Total Collections Costs* | Collections Costs* as a Percent of Billings |
|---|---|---|---|---|---|---|
| Duquesne | $523,025,310 | $13,156,923 | $6,452,062 | $20,275,094 | $39,884,079 | 7.6 |
| Met-Ed | $741,983,813 | $17,837,820 | $14,257,828 | $31,294,913 | $63,390,561 | 8.5 |
| PECO** | $2,576,470,996 | $17,837,156 | $36,808,916 | $117,318,571 | $171,964,643 | 6.7 |
| Penelec | $599,475,621 | $14,451,221 | $10,718,918 | $32,726,847 | $57,896,986 | 9.7 |
| Penn Power | $172,679,614 | $4,349,207 | $3,192,700 | $11,164,436 | $18,706,343 | 10.8 |
| PPL | $1,858,691,507 | $13,235,587 | $49,731,802 | $60,937,485 | $123,904,874 | 6.7 |
| West Penn | $679,101,765 | $16,327,452 | $7,016,809 | $13,376,386 | $36,720,647 | 5.4 |
| **Total** | **$7,151,428,626** | **$97,195,366** | **$128,179,035** | **$287,093,732** | **$512,468,133** | **7.2** |

*Includes collections operating expenses, gross write-offs and Universal Service program costs.

** PECO data includes electric and gas.

### Appendix 25 – 2011 Collections Costs* as a Percentage of Billings – Gas

| Company | 2011 Billings | 2011 Collections Operating Expenses | 2011 Gross Write-Offs | 2011 Universal Service Programs | 2011 Total Collections Costs* | Collections Costs* as a Percent of Billings |
|---|---|---|---|---|---|---|
| Columbia | $346,316,467 | $2,920,498 | $9,761,318 | $21,567,265 | $34,249,081 | 9.9 |
| Equitable | $251,683,545 | $2,756,402 | $5,371,481 | $13,072,242 | $21,200,125 | 8.4 |
| NFG | $182,111,890 | $625,590 | $3,649,936 | $3,870,753 | $8,146,279 | 4.5 |
| Peoples | $249,251,788 | $801,057 | $4,526,442 | $8,718,959 | $14,046,458 | 5.6 |
| PGW | $499,921,332 | $2,517,589 | $39,957,380 | $102,964,829 | $145,439,798 | 29.1 |
| UGI-Gas | $251,635,022 | $2,898,253 | $5,704,577 | $5,100,032 | $13,702,862 | 5.5 |
| UGI Penn Natural | $172,666,044 | $842,229 | $3,624,732 | $4,197,023 | $8,663,984 | 5.0 |
| **Total** | **$1,953,586,088** | **$13,361,618** | **$72,595,866** | **$159,491,103** | **$245,448,587** | **12.6** |

*Includes collections operating expenses, gross write-offs and Universal Service program costs.

Appendices 26 and 27 show the percentage of billings for collections operating expenses, gross residential write-offs and Universal Service Programs costs. These two tables, though similar to Appendices 28 and 29, differ in that they show the individual contributions to the overall collections costs for the three specific expenses, rather than showing the dollar amounts of each expense category.

### Appendix 26 – 2011 Individual Expense Categories as a Percentage of Billings – Electric

| Company | 2011 Billings | 2011 Collections Operating Expenses as a Percent of Billings | 2011 Gross Write-Offs as a Percent of Billings | 2011 Universal Service Programs as a Percent of Billings | 2011 Total Collections Costs* | 2011 Collections Costs* as a Percent of Billings |
|---|---|---|---|---|---|---|
| Duquesne | $523,025,310 | 2.5 | 1.2 | 3.9 | $39,884,079 | 7.6 |
| Met-Ed | $741,983,813 | 2.4 | 1.9 | 4.2 | $63,390,561 | 8.5 |
| PECO** | $2,576,470,996 | 0.7 | 1.4 | 4.6 | $171,964,643 | 6.7 |
| Penelec | $599,475,621 | 2.4 | 1.8 | 5.5 | $57,896,986 | 9.7 |
| Penn Power | $172,679,614 | 2.5 | 1.9 | 6.5 | $18,706,343 | 10.8 |
| PPL | $1,858,691,507 | 0.7 | 2.7 | 3.3 | $123,904,874 | 6.7 |
| West Penn | $679,101,765 | 2.4 | 1.0 | 2.0 | $36,720,647 | 5.4 |
| **Total** | **$7,151,428,626** | **1.4** | **1.8** | **4.0** | **$512,468,133** | **7.2** |

*Includes collections operating expenses, gross write-offs and Universal Service program costs.
**PECO data includes electric and gas.

### Appendix 27 – 2011 Individual Expense Categories as a Percentage of Billings – Gas

| Company | 2011 Billings | 2011 Collections Operating Expenses as a Percent of Billings | 2011 Gross Write-Offs as a Percent of Billings | 2011 Universal Service Programs as a Percent of Billings | 2011 Total Collections Costs* | 2011 Collections Costs* as a Percent of Billings |
|---|---|---|---|---|---|---|
| Columbia | $346,316,467 | 0.8 | 2.8 | 6.2 | $34,249,081 | 9.9 |
| Equitable | $251,683,545 | 1.1 | 2.1 | 5.2 | $21,200,125 | 8.4 |
| NFG | $182,111,890 | 0.3 | 2.0 | 2.1 | $8,146,279 | 4.5 |
| Peoples | $249,251,788 | 0.3 | 1.8 | 3.5 | $14,046,458 | 5.6 |
| PGW | $499,921,332 | 0.5 | 8.0 | 20.6 | $145,439,798 | 29.1 |
| UGI-Gas | $251,635,022 | 1.2 | 2.3 | 2.0 | $13,702,862 | 5.5 |
| UGI Penn Natural | $172,666,044 | 0.5 | 2.1 | 2.4 | $8,663,984 | 5.0 |
| **Total** | **$1,953,586,088** | **0.7** | **3.7** | **8.2** | **$245,448,587** | **12.6** |

*Includes collections operating expenses, gross write-offs and Universal Service program costs.

Customers are classified as either heating or non-heating. Heating and non-heating bills are shown for the beginning (2002) and end (2011) of the historical collections data period for this report. The size of customer bills is impacted by both company rates and customer usage levels. Appendices 28 and 29 also show the percent change in bills from 2002-11.

**Appendix 28 – Monthly Average Bill: Heating vs. Non-Heating Accounts 2002-11 – Electric**

| Company | 2002 Average Bill – Heating Customers | 2011 Average Bill – Heating Customers | Percent Change 2002-11 | 2002 Average Bill – Non Heating Customers | 2011 Average Bill – Non Heating Customers | Percent Change 2002-11 |
|---|---|---|---|---|---|---|
| Duquesne | $95.33 | $115.13 | 20.8% | $51.45 | $69.20 | 34.5 |
| Met-Ed* | $111.00 | $173.00 | 55.9% | $63.00 | $114.00 | 81.0 |
| PECO** | $137.86 | $107.14 | -22.3% | $110.87 | $104.61 | -5.6 |
| Penelec* | $111.00 | $144.00 | 29.7% | $63.00 | $93.00 | 47.6 |
| Penn Power | $87.72 | $169.00 | 92.7% | $47.66 | $91.00 | 90.9 |
| PPL | $110.42 | $118.52 | 7.3% | $61.08 | $76.36 | 25.0 |
| West Penn | $94.67 | $134.11 | 41.7% | $55.61 | $82.25 | 47.9 |

*In 2002 Met-Ed and Penelec were reported jointly under GPU and the 2002 data shown in this table was reported by GPU. This data does not reflect the actual bills for either Met-Ed or Penelec, but rather reflects a combination of the bills for these two companies.
**PECO data includes electric and gas.

**Appendix 29 - Monthly Average Bill: Heating vs. Non-Heating Accounts 2002-11 – Gas**

| Company | 2002 Average Bill – Heating Customers | 2011 Average Bill – Heating Customers | Percent Change 2002-11 | 2002 Average Bill – Non Heating Customers | 2011 Average Bill – Non Heating Customers | Percent Change 2002-11 |
|---|---|---|---|---|---|---|
| Columbia | $62.39 | $79.60 | 27.6% | $21.93 | $31.08 | 41.7 |
| Equitable | $86.88 | $95.74 | 10.2% | $27.12 | $31.83 | 17.4 |
| NFG | $78.54 | $80.21 | 2.1% | $40.15 | $46.54 | 15.9 |
| Peoples | $68.25 | $72.78 | 6.6% | $22.32 | $29.50 | 32.2 |
| PGW* | * | $99.75 | * | * | $37.72 | * |
| UGI-Gas | $72.89 | $80.00 | 9.8% | $21.90 | $26.00 | 18.7 |
| UGI Penn Natural | $94.17 | $107.00 | 13.6% | $23.17 | $30.00 | 29.5 |

*PGW did not come under reporting requirements until 2004.

## Appendix 30 – 2011 Inactive Accounts

| Company | Number of Inactive Accounts | Dollars in Debt | Average Debt |
|---|---|---|---|
| Duquesne | 10,126 | $3,043,016 | $301 |
| Met-Ed | 8,249 | $4,095,302 | $496 |
| PECO* | 17,888 | $17,177,114 | $960 |
| Penelec | 8,265 | $3,102,905 | $375 |
| Penn Power | 1,798 | $776,802 | $432 |
| PPL | 20,225 | $16,623,668 | $822 |
| West Penn | 1,941 | $561,808 | $289 |
| **Electric – Total** | **68,492** | **$45,380,615** | **$663** |
| Columbia | 2,302 | $1,116,986 | $485 |
| Equitable | 895 | $376,166 | $420 |
| NFG | 11,348 | $4,595,821 | $405 |
| Peoples | 10,380 | $6,037,682 | $582 |
| PGW | 10,908 | $15,812,646 | $1,450 |
| UGI-Gas | 4,575 | $1,810,743 | $396 |
| UGI Penn Natural | 2,244 | $1,264,458 | $563 |
| **Gas – Total** | **42,652** | **$31,014,502** | **$727** |

*PECO data includes electric and gas.

## Appendix 31 – 2011 Security Deposits on Hand

| Company | Number of Security Deposits | Dollars on Hand | Average Deposit on Hand |
|---|---|---|---|
| Duquesne | 21,634 | $3,179,719 | $147 |
| Met-Ed | 50,682 | $6,197,058 | $122 |
| PECO* | 134,831 | $13,303,689 | $99 |
| Penelec | 45,085 | $4,647,343 | $103 |
| Penn Power | 10,792 | $1,264,942 | $117 |
| PPL | 36,894 | $8,633,974 | $234 |
| West Penn | 77,055 | $16,670,366 | $216 |
| **Electric – Total** | **376,973** | **$53,897,091** | **$143** |
| Columbia | 7,302 | $1,073,166 | $147 |
| Equitable | 8,304 | $1,448,600 | $174 |
| NFG | 204 | $42,557 | $209 |
| Peoples | 26,594 | $2,951,783 | $111 |
| PGW | 18,512 | $3,025,705 | $163 |
| UGI-Gas | 28,610 | $5,087,578 | $178 |
| UGI Penn Natural | 17,243 | $4,072,158 | $236 |
| **Gas – Total** | **106,769** | **$17,701,547** | **$166** |

*PECO data includes electric and gas.