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**FEDERAL EXPRESS**

August 6, 2014

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 171720

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AUG 05 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Re: PPL Electric Utilities Corporation's Universal Service and  
Energy Conservation Plan for 2014-2016  
Docket No. M-2013-2367021**

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Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric" or "the Company") is revised information regarding PPL Electric's proposed Universal Service and Energy Conservation Plan for 2014-2016 ("Plan"). In its Tentative Order entered on June 19, 2014 regarding the above-captioned proceeding, the Public Utility Commission ("Commission") directed PPL Electric in Point #10 to update its needs assessment information based on 2012 U. S. Census data.

Accordingly, the Company used data from the 2012 U. S. Census to revise the needs assessment information for OnTrack, WRAP, Operation HELP and CARES (see Attachments 1-4). In addition, PPL Electric updated the projected participation and funding levels for OnTrack (see Attachment 5) based on the 2012 U. S. Census data and actual program results through June 30, 2014. The 2012 U. S. Census data did not change the funding and customer participation levels for WRAP, Operation and CARES.

After approval by the Commission, PPL Electric will include these revisions in its final 2014-2016 Plan. The Company will also incorporate the other changes recommended by the Commission in its June 19, 2014 Tentative Order.

Finally, Attachment 6 to this letter contains PPL Electric's responses to two additional questions that were raised in this proceeding.

Pursuant to 52 Pa. code § 1.11, the enclosed document is to be deemed filed on August 6, 2014, which is the date it was deposited with an overnight delivery service.

Please date and timestamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding this information, please call me at (610) 774-4254 or Timothy R. Dahl, Manager-Regulatory Programs & Business Services at (484) 634-3297.

Very truly yours,

A handwritten signature in black ink that reads "Paul E. Russell". The signature is written in a cursive style with a large initial "P" and "R".

Paul E. Russell

Enclosures

cc: Mr. Joseph Magee (via e-mail)  
Ms. Louise Fink-Smith (via e-mail)  
Ms. Cyndi Page (via e-mail)  
Mr. Joseph L. Vullo, Esq.  
Mr. Patrick M. Cicero, Esq.

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of the Lifestyle feature is to address situations where customers' incomes are less than or equal to their mortgage payments or rent, but they are not in foreclosure or facing eviction. In effect, customers reported that they did not have enough income but somehow managed to pay their mortgage/rent and OnTrack payments. This gave rise to concerns that customers might not be reporting all sources of household income or other resources.

The purpose of OnTrack Lifestyle is to give these customers six months of benefits. The Company removes the OnTrack Lifestyle participant from the program if the situation does not change (e.g., newly documented income) after six months in the program. The OnTrack Lifestyle program is specific to the premise. Customers are eligible for a Lifestyle duration of six months at one location. As long as a customer does not spend more than six months in the Lifestyle program at one location, he or she can remain in the program.

**b. Potential Participants**

Matching the proper assistance program with each potential applicant is an overriding objective in PPL Electric's administration of the Universal Service Programs. PPL Electric personnel, as well as the community-based organizations that cooperate with the Company in administering these programs, seek to ensure that eligible residential customers have an opportunity to successfully maximize the benefits available to them via OnTrack, WRAP, Operation HELP, LIHEAP and other related programs.

The Company used the 2012 U.S. Census data provided by the PUC as well as past program performance to arrive at the recommended funding level. The 2012 U.S. Census data indicates the following:

- Approximately 26.5 percent (322,500) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.

The Company's past performance indicates the following (data 12/31/12):

- Approximately 12 percent (143,000) of PPL Electric's residential customers have an overdue balance; of that number, 50 percent (71,000) report an annual household income at or below 150 percent of federal poverty level.

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The inspector verifies the installation of measures on the Job Ticket Measures Report checklist and notes any concerns or problems on the Inspection Action Sheet. The contractor has 30 days in which to respond to a customer. The Company uses contractors to conduct most inspections. WRAP installers can be inspectors as long as they do not inspect their own work.

## **2. Funding and Enrollment Levels**

PPL Electric's current WRAP budget is \$8,000,000 annually. The Company is also spending about \$13.2 million in Act 129 Low Income WRAP from June 2013 to May 2016. Over this three-year period of Act 129 WRAP Phase II, CBOs and contractors will provide baseload WRAP services to approximately 9,000 customers and will install 600 Heat Pump Water Heaters.

PPL Electric proposes to increase the annual WRAP (LIURP) funding to \$9,500,000 for years 2014-2016. The Company expects to see an increase in the number of heating and water heating customers and a significant decrease in the number of customers served through baseload jobs.

The chart below depicts the 2014-2016 funding levels and projected enrollment by job type:

<b>Year</b>	<b>Expenditures</b>	<b>Full Cost (Heating)</b>	<b>Low Cost (Water Heating)</b>	<b>Baseload</b>
2014	\$9,500,000	1,900	800	400
2015	\$9,500,000	1,900	800	400
2016	\$9,500,000	1,900	800	400

In addition to the projected numbers by WRAP job type listed above, the Company expects to provide energy education, energy-saving kits and referral services for low-income customers not eligible for WRAP measures in conjunction with the LIURP budget.

## **3. Needs Assessment**

Based on the 2012 U.S. Census data, PPL Electric estimates that there are approximately 322,500 households with an annual income at or below 150 percent of poverty level. This equates to 26.5 percent of the Company's residential rate base.

PUC guidelines allow PPL Electric to provide WRAP for up to 20 percent of total WRAP recipients that are between 150-200 percent of poverty level. Census data does not track customers at this income level. The Company promotes the maximum income guidelines in all WRAP communications and accepts all

The Company used the 2012 U.S. Census data as well as past program performance to arrive at the projected enrollment level. The 2012 U.S. Census data indicates that approximately 26.5 percent (322,500) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.

Collection data as of December 31, 2012 indicates that approximately 143,000 (12 percent) of PPL Electric's residential customers had an overdue balance; of that number, more than 71,000 (50 percent) report an annual household income at or below 150 percent of federal poverty level.

Depending on factors such as overdue amount, payment history and extenuating circumstances, the Company's Customer Service Representatives refer these customers to programs like the Customer Assistance Program ("CAP") known as OnTrack, the Company's Low-Income Usage Reduction Program ("LIURP") known as the Winter Referral Assistance Program ("WRAP"), Customer Assistance and Referral Evaluation Service ("CARES"), Operation HELP and LIHEAP when available.

Because the Company uses 200 percent of the federal poverty guidelines for the Operation HELP program, PPL Electric projects it can assist about 4,100 customers annually (2014 through 2016) with estimated funding of \$1.4 million yearly.

## **5. Projected Enrollment Levels**

PPL Electric based its projected enrollment levels for 2014 through 2016 on an estimated \$1.4 million in funding for Operation HELP from all donation sources (e.g., PPL Corporation, customers and employees) and a historical average grant amount. The projection also considers that the Company earmarks about 11 percent of its corporate contribution for agencies' administrative expenses. From 2009 through 2012, the average Operation HELP grant was \$307 per customer. The projected enrollment levels are as follows:

<b>Year</b>	<b>Enrollment Level</b>
2014	4,100
2015	4,100
2016	4,100

- Illness, injury or high medical bills
- Previously good-paying customers with temporary hardship situation
- Recent loss of job or major reduction in household income
- Death of primary wage earner
- Confused and disoriented customer

The above referral criteria do not address every customer situation or hardship. The CCC representatives and agency caseworkers use their judgment and discretion in referring customers to CARES who may not precisely match the referral criteria. If unusual conditions exist, the support staff consults with the local CPD to discuss the situation.

#### **4. Projected Needs Assessment**

The program is available to any residential customer regardless of income. However, CARES bases eligibility on customers' individual needs and concerns, and targets households with temporary hardships.

The Company used the 2012 U.S. Census data as well as past program performance to arrive at the projected enrollment level. The 2012 U.S. Census data indicates that approximately 26.5 percent (322,500) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.

Collection data as of December 31, 2012 indicates that proximately 143,000 (12 percent) of PPL Electric's residential customers have an overdue balance; of that number, more than 71,000 (50 percent) report an annual household income at or below 150 percent of federal poverty level.

The number of low-income households with overdue balances and other hardships has provided a sufficient number of referrals to CARES in the past. PPL Electric believes that CARES will continue to serve the needs of a specific segment of residential customers.

#### **5. Projected Enrollment Levels**

PPL Electric bases the projected enrollment levels on its historical experience with CARES. In 2012, for example, there were 830 customer referrals to the program. Of this total, 215 (26 percent) received CARES Credits applied to their account. The Company projects that the number of CARES referrals will likely remain at around 850 annually. PPL Electric now refers many low-income, payment-troubled customers to OnTrack,

- Customers removed for failure to comply with WRAP: Reinstatement occurs when the Company confirms that the customer completed the required WRAP action (audit appointment, installation of measures, etc.).

OnTrack Lifestyle participants present a special circumstance because they are allowed to be in the program as participant for a maximum of six months. The Lifestyle participant is removed from OnTrack at the end of the six-month time period. Reinstatement back into OnTrack as a “normal” participant could occur if the customer provides documentation of income that shows household income is greater than household expenses. The customer also needs to meet the other eligibility rules stated in this Plan.

### 7. Projected Participation Levels

PPL Electric will attempt to increase enrollments through process improvements and the expanded use of existing systems and analytical tools. The Company projects active participants to increase from approximately 40,000 in 2014 to 44,000 by 2016. Projected active enrollment levels are:

Year	OnTrack Active Customers (Target)
2014	40,000
2015	42,000
2016	44,000

### 8. Projected Funding Levels

PPL Electric projects the following level of expenditures for OnTrack from 2014 through 2016.

Year	Projected Program Expenditures, in millions
2014	\$65.0M
2015	\$68.0M
2016	\$71.0M

### 9. Resource Plan

PPL Electric uses a combination of internal resources, contractors, and CBOs to manage and deliver the OnTrack program. The PPL Electric management

**Cost of Computer Programming**

In its June 19, 2014 Tentative Order, the Commission asked PPL Electric to provide specific comments on the increase in costs, if any, for changing its policy to allow OnTrack customers to remain in the program when they move from one residence to another within the Company's service area. Providing a "seamless" move for OnTrack participants would require computer programming and process changes. Based on a preliminary evaluation, PPL Electric would need at least 700 hours of computer work to develop, test and implement this change, at an estimated cost of \$70,000. In both its comments and reply comments regarding the Tentative Order, PPL Electric proposed to implement process changes and improve communications to help ensure that eligible customers remain in OnTrack when they move to a new location. Continued participation in OnTrack provides benefits for both customers and the Company.

**Retroactive CAP Benefits**

In its July 21, 2014 reply comments, CAUSE suggested that PPL Electric should provide OnTrack benefits retroactively for customers who receive non-CAP bills after they relocate to a new premise. CAUSE wants the Company to implement this process prior to the completion of the computer programming discussed above. PPL Electric respectfully disagrees with this recommendation because it would require a manual process to apply OnTrack benefits to customers' accounts. Manual processes tend to be costly, inefficient and subject to errors.

As indicated in PPL Electric's July 9, 2014 comments, approximately one in five OnTrack participants move to another premise during the year. The Company projects that it could have up to 40,000 active OnTrack accounts by the end of 2014. If so, there is the potential for PPL Electric to have to make manual billing adjustments (e.g., CAP benefits) for 8,000 accounts. This would be an impractical and untenable situation for the Company. If the Commission ultimately directs PPL Electric to provide OnTrack benefits retroactively, as recommended by CAUSE, the Company strongly suggests that the Commission allow PPL Electric to automate the process prior to implementation of this requirement.

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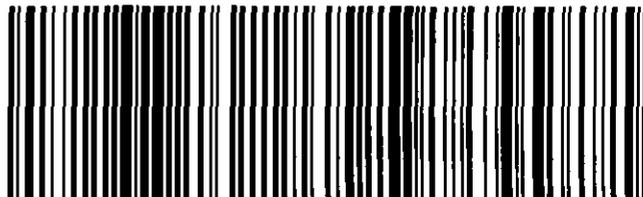
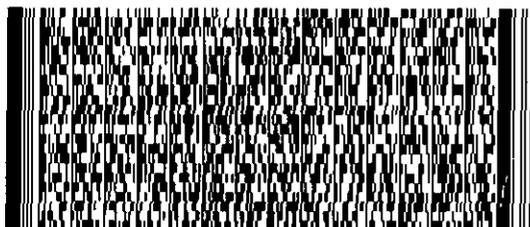
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