

PPLICA CROSS-EXAMINATION

EXHIBIT NO. 6

3/29/95

*Wbg*  
*John*

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PENNSYLVANIA PUBLIC UTILITY COMMISSION, ET AL. v.

PENNSYLVANIA POWER & LIGHT COMPANY,

DOCKET NO. R-00943271

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ORIGINAL

**Pennsylvania Power & Light Company  
Response to Interrogatories  
of the Office of Trial Staff  
Dated January 13, 1995**  

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**Docket No. R-00943271**

Q.OTS-RS-7D. Provide a detailed discussion explaining how the proposed rate increase for each tariff was derived. Also, provide the rationale included in the discussion, but not limited to, the following:

- i. the supporting work papers,
- ii. the references utilized,
- iii. the support in the record, and
- iv. all technical studies performed.

A.OTS-RS-7D. The allocation of the proposed rate increase was arrived at by examining the increase required for each rate class to bring it to the system average rate of return. Exhibit OGK 3 illustrates the class rates of return at present rate levels and the percent of system rate return it represents. If all classes were to achieve the system rate of return under the proposed rate increase, the rate increase required by each class also is shown in this Exhibit.

Following such a simple rate design philosophy does not consider the issues of value of service, social objectives, and market risk. Therefore, it is appropriate to consider the customer impact of the rate increase allocation in light of these issues.

It was decided that each rate class' share of the rate increase would be tempered by:

- The need to adjust some of the rate designs to correct for changes that have occurred since the Company's last base rate increase in 1985 (interruptible service options -- Rate Schedules LP-4 and LP-5, obsolete street lighting fixtures -- Rate Schedule SI-1, rate class cost drift--Rate Schedules RS, RTS, GH-1, and GH-2)
- A self-imposed maximum rate class increase design limit not to exceed 50% of the overall increase amount ( $11.70 \times 1.50 = 17.55$ )
- The desire for all rate classes to move significantly toward the system average rate of return.

This produced the proposed rate increase assignment as shown below.

Comparison of the rate class percent system rate of return at proposed rates with the present rates illustrates the results of applying these principles.

Rate Schedule	Proposed Increase	Percent of System Rate of Return	
		Proposed	Present
RS	15.29%	89.77%	79.89%
RTS	17.39%	-4.23%	-32.28%
GS-1	3.89%	153.79%	197.13%
GS-3	6.72%	115.34%	135.84%
LP-4	10.16%	116.72%	122.57%
LP-5	15.45%	98.33%	73.05%
LPEP	5.51%	94.89%	110.67%
ISA	0.15%	8.06%	10.81%
SL/AL	14.30%	65.49%	64.57%
GH(R)	16.14%	88.50%	78.66%
Standby	0.70%	244.35%	336.25%
System	11.70%	100.00%	100.00%

PPLICA CROSS-EXAMINATION

EXHIBIT NO. 7

3/29/95

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PENNSYLVANIA PUBLIC UTILITY COMMISSION, ET AL. v.

PENNSYLVANIA POWER & LIGHT COMPANY,

DOCKET NO. R-00943271

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**Pennsylvania Power & Light Company  
Response to Interrogatories  
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Dated January 13, 1995**  

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**Docket No. R-00943271**

Q.OTS-RE-46D. Reference Direct Testimony of Oliver G. Kasper.

- a) Page 5, Lines 8 and 9. Provide the list of names of the several large industrial customers having production facilities in other states.
- b) Page 8, Lines 18 and 19. Provide a list of current, and a list and/or number of prospective customers of the new rate LP-6.
- c) Page 12. Interruptible customers are all interruptible customers required to have a portion of their load as firm, and if so, how is that firm portion calculated?
- d) Page 17. How do the aims of EDI/IDI programs reconcile with the aims of your Demand Side Management program?

A.OTS-RE-46D. (a) (b) The following is a list of customers who may choose to be served under the new Rate Schedule LP-6:

Air Products & Chemicals*	Hercules Cement*
Alumax Mill Products*	Kellogg Co.*
Armstrong World Industries*	Keystone Cement Co.*
AT&T Micro Electronics*	LaFarge Corporation*
Bethlehem Steel Corporation*	Liquid Carbonic, Inc.*
BOC Gases*	Merck and Co.*
Commonwealth of Pennsylvania	Navy Ship Parts*
Essroc Materials, Inc.*	Praxair, Inc.*
	Thomson Consumer*

\* Customers who have production facilities in other states.

- c) Interruptible service customers are not required to have a portion of their load as firm.
- d) The purpose of PP&L's EDI/IDI programs is to encourage economic development in its service area by saving jobs and creating new jobs. Participants in the program receive credits for increasing production or expanding physical plant. Not only do the participants benefit from the programs, non-participants

benefit as well. Additional load on the system that results from economic development activities spreads fixed costs over a broader base, thus keeping individual customer rates lower than would otherwise be the case.

Demand Side Management (DSM) programs are intended to promote the most effective use of electricity. DSM programs are designed to change the usage of electricity on the customer's side of the meter in an attempt to alter load shape and reduce utility costs. DSM programs encourage energy efficiency, provide rate options for load shaping flexibility, and encourage the use of electricity to improve efficiency and productivity. A reduction in the growth of the summer and winter peaks may help to defer the need for the additional generation and helps keep overall rates lower.

PA PUBLIC UTILITY COMMISSION  
V. PENNSYLVANIA POWER & LIGHT  
COMPANY  
DOCKET NO. R-00943271

OCA CROSS EXAMINATION EXH. NO. 14

DATE ENTERED: 3/29/95

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**ORIGINAL**

G. S. Farber

**Pennsylvania Power & Light Company  
Response to Interrogatories of the  
Central Eastern Pennsylvania Fuel Oil Dealers  
Dated March 7, 1995  
Docket No. R-00943271**

- Q.11. Please state the dollar amount of DSM expense and investment included in the Company's claimed revenue requirement. Provide dollar amounts by (a) primary account and (b) program and project number.
- A.11. Attachment 1 provides the amount of DSM program costs included in PP&L's future test year operating expense by program description and FERC account charged.

BUDGETED DSM PROGRAM COSTS  
12 MONTHS ENDED SEPTEMBER 30, 1995

Attachment I

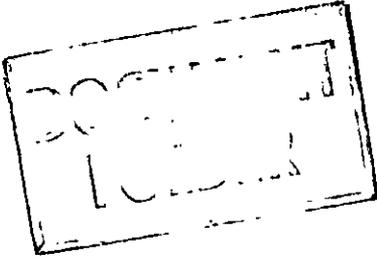
PROGRAM	Amount	FERC Account Charged
-----	-----	-----
RESIDENTIAL		
ASR Advance Sys Research	80,202	908
EEE Energy-Efficient Equipment	2,316,784	"
ETS Electric Thermal Storage	297,580	"
HEA Home Energy Analysis	600,649	"
LWH Leased Water Heater	70,239	"
REAP Res. Employee Assist. Prog.	0	"
TI TI Thermal Integrity	1,397,528	"
Implementation (field personnel)	2,841,483	"
RESIDENTIAL SUB-TOTAL	----- 7,604,466	
INDUSTRIAL & COMMERCIAL		
EEM Efficient Energy Management	621,658	"
ECC Energy-Conscious Construction	310,226	"
ETA&ES Electrotechnology Applications & Environmental Services	1,877,393	"
Implementation (field personnel)	1,757,141	"
IND & COM SUB-TOTAL	----- 4,566,418	
MED DSM PLANNING-STAFF	780,658	"
WRAP	2,976,123	"
TOTAL	----- 15,927,665	

3/29/95  
Hbs  
Jan

OFFICE OF TRIAL STAFF

CROSS-EXAMINATION  
EXHIBIT NO. 14

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MAR 31 1995



DATE: MARCH 29, 1995

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PA PUBLIC UTILITY COMMISSION  
vs.  
PENNSYLVANIA POWER & LIGHT COMPANY  
DOCKET NO: R-00943271

ORIGINAL

**Pennsylvania Power & Light Company**  
**Responses to Interrogatories of**  
**the Office of Trial Staff**  
**Dated January 13, 1995**  
**Docket No. R-00943271**

- Q. OTS-RE-51D     Supply the following information regarding all expense claims in base rates related to the OnTrack Payment Plan program (OTPP).
- A.     Provide a detailed description of the "OnTrack Payment Plan" program.
  - B.     Supply a detailed listing of expenses claimed. Supply all supporting calculations and indicate in which account number the expense is included (B-4, pages 1-6, FTY).
  - C.     Provide the supporting calculations for any forgone revenue or customer billing deficiency being claimed in this proceeding.
  - D.     Supply a schedule reporting the following on a monthly basis since inception of the program.
    - (1)     Number of customers in OTPP.
    - (2)     Amount of billing deficiency.
    - (3)     Amount of arrearage forgiveness (if applicable).
    - (4)     Accumulated prior arrearages brought into the program.
- A. OTS-RE-51D     A.     Attachment 1 provides detailed description of the OnTrack Payment Program.

- B. PP&L is claiming \$232,625 in annual expenses for its OnTrack Payment Program under FERC Account No. 905. The two major areas of expenses include payments to community-based organizations (CBOs) for administering the program and payments to an outside evaluator for assessing the effectiveness of the pilot.

The Company is claiming \$192,625 annually for payments to CBOs and \$40,000 annually for payments to an outside evaluator. Payments to the CBOs include expenses for enrolling customers in OnTrack, recertifying their eligibility after one year, and conducting follow-up regarding referrals to other social service programs, missed payments and energy conservation education. The estimated payments to the CBOs are as follows:

Enrollment	=	\$ 81,000
Recertification	=	81,000
Follow-up	=	<u>30,625</u>
Total	=	\$192,625

Attachment 2 provides the estimated expenses for the OnTrack evaluator, RPM Systems, Inc.

- C. A minor portion of PP&L's claim for net write-offs of uncollectible accounts (less than five percent) would be associated with the OnTrack Payment Program. Based on the results of OnTrack in 1994, the annual customer billing deficiency and arrearage forgiveness impacts were calculated as follows:

<u>Avg. Revenue</u> <u>Shortfall</u>		<u>Avg. Arrear.</u> <u>Forgiveness</u>		<u>No. of</u> <u>Customers</u>		<u>Total</u>
\$164	+	\$191	X	2,000	=	\$710,000

- D. Attachment 3 provides a listing of customers in OTPP, amount of billing deficiency, and the amount of arrearage forgiveness. The accumulated prior arrearages brought into the program for customers who joined in 1994 totaled \$1,366,722.

# ***ONTRACK PAYMENT PROGRAM***

*Pennsylvania Power & Light Company  
September 1994*

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## EXHIBITS

OnTrack Payment Worksheet (Electric Heat) . . . . .	Exhibit 1
OnTrack Payment Worksheet (Non-Electric Heat) . . . . .	Exhibit 2
OnTrack Payment Worksheet (Electric Heat) . . . . .	Exhibit 3
CIS OnTrack Payment Plan (Electric Heat) Screen . . . . .	Exhibit 4
CIS OnTrack Payment Plan (Non-Electric Heat) Screen . . . . .	Exhibit 5
CIS OnTrack Payment Plan (Non Electric Heat) Screen . . . . .	Exhibit 6

## ***OnTrack* PAYMENT PROGRAM**

### **I. Introduction**

Providing an essential service presents unique challenges for PP&L in managing its overdue accounts receivable and in responding to the needs of low-income, payment-troubled customers. PP&L recognizes that some low-income customers, through no fault of their own, cannot afford to pay the full amount of their electric bills. To respond to this dilemma, the company has implemented a variety of innovative programs over the past decade. These programs have focused on special outreach and referral services (CARES), energy assistance (Operation HELP), and weatherization and energy education (WRAP).

The company's commitment of resources to low-income programs has been substantial during the past ten years. PP&L has spent over \$30 million to assist about 50,000 low-income customers through CARES, Operation HELP, and WRAP. These well-run, effective programs have helped to fill the gap between low-income families' needs and the availability of assistance from government. However, several factors point to the need for PP&L to develop other approaches to address the bill-paying problems of low-income customers whose essential expenses exceed income.

Federal funding for energy assistance and weatherization programs has been steadily reduced, and Pennsylvania provides no state funding for low-income energy assistance programs. Funding for the Low Income Home Energy Assistance Program (LIHEAP) has dropped from \$2.1 billion in 1985-86 to \$1.4 billion in 1993-94 -- a reduction of one-third. PP&L is very concerned about low-income customers who have high usage and/or large overdue balances. These circumstances, combined with financial or family hardships, make it almost impossible for these customers to pay the full amount of their electric bills.

In order to respond to the needs of low-income customers whose essential expenses exceed their incomes, PP&L is conducting a two-year energy assistance plan (*OnTrack*) pilot program involving 2,000 customers. This comprehensive and integrated pilot combines affordable payment plans, energy assistance, weatherization, energy conservation education, budget counseling, and other appropriate referrals to social agency programs. The *OnTrack* pilot is administered primarily by community-based organizations throughout PP&L's service area.

### **II. Statement of Purpose**

In performing the collection function at PP&L, careful attention is given to the wide

variety of circumstances that can affect customers. Financial hardships, physical disabilities, family problems, and poor money management are but a few of the factors that can lead to non-payment of electric bills and, ultimately, overdue receivables and write-offs. Each customer's situation is unique and must be considered in determining the appropriate action to take in collecting an overdue balance. PP&L's pilot, *OnTrack*, is structured and implemented in ways that address the needs of low-income customers while balancing business, financial, regulatory, and social interests. All of these interests are inextricably linked and must be considered as a whole.

The four primary objectives of the *OnTrack* pilot are as follows:

1. Improve customers' bill-payment habits and attitudes;
2. Stabilize or reduce customers' energy usage;
3. Lower uncollectible balances for pilot participants; and
4. Determine overall impact on PP&L's overdue accounts receivable.

Other ancillary objectives and areas of interest for PP&L include learning more about the reasons why some customers cannot pay their bills, comparing *OnTrack* procedures to traditional collection methods, and expanding tracking and referral capabilities.

### **III. Program Funding**

Funding for the *OnTrack* pilot comes from customers, government, and PP&L. The four specific sources of funding for the pilot include:

1. Pilot customer payments;
2. Government funds such as LIHEAP or FEMA grants;
3. PP&L Operation HELP grants; and
4. PP&L operations and maintenance expense items.

Customers are required to make monthly payments that could be less than their current electric bills, if applicable. The amount of the monthly payment is determined by the level of customers' gross income. In other words, the lower the income the

lower the required monthly payment. *OnTrack* participants have to apply for LIHEAP assistance; historically, LIHEAP payments for PP&L customers have averaged \$260. Operation **HELP** assistance may be used to help pay the energy bills of *OnTrack* customers; these payments have averaged \$220 per customer. Other prudently incurred costs (e.g., administration, revenue shortfall, arrearage credits) are treated, tracked, and recorded as operating expenses.

#### **IV. Payment Plan Proposal**

##### **Payment Plan Proposal**

A key feature of the *OnTrack* pilot is establishing payment plans based on customers' ability to pay. In order to provide sufficient flexibility in selecting an appropriate payment plan, three payment options are calculated for each *OnTrack* participant:

- Minimum Payment Calculation
- Percent of Bill
- Percent of Income

The minimum payment is calculated by taking the customer's estimated monthly budget billing amount and subtracting the billing deficiency (i.e., \$70/month for electric heat and \$46/month for non-electric heat) and adding the \$5 arrearage co-payment. See Exhibit 1 for an example of a minimum payment calculation. The percent of bill and percent of income are based on the following:

<b>Income Categories</b>	<b>Percent of Bill Payment</b>	<b>Percent of Income Payment</b>
0-50% Poverty	50%	5%
51-100% Poverty	70%	7%
101-150% Poverty	80%	9%

The percent of bill payment is calculated by multiplying the estimated annual bill by the applicable percent of bill amount; adding the \$60 annual arrearage co-payment; and dividing the total by 12 months. See Exhibit 2 for an example of a percent of bill payment calculation. The percent of income bill payment is calculated by multiplying the annual gross income by the applicable percent of income; adding the \$60 annual arrearage co-payment, and dividing the total by 12 months. See Exhibit 3 for an example of a percent of income payment calculation.

Each payment calculation for the three approaches includes an annualized average payment amount as a point of reference. This amount shows what the *OnTrack* applicant had paid to PP&L over the past 12 months. The total excludes energy assistance payments such as LIHEAP.

To improve accuracy and efficiency, all *OnTrack* payment calculations are done automatically by computer. The *OnTrack* agency representative simply types in the total gross annual household income and the poverty level on the payment worksheet screen and presses the ENTER key. See Exhibits 4, 5 and 6 for examples of the automated payment worksheet screens. A recommended payment amount is suggested by the computer. It looks for the payment calculation (i.e., minimum payment, percent of income, or percent of bill) that is closest to the annualized average payment calculation. However, *OnTrack* agency representatives have the flexibility to choose another payment amount based on customers' needs and circumstances.

CAP evaluation work done by RPM Systems, Inc. of New Haven, Connecticut has demonstrated that the best predictor of customers' success or failure is the difference between their CAP payment amounts and what they managed to pay prior to joining the program. In other words, if CAP payment plans are set too high, even though they are within the percentage of income guidelines, customers default because they cannot make the payments. This is particularly true for electric heat customers. Compared with other electric utilities in Pennsylvania, PP&L has the highest saturation of electrically heated homes.

PP&L analyzed the annual electric bills of low-income customers who had received assistance through WRAP, CARES, Operation HELP, LIHEAP and public welfare. Their average monthly bills for heating and non-heating customers were \$77 and \$60 respectively. When these customers made payments, the average payments were \$54 for heating customers and \$38 for non-heating customers. PP&L believes the three payment options are likely to keep *OnTrack* customers' payment plans affordable.

PP&L, in consultation with its outside CAP evaluator (RPM Systems, Inc.), chose a three-tiered payment plan approach for several reasons:

1. A broader payment plan methodology is likely to expand the eligible population for the pilot. For example, if a percentage of income plan were used exclusively, many low-income electric heat customers would be excluded because their monthly *OnTrack* payments would be unaffordable.
2. A multi-payment plan approach gives the *OnTrack* agencies more flexibility in establishing payment agreements.

3. One of the primary objectives of *OnTrack* is to improve customers' bill-paying habits. The ability to offer options that fit customers' circumstances should result in more affordable payment plans.
4. The use of different payment plans will allow PP&L to evaluate which options work best and why.

Stabilizing or reducing energy usage is an objective of the *OnTrack* pilot. As a result, energy audits are conducted for electric heat customers to help establish their payment plans. Energy audit results are compared with previous consumption patterns, if applicable, to identify an acceptable kwh usage level for the household. The energy auditor reviews issues such as appliance usage, lifestyle influences, no-cost conservation practices, and weatherization measures. In order to use resources effectively and to encourage participation in the pilot, the energy audit is conducted after the customer is enrolled. A payment plan is established using the three options: minimum payment plan, percent of bill, or percent of income. Based on the results of the energy audit, the customer's *OnTrack* payment plan can be modified.

## **V. Control Features**

### **Minimum Payment Terms**

Minimum monthly payment levels are \$30 for heating customers and \$12 for non-heating customers. Annual revenue shortfall contributions for heating customers and non-heating customers are restricted to \$1,400 and \$560, respectively. In addition, PP&L waives all late payment charges for *OnTrack* pilot participants.

### **Conservation Incentives**

Reducing customers' kwh usage and controlling program costs are two important objectives of the *OnTrack* pilot. PP&L offers a conservation incentive for *OnTrack* participants who reduced their energy usage. An Annual Arrearage Credits Bonus is given to customers who lowered their kwh consumption. This bonus is in addition to the arrearage credits provided by PP&L for customers' monthly *OnTrack* payments.

At the end of one year from sign-up for *OnTrack*, participants' kwh consumption is analyzed by PP&L. If weather-adjusted consumption has been reduced by eight percent for electric heat customers and by five percent for general residential customers compared with pre-*OnTrack* consumption, PP&L provides \$100 in arrearage credits.

## **Consumption Limits**

The maximum kwh consumption limit for *OnTrack* participants is 110 percent of the estimated annual levelized billing amount for electric heat customers and 8,000 kwhs for non-heating customers. The annual levelized billing amount for electric heat customers is established by means of an energy audit conducted by PP&L. Energy audit results are compared with historical consumption patterns to set an acceptable level of kwh usage. All *OnTrack* customers are responsible for paying the full energy costs above the 110 percent level. Unless there are extenuating circumstances, participants are required to reduce their energy usage to the levelized billing amount. Failure to reduce kwh consumption could lead to dismissal from the pilot.

Household kwh consumption limits for *OnTrack* participants could be adjusted for extenuating circumstances including, but not limited to, the following:

- o Addition of a family member
- o Serious illness or medical condition
- o Consumption increase beyond control of customer
- o Severe weather conditions
- o Structural damage to home

PP&L's division Consumer Affairs Directors are responsible for analyzing the individual situations and for recommending changes to consumption limits if warranted by the circumstances.

## **High Usage Treatment**

PP&L has an automated system that identifies high-usage customers involved in WRAP. These customers are contacted and remedial action is taken to help reduce their energy usage to acceptable levels. The company employs a similar tracking system for *OnTrack* pilot participants that analyzes energy usage quarterly. In addition, *OnTrack* applicants with a history of high kwh consumption are targeted for special treatment, including involvement in PP&L's WRAP program. The following procedures are used when high-usage *OnTrack* customers are identified after their enrollment in the pilot:

1. An *OnTrack* agency representative contacts the customer to discuss the reasons for increased consumption.
2. A field visit is conducted to review *OnTrack* program requirements, to identify the specific causes of the increased consumption, and to recommend corrective actions.

3. The customer is required to pay for the full cost of the excess energy usage if there are no extenuating circumstances.
4. The customer is given until the end of his or her *OnTrack* year to reduce energy usage to the levelized payment amount; if not, he or she can be dismissed from the pilot.

### **Customer Education**

Energy conservation education could play an important role in helping *OnTrack* customers control their energy usage. Through the *OnTrack* pilot, PP&L attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kwh consumption. Company representatives or *OnTrack* administering organizations provide consumer education in the following areas:

- o Basic household budget counseling
- o Low cost/no cost energy conservation tips
- o Explanation of weatherization measures installed
- o Home heating and cooling systems
- o Electric bill and analysis of usage

### **Weatherization**

*OnTrack* participants who have electric heat or de facto electric heat are considered for PP&L's WRAP program, provided they have not previously received WRAP weatherization services. WRAP is offered to low-income customers (150 percent of poverty) who have electric heat or electric water heating. Under the *OnTrack* Payment Plan, the company provides up to \$3,000 for electric heat single-family homes and \$1,500 for electric heat apartments. Weatherization activities for WRAP include energy audits, infiltration control, insulation measures, water heating treatment, and energy education.

Enrollment in *OnTrack* does not automatically qualify an applicant for WRAP measures. *OnTrack* customers are not given priority over other customers who have applied for WRAP services; however, the company gives preference to *OnTrack* applicants who have high usage and large overdue balances. It is not PP&L's intent to make WRAP services available only to *OnTrack* customers at the expense of other deserving customers.

## VI. Eligibility

Eligibility for the *OnTrack* pilot is restricted to low-income customers who have overdue balances and incomes that are exceeded by essential expenses. Low-income is defined as annual household income at or below 150 percent of the federal poverty level. The minimum overdue balance is \$150 for *OnTrack* applicants. The *OnTrack* applicant is the customer of record, and is required to live in a household that receives retail service from PP&L. These eligibility criteria are summarized below:

- o Household income at or below 150% of poverty
- o Essential expenses equal to or greater than income
- o Overdue balance of at least \$150
- o PP&L retail customer
- o 12 consecutive months living at the same address

For evaluation purposes, *OnTrack* applicants should have lived at their current address for 12 consecutive months before enrollment and have been on the same residential rate schedule. For PP&L to fairly evaluate customers' pre- and post-*OnTrack* payment patterns and kwh consumption, 12 months of usage history at the same location is desirable.

The gross household income levels for 150 percent of the federal poverty level are shown in the following table:

Family Size	Household Income
1	\$11,040
2	14,760
3	18,480
4	22,200
5	25,920
6	29,640
Each additional Person	3,720

Customers who live in subsidized housing units and receive utility allowances for their electricity are ineligible for the *OnTrack* pilot. Renters and roomers whose energy costs are included in their rent are ineligible as well.

## VII. Default and Appeal Process

### Default Process

The *OnTrack* Payment Plan cannot function properly without the commitment and cooperation of customers, social service agencies, and PP&L. Customers' non-compliance with any of the primary *OnTrack* components could lead to dismissal from the pilot. Failure to perform one or more of the following *OnTrack* customer responsibilities could result in dismissal from the program.

1. *OnTrack* payments and arrearage co-payment must be received during the current period. Two consecutive missed payments or three missed payments in a twelve-month period could lead to dismissal from the pilot if there were no extenuating circumstances.

A telephone contact is attempted five days after the due date of the first bill. If the telephone contact is unsuccessful, a warning letter would be sent. A second telephone contact and/or warning letter is used after two missed payments. If no payment is received before the third bill is issued, the customer is dismissed from the *OnTrack* pilot. A confirmation letter is sent to the customer explaining the reasons for his or her dismissal from *OnTrack*.

2. Electric consumption limits must be maintained in order for customers to remain in the pilot.

PP&L energy usage tracking system identifies *OnTrack* customers who exceeded their consumption limits. A company representative conducts a home visit to determine the reasons for the increased usage and to offer suggestions on how to reduce usage. Customers are given until the end of their *OnTrack* year to lower their energy consumption levels.

3. ***OnTrack*** pilot participants must provide access to their electric meters for monthly readings.

It is important for PP&L to obtain accurate meter readings in order to track participants' consumption levels. Failure to provide meter reading access in four consecutive months could lead to dismissal from the pilot. Non-access situations are evaluated on a case-by-case basis. *OnTrack* customers are given the opportunity to read their own meters and submit dial cards to the company.

4. Household income must be verified at least annually, and changes in household income must be reported immediately.

Failure to provide income verification data before the start of the second year of the pilot could result in dismissal from the pilot. *OnTrack* customers are given two opportunities for in-person interviews with the administering organizations to verify income. A failure to report an increase in income or a decrease in family size could lead to dismissal from the pilot if there are no extenuating circumstances or conditions.

5. *OnTrack* participants must apply for LIHEAP and/or Operation HELP assistance.

Since applicants can choose where to send their LIHEAP payments (primary or secondary fuel vendor), *OnTrack* participants are required to have at least one of their LIHEAP payments designated to PP&L. Some *OnTrack* applicants may not receive LIHEAP benefits because the program is closed. They are required to apply for LIHEAP within 90 days after the program opens up in the following heating season. PP&L provides these customers with LIHEAP information to remind them to apply for the program. Failure to apply for LIHEAP and/or Operation HELP benefits could lead to dismissal from *OnTrack*; however, each non-compliance situation is evaluated on a case-by-case basis.

6. Participation in weatherization, energy conservation education, budget counseling, and other related services are requirements for *OnTrack* customers.

The case management approach for the *OnTrack* pilot requires the coordination of both internal and external resources. These resources allow *OnTrack* customers to have a greater degree of control over their

lives. All of the program referrals are explained in advance to *OnTrack* participants and are included in the *OnTrack* Certification Agreement. Failure to participate in programs and services recommended by the *OnTrack* administering organizations could lead to dismissal from the pilot.

PP&L extends every reasonable consideration to *OnTrack* participants to avoid dismissal from the program. Program requirements and benefits are clearly explained up front; customer communications are frequent if problems arise; and extenuating circumstances are carefully evaluated. Customers can be dismissed from *OnTrack* for other reasons such as voluntary withdrawal, or they are no longer a PP&L customer. Customers dismissed from the *OnTrack* pilot are returned to the company's normal collection process. They are considered as low income positive ability-to-pay customers. Collection activities for these customers can lead to termination of service.

### **Reinstatement Policy**

Because *OnTrack* is a pilot program, customers who default are allowed to re-apply after one year. PP&L believes that it is important to determine if customers' payment habits change after they re-enter the *OnTrack* pilot.

### **Appeal Process**

*OnTrack* participants maintain all their dispute and informal/formal complaint rights outlined in Chapter 56. These rights are explained to customers when they apply for the *OnTrack* pilot. Clearly not all applicants are accepted into the pilot, and others are dismissed for defaulting on *OnTrack* requirements. For those who believe they were unfairly treated, the following appeal procedures are available:

- Step 1: The applicant discusses his or her rejection/dismissal from the pilot with the division Consumer Affairs Director, who investigates the reasons why the customer was rejected or dismissed.
- Step 2: If the customer is dissatisfied with the results of the discussion with the division Consumer Affairs Director, he or she can file an informal complaint with the PUC.

## VIII. Program Administration

### o Outreach Activities

#### Target Populations

Since the major focus of the *OnTrack* pilot is to provide special assistance to low-income customers who have incomes less than essential expenses, an important first step is to identify potentially eligible customers. This responsibility falls on PP&L to recruit 2,000 low-income customers for the *OnTrack* pilot test group and to identify 2,000 customers for a control group. They are selected from the following sources:

Source of Participants	Description of Source
● Operation HELP	Fuel fund program
● CARES	Outreach/referral program
● WRAP	Weatherization program
● LIHEAP	Energy assistance program
● Welfare I.D.	Public welfare program
● Telephone Calls	Customers call PP&L to set up payment plans

These customer populations were chosen primarily for four reasons:

1. The accounts are already coded in PP&L's Customer Information System, which makes selection, analysis, and tracking more efficient;
2. These customers are involved in either a government or PP&L program that has required some type of verification of income, expenses, or hardships;
3. They are most likely to fit the eligibility criteria for the *OnTrack* pilot and to contribute to overdue receivables; and
4. Low-income customers who call PP&L to make payment arrangements are likely candidates for *OnTrack*. In addition, identifying pilot customers in this manner is cost-effective and efficient.

## **Solicitation of Participants**

The solicitation of potential *OnTrack* participants is conducted by sending a letter to customers who call PP&L to establish payment plans. The purpose of the letter is to explain the general requirements and benefits of the *OnTrack* Payment Plan.

Customers are encouraged to call a local community-based organization to set up an interview appointment for *OnTrack*. Community groups administering the pilot receive a list of customers (names, addresses, telephone numbers) that were sent the *OnTrack* solicitation letter. If customers fail to call the appropriate community organization or PP&L within five business days, representatives from the organizations call the customers. Home visits are conducted for customers who have a disability or other physical impairment.

Depending upon the success of the initial solicitation activities, PP&L also considers referrals to *OnTrack* from social service agencies involved in the pilot and from its CARES Representatives. Solicitation letters may also be sent to customers who have been assisted through programs such as LIHEAP and WRAP. However, customers referred from these sources are required to meet the same eligibility criteria (e.g., 150 percent of poverty, income less than expenses).

## **Selection of Participants**

PP&L began the *OnTrack* pilot in December 1993 to coincide with the start of the heating season. It is the company's intent to complete enrollment of the 2,000 test participants by April 1995. The *OnTrack* pilot is offered systemwide, and PP&L intends to enroll approximately 400 customers in each of its five divisions. To the extent eligible customers accept the terms and conditions of the *OnTrack* pilot, the 2,000 participants are comprised of randomly selected customers.

The December 1993 start-up of the *OnTrack* pilot was selected by PP&L for several reasons:

1. Sufficient time is required for the company to fully automate the major procedures (e.g., billing, tracking) for the *OnTrack* pilot. PP&L wants to streamline procedures and processes by developing the necessary computer systems.
2. Evaluation of the *OnTrack* pilot is a critical component that needs to be carefully thought out and planned. PP&L uses an outside contractor to develop the evaluation strategy and procedures for the pilot.

3. **Internal communications on objectives and goals of the *OnTrack* pilot is an important and time-consuming task. PP&L believes that the pilot will be more effective if employee "buy in" at all levels can be achieved.**
4. **Training on *OnTrack* pilot procedures and processes for both employees and social service agency representatives requires a considerable time commitment. Lack of communications and understanding about pilot procedures are detrimental to the effectiveness of *OnTrack*.**

PP&L intends to enroll one group of 2,000 participants for the pilot project. However, if customers drop out of the pilot before the enrollment period ends in April 1995, the company will attempt to enroll other customers to replace them. Customers who default or drop out of the pilot after April 1995 will not be replaced. PP&L will also attempt to select an appropriate control group of 2,000 customers with similar circumstances in order to compare the effectiveness of the *OnTrack* pilot against normal collection measures. The control group will be selected from the same pool of customers as the test group. However, customers in the control group will not be aware that they were included in the *OnTrack* control group.

#### **o Intake and Verification**

##### **Interviews and Intake Responsibilities**

To qualify for the *OnTrack* pilot, customers are required to have an in-person interview with a caseworker from a community-based organization. No telephone interviews are permitted, and most interviews are conducted at the agencies offices. Interviews at customers' homes are restricted to special circumstances such as disability, unable to drive, frail elderly, or no means of transportation. The location of the interview is determined at the discretion and judgment of the community-based organization.

Intake responsibilities of the *OnTrack* agencies includes verifying the following:

1. **Identification of the customer;**
2. **All sources of household income and essential expenses;**
3. **Family size;**
4. **Hardships and extenuating circumstances; and**
5. **Ratepayer status, class of services, and amount of overdue balance.**

PP&L provides the *OnTrack* agencies with computer terminals and access to the company's Customer Information System (CIS). CIS access for the agencies is restricted to inquiry capability only; they do not have authorization to change customers' records. As an additional measure to ensure the confidentiality of information for non-*OnTrack* customers, a computer memo is printed at PP&L's Customer Contact Center if an *OnTrack* agency accesses a non-*OnTrack* account. PP&L conducts a follow-up visit with the agency to discuss the access of the non-*OnTrack* account. This CIS capability allows organizations to verify ratepayer status and class of service and to establish accurate ability-to-pay payment agreements. It also helps the *OnTrack* agencies to monitor participants' accounts for the purposes of tracking and follow-up.

### **Explanation of *OnTrack* Components**

During the initial *OnTrack* interview, caseworkers from the administering agencies are required to explain all elements of the program affecting customers. The explanation covers the following topics:

- o Purpose and objectives of *OnTrack*.
- o Customer's responsibilities regarding payments, energy education, LIHEAP and Operation HELP applications, budget counseling, and energy usage limits.
- o Services performed by PP&L representatives concerning energy audits, arrearage credits, weatherization services, and data collection.
- o Services performed by *OnTrack* organizations including intake, account monitoring, follow-up, and re-certification of eligibility status.
- o Participant's rights under the *OnTrack* Payment Plan.
- o *OnTrack* default provisions and appeal process.

Because evaluation is an essential and critical feature of the *OnTrack* pilot, agency representatives clearly explain to customers the requirement to sign an information release form. In addition, customers are told that a lack of cooperation in providing evaluation information is grounds for dismissal from *OnTrack*.

The explanation of *OnTrack* components is codified in an *OnTrack* Certification Agreement form. The purpose of the certification agreement is to define, in clear and

specific terms, the duties of the customer, administering agency, and PP&L. Applicants cannot participate in the *OnTrack* pilot unless they sign the certification agreement form. Both the administering organizations and customers have copies of the certification agreement form.

### **Application for LIHEAP and Operation HELP**

An important feature of the *OnTrack* pilot is the use of all available internal and external financial resources to help customers. The *OnTrack* administering organizations complete LIHEAP applications for all applicants. *OnTrack* participants are required to designate at least one of their LIHEAP payments to PP&L. If, during the course of the interview, the customer is found ineligible for the *OnTrack* or refuses to participate in the pilot, the LIHEAP application can still be completed. Operation HELP assistance is provided to *OnTrack* applicants if appropriate.

### **Referrals to Assistance Programs**

One major strength of the *OnTrack* pilot is the cooperative partnership between PP&L and the community-based organizations. The pooling of resources, talents, expertise, and ideas creates an integrated approach to addressing the needs of low-income, payment-troubled customers. By using a case management process for *OnTrack* participants, the administering organizations match the needs of each individual customer with the appropriate resources offered by PP&L and social service agencies.

PP&L and the community groups involved in the *OnTrack* pilot have a variety of programs and services for low-income families. The intent of *OnTrack* is to combine these resources to provide *OnTrack* participants with the maximum assistance possible. In addition, these coordination efforts result in a more efficient use of limited resources and expanded assistance to customers. Because of their networking with other social service agencies, the *OnTrack* organizations are in an excellent position to refer customers to other programs as well.

Examples of **internal (PP&L)** and **external (social service agencies)** programs are listed below:

**Internal Programs**

Operation HELP  
CARES  
WRAP  
Double Notice Protection

**External Programs**

LIHEAP  
Public Assistance  
Budget Counseling  
Medical Assistance  
Protective Services  
Rent/Housing Assistance  
Clothing/Food Assistance  
Counseling (Family, Drug, Alcohol)  
DCA Weatherization

**Account Monitoring**

**-- Payments**

The *OnTrack* administering organizations have primary responsibility for monitoring *OnTrack* accounts monthly. The monitoring function focuses on payment plans, kwh usage, and referrals. Since the *OnTrack* agencies have inquiry access to PP&L's Customer Information System, the monthly tracking of payment plans is a straightforward and efficient process. If *OnTrack* customers fail to make their monthly payments, agency representatives call customers to discuss their reasons for non-payment. Letters are sent if telephone contacts are unsuccessful.

**-- KWH Usage**

PP&L has a tracking system that monitors kwh usage for WRAP participants. If consumption increases beyond a specific limit, a computer memo is automatically generated to prompt follow-up by the company. A similar system is used to track energy usage and conduct follow-up for *OnTrack* participants.

**-- Referrals**

*OnTrack* administering organizations also conduct follow-up phone calls to determine if customers signed up for other services as a result of referrals made during the initial intake interview. Failure to apply for other programs and services recommended by the *OnTrack* caseworker can lead to dismissal from the *OnTrack* pilot.

## **Annual Re-Certification**

All *OnTrack* participants must have their eligibility re-certified annually to continue in the pilot. Re-certification requires another in-person interview by caseworkers at the administering organizations' offices. Home visits for re-certification are considered for special circumstances. Based on experience with the pilot, PP&L may consider categorical re-certification for customers with very low incomes (under 50 percent of poverty) or who receive assistance through specific programs (e.g., Supplemental Security Income). The *OnTrack* organizations are responsible for contacting customers and scheduling interviews. The re-certification process includes the following activities:

1. Verifying household income, essential expenses, and hardships;
2. Reviewing all *OnTrack* components and responsibilities;
3. Applying for LIHEAP and/or Operation HELP;
4. Discussing previous year's payment history and arrearage credits;
5. Calculating a new levelized payment agreement if warranted;
6. Making referrals to other PP&L and/or community programs;
7. Signing a new *OnTrack* Certification Agreement; and
8. Obtaining data to help determine changes in customers' behavior and attitudes about paying electric bills.

## **Arrearage Credits**

Large overdue balances for low-income customers can be very discouraging. Customers may feel overwhelmed by their overdue balances; as a result, they may stop making any type of regular payment. As an incentive for customers to make monthly payments, PP&L reduces pre-program overdue arrears through arrearage credits if *OnTrack* customers make monthly co-payments and fulfill all program requirements. PP&L believes that applying monthly arrearage credits to customers' accounts offers them immediate and positive feedback on their payment behavior.

*OnTrack* customers are also required to make a monthly, good-faith payment toward

their pre-program arrearage. PP&L believes that payments toward existing arrearages are necessary to reinforce customers' obligation to pay for electric service. *OnTrack* customer co-payments toward arrearages are as follows:

<b>Income Levels</b>	<b>Monthly Customer Co-Payments</b>
0-50% PL	\$5
51-100% PL	\$5
101-150% PL	\$5

For every co-payment made by customers, PP&L provides arrearage credits based on the amount of their overdue arrearages. The following timeframe is used for applying arrearage credits to *OnTrack* participants' overdue balances:

<b>Overdue Amount</b>	<b>Timeframe</b>
Less than \$1,000	12 months
\$1,001-2,000	18 months
\$2,001-\$3,000	24 months
More than \$3,000	36 months

PP&L relies on community-based organizations to explain the arrearage credits provision of *OnTrack* to applicants during the initial intake interview.

To be eligible for arrearage credits, *OnTrack* customers must meet the following program requirements:

1. *OnTrack* payments and pre-program arrearage co-payments must be received before the next bill is issued.
2. Electric consumption limits cannot be exceeded without cause.
3. Customer must apply for LIHEAP and Operation HELP assistance.
4. Customer must apply for WRAP and must participate in energy conservation education sessions.

5. Customer must apply for other assistance recommended by the *OnTrack* administering organizations.
6. Household income must be verified annually, and income changes must be reported immediately.
7. Customer must provide information for the evaluation component of *OnTrack*.

## **IX. *OnTrack* Administrative Structure**

### **o External Support**

PP&L relies on community-based organizations throughout its service area to play a critical role in administering the *OnTrack* pilot. Because of the company's long-standing history of implementing low-income programs, it is strongly positioned to work effectively with community groups. PP&L depends upon social agencies' representatives to use their expertise and experience for *OnTrack* activities such as:

- o Conducting intake
- o Verifying applicants' eligibility
- o Explaining *OnTrack* requirements
- o Maintaining records
- o Monitoring accounts
- o Making referrals to other programs
- o Re-certifying *OnTrack* participants' eligibility

Helping *OnTrack* participants to control their energy usage is an essential element of the pilot. The positive impact of more revenues received due to customers' better payment habits could be offset by their increased energy consumption. PP&L uses its WRAP agencies and vendors to perform the following conservation and weatherization services:

- o Conducting energy audits
- o Providing in-home energy conservation education
- o Explaining conservation incentives and consumption limits
- o Conducting follow-up work for high usage participants
- o Installing weatherization measures

An external consultant has helped to develop evaluation criteria and procedures for the *OnTrack* pilot. The comprehensive evaluations process considers a number of key variables. The company sees the *OnTrack* pilot as an integral component of its overall credit and collection strategy.

#### **o Internal Support**

PP&L's division Consumer Affairs Directors provide administrative, advisory, and technical support to community-based organizations administering the *OnTrack* pilot. They are the company's liaison with the administering organizations regarding the day-to-day operation of the pilot. The Consumer Affairs Directors train agency staff on the procedures and policies of *OnTrack*. They also monitor and assess the performance of *OnTrack* community-based organizations.

The company's CARES Representatives, who work closely with low-income customers, offer suggestions on the development of selection criteria for *OnTrack*. They also help identify community-based organizations that have the capabilities to administer the *OnTrack* pilot.

The Manager-Customer Support Systems is responsible for the development and implementation of all computer support systems needed to effectively run and evaluate the *OnTrack* pilot. This position serves as the internal liaison with the company's Information Services Department and Division Operations Information Services section.

The Coordinator-Consumer Affairs has overall responsibility for the development, implementation, and evaluation of *OnTrack*. This position takes the lead in developing policies, procedures, and guidelines for the pilot project. Administrative, advisory, and analytical support is provided as well by the Coordinator-Consumer Affairs. This position serves as PP&L's liaison and primary point of contact with regulatory agencies, governmental bodies, and the media regarding the *OnTrack* pilot.

PP&L's Assistant Manager-Customer Contacts, who has overall responsibility for credit and collection activities, ensures that the *OnTrack* pilot is fully integrated into PP&L's collection strategies and initiatives. *OnTrack* is an extension of the company's comprehensive collection activities for residential customers. This position ensures that the policies and procedures for *OnTrack* are consistent with and supportive of PP&L's collection strategies.

## **X. Program Accounting and Reconciliation**

PP&L's accounting for the *OnTrack* pilot focuses on four basic areas. These areas deal with the customers' accounts and their effect on the company's financial statements:

1. Reduction of pre-pilot debt by arrearage credits and co-payments by participants.
2. Payment of the current bill by LIHEAP grants, Operation HELP, participants' CAP payments, and charge-off of the company's revenue deficiency credit.
3. Customers' current arrearages or overpayment due to levelized billing.
4. Costs associated with the administration of the *OnTrack* pilot.

Cash payments made by the customers reduce their pre-pilot arrearages and current billings. LIHEAP and Operation HELP benefits are used to offset company contributions made to customers' current accounts. All other non-cash customer account reductions are made by using adjusting entries.

Expenses and credits associated with the operation of *OnTrack* are charged to an expense account in order to determine the cost of the pilot. Start-up expenses are charged directly to an expense account during the developmental stages of the pilot.

## **XI. Evaluation**

PP&L uses an outside consultant to thoroughly and objectively evaluate the *OnTrack* pilot. The evaluation considers areas such as processes, costs, demographics, participation/drop-out levels, and payment patterns. Specific evaluation topics include the following:

- o Program design
- o Program administration
- o Program development and implementation
- o Payment behavior
- o Consumption patterns

- o Collection costs
- o Participant demographics
- o Energy assistance participation
- o *OnTrack* administrative costs
- o Revenue deficiency and debt forgiveness
- o Reasons for participation and non-participation
- o Reasons/demographics for defaults

After the end of the first two years of the *OnTrack* pilot, PP&L will begin an extensive analysis of the program. If pilot results show that *OnTrack* is not in customers' best long-term interests, pilot participants will be gradually transferred into traditional payment programs.

## **XII. Conclusion**

PP&L has a well-documented history of implementing innovative programs and services for customers. The company has been especially active in addressing the needs of low-income customers. It has been among the first electric utilities in the nation to provide special programs for low-income families.

However, the company agrees that there is a need to explore other alternatives for collecting overdue accounts from low-income customers confronted with financial hardships. Traditional utility collection methods may be ineffectual for some low-income families. PP&L also recommends that Customer Assistance Programs be rigorously and objectively evaluated before the electric utility industry commits millions of dollars to programs that may be better offered by government.

The energy-related problems confronting low-income customers are complex and extensive. The root causes of their problems are generally broader, fundamental issues such as poverty, unemployment, and a lack of education and skills. Federal and state government have the primary responsibility to improve the quality of life for the citizenry. PP&L clearly has a societal obligation to use its resources in a cost-effective and appropriate manner to assist government.

# **EXHIBITS**

**OnTrack Payment Worksheet**  
(Electric Heat)

EXHIBIT 1

DATE \_\_\_\_\_

CUSTOMER NAME \_\_\_\_\_ CUSTOMER NUMBER \_\_\_\_\_

TOTAL GROSS ANNUAL HOUSEHOLD INCOME \$ 6,180 NO. HOUSEHOLD OCCUPANTS 1

POVERTY LEVEL \_\_\_\_\_ CURRENT TOTAL OVERDUE BALANCE \$ 581.66 (ACCT)

EST. MONTHLY BUDGET BILL \$ 74 (BBIL1)

EST. ANNUAL BUDGET BILL \$ 887 (BBIL1) EST. ANNUAL KWH 11,035

FUEL ASSISTANCE \$ (Last 12 Months) \$ \_\_\_\_\_ (PHST)

**1. Minimum Payment Calculation\***

Monthly Budget Bill Amount (BBIL1)	Monthly Shortfall Limit	Monthly Arrearage Co-Payment	Minimum Monthly OnTrack Payment
<u>74</u>	-\$70.00 = <u>4</u>	+\$5.00	<b>\$18</b>

\*The monthly OnTrack Payment cannot be less than \$18 for electric heating customers.

**2. Percent of Bill Payment Calculation**

Income Category By Poverty Level	Estimated Annual Bill (BBIL1)	Percent of Bill	Annual Arrearage Co-Payment (\$5x12mos)	Annual OnTrack Candidate Payment	Monthly OnTrack Candidate Payment
Below 50%	_____	x 50% = _____	+\$60 = _____	_____ + 12 = _____	
51 - 100%	<u>887</u>	x 70% = <u>621</u>	+\$60 = _____	<u>681</u> + 12 = _____	<b>\$57</b>
101 - 150%	_____	x 80% = _____	+\$60 = _____	_____ + 12 = _____	

**3. Percent of Income Payment Calculation**

Income Category By Poverty Level	Annual Gross Income	Percent of Income	Annual Arrearage Co-Payment (\$5x12mos)	Annual OnTrack Candidate Payment	Monthly OnTrack Candidate Payment
Below 50%	_____	x 5% = _____	+\$60 = _____	_____ + 12 = _____	
51 - 100%	<u>6,180</u>	x 7% = <u>433</u>	+\$60 = _____	<u>493</u> + 12 = _____	<b>\$42</b>
101 - 150%	_____	x 9% = _____	+\$60 = _____	_____ + 12 = _____	

**4. Customer's Annualized Average Payment**

Connection Date: 5/26/92 (ACCT) Has customer been at this location 12 Months? Yes  
If No, how many months? \_\_\_\_\_

Number of Payments Last 12 Months 10 (PHST);  
Amount of Personal Payments Last 12 Months \$ 450

Total Amount Paid Last 12 Months	# of Months at Service Location (during last 12 months)	Customer Annual Average Payment
<u>450</u>	<u>12</u>	<b>\$38</b>

**RECOMMENDED MONTHLY ONTRACK PAYMENT \$ 4**

# OnTrack Payment Worksheet (Non-Electric Heat)

Exhibit 2  
DATE \_\_\_\_\_

**CUSTOMER NAME** Jana Doe **CUSTOMER NUMBER** \_\_\_\_\_

**TOTAL GROSS ANNUAL HOUSEHOLD INCOME** \$ 10,860 **NO. HOUSEHOLD OCCUPANTS** 3

**POVERTY LEVEL** \_\_\_\_\_ **CURRENT TOTAL OVERDUE BALANCE** \$ 250 (ACCT)

**EST. MONTHLY BUDGET AMOUNT** \$ 80 (BBIL1)

**EST. ANNUAL BILL** \$ 910 (BBIC1) **EST. ANNUAL KWH** 10,758

**FUEL ASSISTANCE \$ (Last 12 Months)** \$ 210 (PHST)

### 1. Minimum Payment Calculation\*

<u>Monthly Budget Bill Amount (BBIL1)</u> 80	-	<u>Monthly Shortfall Limit</u> \$48.00	=	<u>34</u>	+	<u>Monthly Arrearage Co-Payment</u> \$5.00	=	<u>Minimum Monthly OnTrack Payment</u> \$39
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\*The monthly OnTrack Payment cannot be less than \$12 for non-electric heating customers.

### 2. Percent of Bill Payment Calculation

Income Category By Poverty Level	Estimated Annual Bill (BBIL1)	Percent of Bill	Annual Arrearage Co-Payment (\$5x12mos)	Annual OnTrack Candidate Payment	Monthly OnTrack Candidate Payment
Below 50%	_____	x 50% = _____	+ \$80 = _____	+ 12 = _____	_____
51 - 100%	<u>910</u>	x 70% = <u>637</u>	+ \$80 = _____	+ 12 = _____	<u>\$58</u>
101 - 150%	_____	x 80% = _____	+ \$80 = _____	+ 12 = _____	_____

### 3. Percent of Income Payment Calculation

Income Category By Poverty Level	Annual Gross Income	Percent of Income	Annual Arrearage Co-Payment (\$5x12mos)	Annual OnTrack Candidate Payment	Monthly OnTrack Candidate Payment
Below 50%	_____	x 2% = _____	+ \$80 = _____	+ 12 = _____	_____
51 - 100%	<u>10,860</u>	x 4% = <u>434</u>	+ \$80 = _____	+ 12 = _____	<u>\$41</u>
101 - 150%	_____	x 6% = _____	+ \$80 = _____	+ 12 = _____	_____

### 4. Customer's Annualized Average Payment

Connection Date: 2/13/91 (ACCT) Has customer been at this location 12 Months? Yes  
If No, how many months? \_\_\_\_\_

Number of Payments Last 12 Months 10 (PHST);  
Amount of Personal Payments Last 12 Months \$ 690

<u>Total Amount Paid Last 12 Months</u> 690	+	<u># of Months at Service Location (during last 12 months)</u> 12	=	<u>Customer Annual Average Payment</u> \$57
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**RECOMMENDED MONTHLY ONTRACK PAYMENT \$ 58**

CUSTOMER NAME John Doe CUSTOMER NUMBER \_\_\_\_\_  
 TOTAL GROSS ANNUAL HOUSEHOLD INCOME \$ 6,612 NO. HOUSEHOLD OCCUPANTS 3  
 POVERTY LEVEL \_\_\_\_\_ CURRENT TOTAL OVERDUE BALANCE \$ 1,958.97 (ACCT)  
 EST. MONTHLY BUDGET BILL \$ 146 (BBIL1)  
 EST. ANNUAL BUDGET BILL \$ 1,750 (BBIL1) EST. ANNUAL KWH 22,089  
 FUEL ASSISTANCE \$ (Last 12 Months) \$ 157 (PHST)

**1. Minimum Payment Calculation\***

Monthly Budget Bill Amount (BBIL1)	Monthly Shortfall Limit	Monthly Arrearage Co-Payment	Minimum Monthly OnTrack Payment
<u>146</u>	\$70.00 = <u>76</u>	\$5.00	<u>\$ 81</u>

\*The monthly OnTrack Payment cannot be less than \$18 for electric heating customers.

**2. Percent of Bill Payment Calculation**

Income Category By Poverty Level	Estimated Annual Bill (BBIL1)	Percent of Bill	Annual Arrearage Co-Payment (\$5x12mos)	Annual OnTrack Candidate Payment	Monthly OnTrack Candidate Payment
Below 50%	_____	x 50% = _____	+ \$60 = _____	+ 12 = _____	
51 - 100%	<u>1,750</u>	x 70% = <u>1,225</u>	+ \$60 = _____	+ 12 = <u>1,285</u>	<u>\$107</u>
101 - 150%	_____	x 80% = _____	+ \$60 = _____	+ 12 = _____	

**3. Percent of Income Payment Calculation**

Income Category By Poverty Level	Annual Gross Income	Percent of Income	Annual Arrearage Co-Payment (\$5x12mos)	Annual OnTrack Candidate Payment	Monthly OnTrack Candidate Payment
Below 50%	_____	x 5% = _____	+ \$60 = _____	+ 12 = _____	
51 - 100%	<u>6,612</u>	x 7% = <u>463</u>	+ \$60 = _____	+ 12 = <u>523</u>	<u>\$ 44</u>
101 - 150%	_____	x 9% = _____	+ \$60 = _____	+ 12 = _____	

**4. Customer's Annualized Average Payment**

Connection Date: 7/30/92 (ACCT) Has customer been at this location 12 Months? Yes  
 If No, how many months? \_\_\_\_\_

Number of Payments Last 12 Months 6 (PHST);  
 Amount of Personal Payments Last 12 Months \$ 486

Total Amount Paid Last 12 Months	# of Months at Service Location (during last 12 months)	Customer Annual Average Payment
<u>486</u>	<u>12</u>	<u>\$ 41</u>

**RECOMMENDED MONTHLY ONTRACK PAYMENT \$ 81**

PYMT - ONTRACK  
PAYMENT  
WORKSHEET

CUST NUMBER  
ID 50 - ACTIVE CUSTOMER  
1  
  
1

RATE RSO AUX 00 REV CL 03  
DUE 08/30/94  
CONN 12/07/79  
NO AREA LIGHTS  
NO MAIL ADDRESS PRESENT

TOTAL GROSS ANNUAL HOUSEHOLD INCOME-----	20500	
POVERTY LEVEL-----	150	
CURRENT TOTAL OVERDUE BALANCE-----	154	
ESTIMATED MONTHLY BUDGET BILL AMOUNT-----	146	
ESTIMATED ANNUAL BUDGET BILL AMOUNT-----	1747	
FUEL ASSISTANCE LAST 12 MONTHS-----	0	
TYPE OF HEATING ACCOUNT-----	ELECTRIC HEAT	
ESTIMATED ANNUAL KWH-----	22617	
MINIMUM PAYMENT CALCULATION-----	81	
PERCENT OF BILL PAYMENT CALCULATION-----	121	**
PERCENT OF INCOME PAYMENT CALCULATION -----	159	
CUSTOMER'S ANNUALIZED AVERAGE PAYMENT CALCULATION----	135	# MONTHS 12

COMMAND:

CUST NUMBER  
ID 50 - ACTIVE CUSTOMER  
1

RATE RSO AUX 00 REV CL 01  
DUE 08/24/94  
CONN 07/20/77  
NO AREA LIGHTS  
NO MAIL ADDRESS PRESENT

PYMT - ONTRACK  
PAYMENT  
WORKSHEET

9

TOTAL GROSS ANNUAL HOUSEHOLD INCOME-----	5900	
POVERTY LEVEL-----	50	
CURRENT TOTAL OVERDUE BALANCE-----	94	
ESTIMATED MONTHLY BUDGET BILL AMOUNT-----	80	
ESTIMATED ANNUAL BUDGET BILL AMOUNT-----	954	
FUEL ASSISTANCE LAST 12 MONTHS-----	0	
TYPE OF HEATING ACCOUNT-----	NON-ELECTRIC HEAT	
ESTIMATED ANNUAL KWH-----	11713	
MINIMUM PAYMENT CALCULATION-----	39	
PERCENT OF BILL PAYMENT CALCULATION-----	45 **	
PERCENT OF INCOME PAYMENT CALCULATION -----	15	
CUSTOMER'S ANNUALIZED AVERAGE PAYMENT CALCULATION----	65	# MONTHS 12

COMMAND:

CUST NUMBER  
 ID 50 - ACTIVE CUSTOMER  
 1  
 1

10:28 08/19/94  
 RATE RSO AUX 00 REV CL 01  
 DUE 08/29/94  
 CONN 11/01/89 APT GROUP ACC  
 NO AREA LIGHTS  
 NO MAIL ADDRESS PRESENT

PYMT - ONTRACK  
 PAYMENT  
 WORKSHEET

TOTAL GROSS ANNUAL HOUSEHOLD INCOME-----	9200	
POVERTY LEVEL-----	75	
CURRENT TOTAL OVERDUE BALANCE-----	42	
ESTIMATED MONTHLY BUDGET BILL AMOUNT-----	30	
ESTIMATED ANNUAL BUDGET BILL AMOUNT-----	363	
FUEL ASSISTANCE LAST 12 MONTHS-----	0	
TYPE OF HEATING ACCOUNT-----	NON-ELECTRIC HEAT	
ESTIMATED ANNUAL KWH-----	3583	
MINIMUM PAYMENT CALCULATION-----	12	
PERCENT OF BILL PAYMENT CALCULATION-----	26 **	
PERCENT OF INCOME PAYMENT CALCULATION -----	36	
CUSTOMER'S ANNUALIZED AVERAGE PAYMENT CALCULATION----	24	# MONTHS 12

COMMAND:

## Estimated Cost of PP&amp;L On Track Evaluation

**Economy Budget**

<b>Evaluation Activity</b>	<b>D Cross hours</b>	<b>J Dray hours</b>	<b>Analyst hours</b>	<b>Visits*</b>	<b>Line total</b>
<b>Plan data transfer</b>					<b>\$13,490</b>
Mutually define desired fields	6				\$570
Test data transfer	6		12		\$1,710
Structure RPM evaluation database	10		40		\$4,750
Mutually define period summaries	12		3	1	\$1,520
Verify period summaries against raw data	12		40		\$4,940
<b>Plan for new PP&amp;L reports on high risk accounts</b>					<b>\$7,790</b>
Analyze existing reports	15				\$1,425
Discuss what PP&L would like to know	5			1	\$570
Define and discuss indicators, benchmarks	16	8	5		\$2,755
Draft suggested report formats	15	3	2		\$1,900
Discuss, refine, select reports to use	10	1		1	\$1,140
<b>Observe intake process</b>					<b>\$6,935</b>
Coordinate visits					\$0
Observe three sites					\$0
Interview staff by telephone	10				\$950
Refine survey instrument	6		2		\$760
Interview recent joiners (telephone)	16		15		\$2,945
Enter and tabulate responses	3		7		\$950
Write up results	14				\$1,330
<b>Dec 94 Baseline evaluation report</b>					<b>\$27,455</b>
Gather, organize data describing service area	6				\$570
Transfer account history, program data	2		10		\$1,140
Clean and organize data	16		70		\$8,170
Preliminary analysis: periods, customer types	16		25		\$3,895
Specify periods and groups for PP&L reports	2		4		\$570
Compare amounts asked to prior amounts paid	2		2		\$380
Compare On Track entrants and control groups	8		5		\$1,235
Exploratory analysis of payment patterns	24	6	4		\$3,230
Interview follow-up with joiners					\$0
Interview agency, PP&L staff					\$0
Write report	60		10		\$6,650
Discussion of results with PP&L	8	8		1	\$1,615

Estimated Cost of PP&L On Track Evaluation

**Economy Budget**

Evaluation Activity	D Cross hours	J Dray hours	Analyst hours	Visits*	Line total	
<b>July 95 Interim report</b>					<b>\$5,605</b>	
Obtain and interpret PP&L-produced reports	15		2		\$1,615	
<del>Partial data transfer, demographics, status</del>					\$0	
<del>Statistical attrition analysis</del>					\$0	
<del>Survival rate analysis, correlates of survival</del>					\$0	
<del>financial comparison, entrants vs. control</del>					\$0	
<del>Furthur analysis of baseline and general data</del>					\$0	
Interview customers who left, stayed in	15		10		\$2,375	
<del>Interview agency, utility staff</del>					\$0	
Discussion of results with PP&L	8	8		1	\$1,615	
<del>Write report</del>					\$0	
<b>July 96 Update</b>					<b>\$1,615</b>	
Obtain and interpret PP&L-produced reports	15		2		\$1,615	
<del>Interview those who left program</del>					\$0	
<del>Transfer information</del>					\$0	
<del>Clean and organize data</del>					\$0	
<del>Attrition analysis</del>					\$0	
<del>Correlates of success</del>					\$0	
<del>financial comparison, entrants vs. control</del>					\$0	
<del>Additional analysis of interest</del>					\$0	
<del>Write report</del>					\$0	
<b>July 97 Final report</b>					<b>\$13,870</b>	
Obtain and interpret PP&L-produced reports	15		2		\$1,615	
Interview those who left program	15		10		\$2,375	
Interview those who stayed in program	15		10		\$2,375	
Interview agency staff	15		4		\$1,805	
<del>Data transfer and clean up</del>					\$0	
<del>Attrition analysis</del>					\$0	
<del>Correlates of success</del>					\$0	
<del>financial comparison, entrants vs. control</del>					\$0	
<del>Additional analysis of interest</del>					\$0	
<del>Write report</del>	36				\$3,420	
<del>Discussion of results with PP&amp;L</del>	8	8	6	2	\$2,280	
					\$0	
<b>Communication with client</b>	20			1	<b>\$1,995</b>	
<i>Internal project coordination</i>	18	2	10		\$2,850	
<i>Contingency</i>	20	4	10	1	\$3,325	
<b>Focus groups and surveys with high risk customers</b>						
additional focus groups and surveys may be indicated: not in budget at this time						
<b>Sum of hours, visits</b>	515	48	322	9		
<b>rate</b>	95	150	55	680		
<b>Sum of dollars</b>	<b>\$79,955</b>	<b>\$48,925</b>	<b>\$7,200</b>	<b>\$17,710</b>	<b>\$6,120</b>	<b>\$79,955</b>

\*Visits include lost travel time at less than full rate, plus estimated travel expenses

**Estimated Cost of PP&L On Track Evaluation**

**Full service budget**

<b>Evaluation Activity</b>	<b>D Cross hours</b>	<b>J Dray hours</b>	<b>Analyst hours</b>	<b>Visits*</b>	<b>Line total</b>
<b>Plan data transfer</b>					<b>\$13,490</b>
Mutually define desired fields	6				\$570
Test data transfer	6		12		\$1,710
Strucutre RPM evaluation database	10		40		\$4,750
Mutually define period summaries	12		3	1	\$1,520
Verify period summaries against raw	12		40		\$4,940
<b>Plan for new PP&amp;L reports on high risk accounts</b>					<b>\$7,790</b>
Analyze existing reports	15				\$1,425
Discuss what PP&L would like to know	5			1	\$570
Define and discuss indicators, benchm	16	8	5		\$2,755
Draft suggested report formats	15	3	2		\$1,900
Discuss, refine, select reports to use	10	1		1	\$1,140
<b>Observe intake process</b>					<b>\$9,500</b>
Coordinate visits	4				\$380
Observe three sites	21			2	\$2,185
Interview staff by telephone	10				\$950
Refine survey instrument	6		2		\$760
Interview recent joiners (telephone)	16		15		\$2,945
Enter and tabulate responses	3		7		\$950
Write up results	14				\$1,330
<b>Dec 94 Baseline evaluation report</b>					<b>\$34,770</b>
Gather, organize data describing servi	25		14		\$3,705
Transfer account history, program da	2		10		\$1,140
Clean and organize data	16		70		\$8,170
Preliminary analysis: periods, custom	16		25		\$3,895
Specify periods and groups for PP&L	2		4		\$570
Compare amounts asked to prior amc	2		2		\$380
Compare On Track entrants and cont	8		5		\$1,235
Exploratory analysis of payment patte	24	6	4		\$3,230
Interview follow up with joiners	10		4		\$1,330
Interview agency, PP&L staff	10				\$950
Write report	80		10		\$8,550
Discussion of results with PP&L	8	8		1	\$1,615

**Estimated Cost of PP&L On Track Evaluation**

**Full service budget**

<b>Evaluation Activity</b>	<b>D Cross hours</b>	<b>J Dray hours</b>	<b>Analyst hours</b>	<b>Visits*</b>	<b>Line total</b>
<b>July 95 Interim report</b>					<b>\$18,620</b>
Obtain and interpret PP&L-produced	15		2		\$1,615
Partial data transfer: demographics, s	2		12		\$1,330
Statistical attrition analysis	4		10		\$1,330
Survival rate analysis, correlates of su	4		6		\$950
financial comparison, entrants vs. cor	6		2		\$760
Furthur analysis of baseline and gener	16		16		\$3,040
Interview customers who left, stayed	15		10		\$2,375
Interview agency, utility staff	15		4		\$1,805
Discussion of results with PP&L	8	8		1	\$1,615
Write report	40				\$3,800
<b>July 96 Update</b>					<b>\$20,520</b>
Obtain and interpret PP&L-produced	15		2		\$1,615
Interview those who left program	16		8		\$2,280
Transfer information	1		10		\$1,045
Clean and organize data	4		45		\$4,655
Attrition analysis	6		4		\$950
Correlates of success	4		4		\$760
financial comparison, entrants vs. cor	12		2		\$1,330
Additional analysis of interest	30				\$2,850
Write report	40		12	1	\$5,035
<b>July 97 Final report</b>					<b>\$31,540</b>
Obtain and interpret PP&L-produced	15		2		\$1,615
Interview those who left program	15		10		\$2,375
Interview those who stayed in progra	15		10		\$2,375
Interview agency staff	15		4		\$1,805
Data transfer and clean up	5		40		\$4,275
Attrition analysis	6		4		\$950
Correlates of success	7		7		\$1,330
financial comparison, entrants vs. cor	12		6		\$1,710
Additional analysis of interest	40		6		\$4,370
Write report	80				\$7,600
Discussion of results with PP&L	16	9	6	2	\$3,135
					\$0
<b>Communication with client</b>	20			1	\$1,995
<b>Internal project coordination</b>	25	2	20		\$4,465
<b>Contingency</b>	40	4	30	1	\$7,125
<b>Focus groups and surveys with high risk customers</b>					
additional focus groups and surveys may be indicated: not in budget at this time					
<b>Sum of hours, visits</b>	<b>948</b>	<b>49</b>	<b>568</b>	<b>12</b>	
<b>rate</b>	<b>95</b>	<b>150</b>	<b>55</b>	<b>680</b>	
<b>Sum of dollars</b>	<b>\$136,810</b>	<b>\$90,060</b>	<b>\$7,350</b>	<b>\$31,240</b>	<b>\$8,160</b>
					<b>\$136,810</b>

\*Visits include lost travel time at less than full rate, plus estimated travel expenses

**OnTrack Payment Program  
1994 Results**

<u>Month</u>	<u>Customers Enrolled</u>	<u>Revenue Shortfall*</u>	<u>Arrearage Forgiveness*</u>
January	5	-	-
February	3	-	-
March	17	-	-
April	41	\$ 1,695.06	\$ 1,429.12
May	92	6,629.90	4,932.96
June	82	4,177.14	8,301.47
July	165	9,632.30	12,917.04
August	207	14,509.06	20,197.45
September	169	15,375.87	27,347.72
October	161	21,273.14	36,254.91
November	82	31,654.16	42,741.10
December	<u>55</u>	<u>60,193.03</u>	<u>44,542.32</u>
<b>Total</b>	<b>1,079</b>	<b>\$165,139.66</b>	<b>\$198,664.09</b>

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\*These computer-generated reports went into production in April 1994.

3/29/95  
Hbg  
jer

**DOCKETED**  
MAR 31 1995

**OFFICE OF TRIAL STAFF**

**CROSS-EXAMINATION**  
**EXHIBIT NO. 15**

**RECEIVED**  
95 MAR 30 PM 1:46  
PA. P. U. C.  
INFO. CONTROL DIV.

**DATE: MARCH 29, 1995**

**DOCKETED**

**PA PUBLIC UTILITY COMMISSION**  
**vs.**  
**PENNSYLVANIA POWER & LIGHT COMPANY**  
**DOCKET NO: R-00943271**

**ORIGINAL**

**Pennsylvania Power & Light Company  
Responses to Interrogatories of  
the Office of Trial Staff  
Dated February 15, 1995**  

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**Docket No. R-00943271**

Q. OTS-RE-85. Reference the Company response to OTS-RE-55D.

A. Part B. Breakdown the projected costs for enrollment, recertification and follow-up between the projected number of contacts and the price charged per occurrence by the CBOs. Include documentation (contracts, etc.) supporting the CBO charge per occurrence.

B. Part C. Supply the workpapers/calculations supporting the average revenue shortfall of \$164 and average arrearage forgiveness of \$191.

A. OTS-RE-85. A. The breakdown of projected costs for enrollment, recertification, and follow-up for the OnTrack Payment Program is as follows:

	<u>Est. Hours</u>		<u>Cost/Hour</u>		<u>Customers</u>		<u>Total</u>
• <b>Enrollment</b>							
	2.5	X	\$16	X	2,000	=	\$ 80,000
• <b>Recertification</b>							
	2.5	X	\$16	X	2,000	=	\$ 80,000
• <b>Follow-up</b>							
	2.0	X	\$16	X	1,000	=	<u>\$ 32,000</u>
					<b>Total</b>	<b>=</b>	<b>\$192,000</b>

Attachments 1 provides the PP&L Service Orders and pricing terms for the eight community-based organizations that are administering the OnTrack Payment Program.

- B. Attachment 2 provides the information used for the calculations of the estimated average revenue shortfall and estimated average arrearage forgiveness. As of November 30, 1994, there were 1,024 customers enrolled in the OnTrack Payment Program. The annual revenue shortfall and arrearage forgiveness amounts for these customers were \$165,140 and \$198,664, respectively. The two averages were calculated as follows:

Revenue Shortfall	\$165,140/1,024	=	\$161
Arrearage Forgiveness	\$198,664/1,024	=	\$194

*In PP&L's initial response to Part C of Question OTS-RE-55D of Interrogatories of the Office of Trial Staff, Dated January 13, 1995, the last digits of the revenue shortfall and arrearage forgiveness averages were inadvertently switched. The numbers should have been \$161 and \$194 rather than \$164 and \$191. This correction does not affect PP&L's claim of \$710,000 for net write-offs of uncollectible accounts associated with the OnTrack Payment Program.*

# **ATTACHMENT 1**



**SERVICE ORDER**

FILE COPY

SERVICE ORDER NO. 4-17114-5

DATE MARCH 28, 1994

All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.

COMMUNITY ACTION COMMISSION  
1514 DERRY STREET  
HARRISBURG PA 17104  
ATTN: LINDA FIGUEROA

PROVIDE WORK  
AS DETAILED BELOW TO:  
PENNSYLVANIA POWER & LIGHT CO  
HARRISBURG DIV SERVICE CENTER  
1801 BROOKWOOD ST  
BOX 1461  
HARRISBURG PA 17105

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

**SCOPE OF WORK**

CONTRACTOR IS TO ADMINISTER AND PERFORM SERVICES AS DEFINED IN PP&L'S ONTRACK PAYMENT PROGRAM, AND/OR DIRECTED BY PP&L'S FIELD REPRESENTATIVE/PROJECT COORDINATOR FOR HARRISBURG DIVISION.

PP&L'S ONTRACK PAYMENT PROGRAM IS A PILOT PROGRAM ADDRESSING THE NEEDS OF LOW-INCOME CUSTOMERS WHILE BALANCING BUSINESS, FINANCIAL, REGULATORY, AND SOCIAL INTERESTS. THE PILOT WILL BE JOINTLY ADMINISTERED BY PP&L AND THE CONTRACTOR. THE PROGRAM FEATURES PAYMENT PLANS BASED ON INCOME AND FAMILY SIZE, DEBT REDUCTION FOR GOOD PAYMENT HABITS, COORDINATION OF ENERGY ASSISTANCE BENEFITS, WEATHERIZATION, ENERGY CONSERVATION EDUCATION, AND OTHER APPROPRIATE REFERRALS TO COMMUNITY ASSISTANCE PROGRAMS

WORK TO START ON: 02/01/94	FIELD REPRESENTATIVE/PROJECT COORDINATOR	TELEPHONE
WORK TO BE COMPLETED BY: 02/01/95	ANGELA R TRACY	(717) 257-5707

**SPECIAL NOTES**

INSURANCE REQUIREMENTS ATTACHED. PROVIDE AN ACORD CERTIFICATE OF INSURANCE OR ITS EQUIVALENT TO PP&L AUTHORIZED REPRESENTATIVE WITHIN TEN (10) DAYS OF THE DATE OF THIS ORDER.

THIS ORDER CONFIRMS OUR VERBAL AWARD TO COMMUNITY ACTION

THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ATTACH. A

<p><b>PRICING</b></p> <p>PP&amp;L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.</p> <p>Total final price shall not exceed \$42,000.00. Pricing shall be in accordance with the following: FIRM, FIXED PRICE</p>	<p><b>GENERAL TERMS AND CONDITIONS</b> (01-94)</p> <table border="1"> <tr> <td>BI</td> <td>CA</td> <td>ACCT</td> <td>LOC</td> <td>%</td> </tr> <tr> <td>33</td> <td>705</td> <td>790980</td> <td>501</td> <td></td> </tr> </table>	BI	CA	ACCT	LOC	%	33	705	790980	501		<p><b>PP&amp;L AUTHORIZED REPRESENTATIVE</b></p> <p>BY: _____</p> <p>JOHN R MENICHINI PENNSYLVANIA POWER &amp; LIGHT CO HARRISBURG DIV SERVICE CENTER 1801 BROOKWOOD ST BOX 1461 HARRISBURG PA 17105 TELEPHONE: (717) 257-5601</p>
BI	CA	ACCT	LOC	%								
33	705	790980	501									

## PROGRAMS.

PARTICIPATION IN THE PILOT IS RESTRICTED TO 400 RANDOMLY SELECTED LOW-INCOME CUSTOMERS IN HARRISBURG DIVISION WHO MEET THE CRITERIA AS DEFINED IN THE ONTRACK PAYMENT PROGRAM DESIGN DEFINED IN ATTACHMENT B.

PLEASE REFER TO THE ONTRACK PAYMENT PROGRAM TRAINING MANUAL FOR FURTHER DETAILS.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	ADMINISTER ONTRACK PAYMENT PROGRAM-HARRISBURG  THIS CONTRACT REPRESENTS YEAR 1 OF A 2-YEAR CAP (CUSTOMER ASSISTANCE PROGRAM) PILOT PROJECT FOR HARRISBURG DIVISION. THIS SERVICE ORDER COULD POTENTIALLY BE EXTENDED FOR AN ADDITIONAL YEAR.	

## ADDITIONAL TERMS AND CONDITIONS

### **A. INVOICING AND PAYMENT**

1. Contractor shall submit to Company its correct invoice, in duplicate, covering work performed to:

Pennsylvania Power & Light Company  
Attn: Angela R. Tracy  
P.O. Box 1461  
1801 Brookwood St.  
Harrisburg, PA 17105

2. Each invoice shall include, at a minimum, this service order number and a brief description of services performed with the pricing clearly itemized. Receipts shall be furnished where applicable.
3. Company shall pay to contractor the amount specified in its correct invoice within thirty (30) days after receipt and verification thereof.

### **B. CHANGES**

Any changes to this service order, if required, will be authorized by a change order.

Community Action Commission submits the following price for work to be done on PP&L's Ontrack Program.

GENERAL:

Annual Cost \$40,198

To be billed in monthly installments of \$3,349.83

Generic Billing Categories include:

Outreach  
Intake and Verification  
Calculation of Payments  
Explanation of Program  
Application for LIHEAP/HELP  
Energy education and referral  
Other Program referrals  
Account monitoring  
Reevaluation



SERVICE ORDER

ACKNOWLEDGEMENT COPY

SERVICE ORDER NO. 4-18104-5

DATE MARCH 17, 1994

All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.

COMMUNITY ACTION PROGRAM
LANCASTER COUNTY
PO BOX 599
630 ROCKLAND STREET
LANCASTER PA 17603

PROVIDE WORK AS DETAILED BELOW TO:
PENNSYLVANIA POWER & LIGHT CO
ATTN ADMINISTRATION
1701 MANHEIM PIKE
PO BOX 4728
LANCASTER PA 17604

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

SCOPE OF WORK

Contractor is to Administer and Perform services as defined in PP&L's OnTrack Payment Program, and/or as directed by PP&L's Field Representative/Project Coordinator for Lancaster Division.

PP&L's OnTrack Payment Program is a pilot program addressing the needs of low-income customers while balancing business, financial, regulatory, and social interests. The pilot will be jointly administered by PP&L and the contractor. The program features payment plans based on income and family size, debt reduction for good payment habits, coordination of energy assistance benefits, weatherization, energy conservation education, and other appropriate referrals to community assistance programs.

Participation in the pilot is restricted to 400 randomly selected low-income customers in

Table with 3 columns: WORK TO START ON (03/18/94), WORK TO BE COMPLETED BY (03/18/95), FIELD REPRESENTATIVE/PROJECT COORDINATOR (KATHLEEN A WILDAUER), TELEPHONE ((717) 560-2547)

SPECIAL NOTES

INSURANCE REQUIREMENTS ATTACHED. PROVIDE AN ACORD CERTIFICATE OF INSURANCE OR ITS EQUIVALENT TO PP&L AUTHORIZED REPRESENTATIVE WITHIN TEN (10) DAYS OF THE DATE OF THIS ORDER.

THIS ORDER CONFIRMS OUR VERBAL AWARD TO C.A.P.

THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADDL T&C DESIGN PRICING SAFETY SALES TAX INSURANCE REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

PRICING

PP&L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.

Total final price shall not exceed \$50,000.00. Pricing shall be in accordance with the following: TIME AND MATERIALS WITH A MAX

THIS ORDER IS ACCEPTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN. MAIL A COPY OF THIS ORDER WITH YOUR ORIGINAL AUTHORIZED SIGNATURE AND CERTIFICATE OF INSURANCE, AS APPLICABLE, TO THE PP&L AUTHORIZED REPRESENTATIVE.

AUTH. SIGNATURE [Signature]

DATE 3/30/94

TELEPHONE NO. (717) 299-7301

PP&L AUTHORIZED REPRESENTATIVE

BY: [Signature]

JOHN H SAEGER

PENNSYLVANIA POWER & LIGHT CO
1701 MANHEIM PIKE
PO BOX 4728
LANCASTER PA 17604

TELEPHONE: (717) 560-2500



SERVICE ORDER NO.	4-18104-5
DATE	MARCH 17, 1994

Lancaster Division who meet the criteria as defined in the OnTrack Payment Program Design defined in Attachment B.

Please refer to the OnTrack Payment Program Training Manual for further details.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	Administer OnTrack Payment Program - Lancaster  This contract represents Year 1 of a 2-year CAP (Customer Assistance Program) Pilot project for Lancaster Division. This Service Order could potentially be extended for an additional year.	

## PRICING TERMS

CAP submits the following prices for work to be done on PP&L's On Track Program.

### GENERAL:

Cost per hour of Worker Time -- \$14.50 per hour  
(Includes all program costs: Wages, fringe benefits, office space, phone, postage, travel, supervision and agency overhead.)

### GENERIC BILLING CATEGORIES:

- Outreach
- Intake and verification
- Calculation of payments
- Explanation of program
- Application for LIHEAP/HELP
- Energy education and referral
- Other program referrals
- Account monitoring
- Reevaluation



SERVICE ORDER

FILE COPY

SERVICE ORDER NO 4-17245-5
DATE MARCH 29, 1994

All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY 520 E BROAD ST BETHLEHEM PA 18018

PROVIDE WORK AS DETAILED BELOW TO: PENNSYLVANIA POWER & LIGHT CO LEHIGH DIVISION SERVICE CENTER ROUTES 22 & 309 PO BOX 3500 ALLENTOWN PA 18106-0500

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

SCOPE OF WORK

Contractor is to Administer and Perform services as defined in PP&L's OnTrack Payment Program, and/or as directed by PP&L's Field Representative/Project Coordinator for Lehigh Division.

PP&L's OnTrack Payment Program is a pilot program addressing the needs of low-income customers while balancing business, financial, regulatory, and social interests. The pilot will be jointly administered by PP&L and the contractor. The program features payment plans based on income and family size, debt reduction for good payment habits, coordination of energy assistance benefits, weatherization, energy conservation education, and other appropriate referrals to community assistance programs.

Participation in the pilot is restricted to 400 randomly selected low-income customers in

Table with 3 columns: WORK TO START ON (12/01/93), FIELD REPRESENTATIVE/PROJECT COORDINATOR (LUIS A RAMOS), TELEPHONE ((215) 774-3342); WORK TO BE COMPLETED BY (12/31/94).

SPECIAL NOTES

THIS ORDER CONFIRMS OUR VERBAL AWARD TO CACLV
THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADD T&C; DESIGN; PRICING; SAFETY; SALES TAX; INSURANCE.
REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

Table with 3 columns: PRICING (PP&L Authorized Representative has no authority to order services in excess of \$50,000...), GENERAL TERMS AND CONDITIONS (01-94) (BI 33, CA 705, ACCT 790980, LOC 101, %), PP&L AUTHORIZED REPRESENTATIVE (BY: GRAYSON E MCNAIR, PENNSYLVANIA POWER & LIGHT CO...)



SERVICE ORDER NO	4-17245-5
DATE	MARCH 29, 1994

Lehigh Division who meet the criteria as defined in the OnTrack Payment Program Design defined in Attachment B.

Please refer to the OnTrack Payment Program Training Manual for further details.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	\$\$	Lehigh OnTrack Payment Program > > > > > > >	\$50,000.00

The maximum not-to-exceed value of this contract to administer the OnTrack Payment Program in Lehigh Division is \$50,000.

Invoicing categories and Pricing terms are included in Attachment C.

This contract represents Year 1 of a 2-Year CAP (Customer Assistance Program) Pilot project for Lehigh Division. This Service Order could potentially be extended for an additional year.

PRICING TERMS

CACLV submits the following prices for work to be done on PP & L's On Track Program.

GENERAL:

Hourly Rate for Administrative & Customer Support Services \$12.90 per hour.

Plus overhead for Administrative & Customer Support Services @10% of hourly rate.

In addition to the above, PP & L will be charged .28 cents per mile for home visits required by the program.

(NOTE: PP&L's Project Coordinator will supply CACLV with a Data Sheet to track manhours expended by generic category(s) as listed below. These categories may be modified as the pilot program evolves.)

Generic Billing Categories:	<ul style="list-style-type: none"><li>● Outreach</li><li>● Intake and verification</li><li>● Calculation of payments</li><li>● Explanation of program</li><li>● Application for LIHEAP/HELP</li><li>● Energy education and referral</li><li>● Other program referrals</li><li>● Account monitoring</li><li>● Reevaluation</li></ul>
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PENNSYLVANIA POWER & LIGHT COMPANY

Page 1 of 5

SERVICE ORDER

ACKNOWLEDGEMENT COPY

SERVICE ORDER NO. 4-20516-5
DATE MARCH 25, 1994

All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.

STEP INC
LINCOLN STREET
PO BOX 1328
WILLIAMSPORT PA 17703-1328

PROVIDE WORK
AS DETAILED BELOW TO:
PENNSYLVANIA POWER & LIGHT CO
CUSTOMER SERVICE DEPARTMENT
OLD U.S. ROUTE 220
PO BOX 158
MONTOURSVILLE PA 17754-0158

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

SCOPE OF WORK

CONTRACTOR IS TO ADMINISTER AND PERFORM SERVICES AS DEFINED IN PP&L'S ONTRACK PAYMENT PROGRAM, AND/OR AS DIRECTED BY PP&L'S FIELD REPRESENTATIVE/PROJECT COORDINATOR FOR SUSQUEHANNA DIVISION.

PP&L'S ONTRACK PAYMENT PROGRAM IS A PILOT PROGRAM ADDRESSING THE NEEDS OF LOW-INCOME CUSTOMERS WHILE BALANCING BUSINESS, FINANCIAL, REGULATORY AND SOCIAL INTERESTS. THE PILOT WILL BE JOINTLY ADMINISTERED BY PP&L AND THE CONTRACTOR. THE PROGRAM FEATURES PAYMENT PLANS BASED ON INCOME AND FAMILY SIZE, DEBT REDUCTION FOR GOOD PAYMENT HABITS, COORDINATION OF ENERGY ASSISTANCE BENEFITS, WEATHERIZATION, ENERGY CONSERVATION EDUCATION AND OTHER APPROPRIATE REFERRALS TO COMMUNITY ASSISTANCE PROGRAMS.

PARTICIPATION IN THE PILOT FOR CONTRACTOR WILL BE ABOUT 100 RANDOMLY SELECTED LOW-INCOME

Table with 3 columns: WORK TO START ON: 04/01/94, FIELD REPRESENTATIVE/PROJECT COORDINATOR: MARILYN E BEAR, TELEPHONE: (717) 368-5244. WORK TO BE COMPLETED BY: 12/31/94.

SPECIAL NOTES

THIS IS A CONFIRMING ORDER

THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADDL T&C, DESIGN, PRICING, SAFETY, INS., SALES TAX

REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

PRICING

PP&L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.

Total final price shall not exceed \$25,000.00. Pricing shall be in accordance with the following: TIME AND MATERIAL

THIS ORDER IS ACCEPTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN. MAIL A COPY OF THIS ORDER WITH YOUR ORIGINAL AUTHORIZED SIGNATURE AND CERTIFICATE OF INSURANCE, AS APPLICABLE, TO THE PP&L AUTHORIZED REPRESENTATIVE.

AUTH. SIGNATURE [Signature]
DATE 5/11/94
TELEPHONE NO. 717 326 0587

PP&L AUTHORIZED REPRESENTATIVE

BY: [Signature]
ROBERT M GENEZKO
PENNSYLVANIA POWER & LIGHT CO
CUSTOMER SERVICE DEPARTMENT
OLD U.S. ROUTE 220
PO BOX 158
MONTOURSVILLE PA 17754-0158
TELEPHONE: (717) 368-5220



SERVICE ORDER NO. 4-20516-5  
DATE MARCH 25, 1994

CUSTOMERS IN SUSQUEHANNA DIVISION WHO MEET THE  
CRITERIA AS DEFINED IN THE ONTRACK PAYMENT  
PROGRAM DESIGN DEFINED IN ATTACHMENT B.

PLEASE REFER TO THE ONTRACK PAYMENT PROGRAM  
TRAINING MANUAL FOR FURTHER DETAILS.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	ADMINISTER ONTRACK PAYMENT PROGRAM - SUSQUEHANNA  THIS CONTRACT REPRESENTS YEAR 1 OF A 2-YEAR CAP (CUSTOMER ASSISTANCE PROGRAM) PILOT PROJECT FOR SUSQUEHANNA DIVISION. THIS SERVICE ORDER COULD POTENTIALLY BE EXTENDED FOR AN ADDITIONAL YEAR.	

## PRICING TERMS

STEP, Inc. submits the following prices for work to be done on PP&L's OnTrack Program.

### GENERAL:

Hourly rate for Administrative & Customer Support Services at \$21.00 per hour.

In addition to the above, PP&L may be charged 28¢ per mile for home visits required by the program. (Applicable only for elderly, handicapped or otherwise disabled customers who are unable to meet with intake worker at contractor location.)

(NOTE: PP&L's Project Coordinator will supply STEP, Inc. with a Data Sheet to track manhours expended by generic category(s) as listed below. These categories may be modified as the pilot program evolves.)

Generic Billing Categories	<ul style="list-style-type: none"><li>● Outreach</li><li>● Intake and verification</li><li>● Calculation of payments</li><li>● Explanation of program</li><li>● Application for LIHEAP/HELP</li><li>● Energy education and referral</li><li>● Other program referrals</li><li>● Account monitoring</li><li>● Reevaluation</li></ul>
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SERVICE ORDER NO. 4-20535-5  
DATE MARCH 25, 1994

SERVICE ORDER

ACKNOWLEDGEMENT COPY

All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.

UNION SNYDER OFFICE  
OF HUMAN RESOURCES  
PO BOX 396  
SELINGROVE PA 17870

PROVIDE WORK  
AS DETAILED BELOW TO:  
PENNSYLVANIA POWER & LIGHT CO  
CUSTOMER SERVICE DEPARTMENT  
OLD U.S. ROUTE 220  
PO BOX 158  
MONTGOMERYVILLE PA 17754-0158

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

SCOPE OF WORK

CONTRACTOR IS TO ADMINISTER AND PERFORM SERVICES AS DEFINED IN PP&L'S ONTRACK PAYMENT PROGRAM, AND/OR AS DIRECTED BY PP&L'S FIELD REPRESENTATIVE/PROJECT COORDINATOR FOR SUSQUEHANNA DIVISION.

PP&L'S ONTRACK PAYMENT PROGRAM IS A PILOT PROGRAM ADDRESSING THE NEEDS OF LOW-INCOME CUSTOMERS WHILE BALANCING BUSINESS, FINANCIAL, REGULATORY AND SOCIAL INTERESTS. THE PILOT WILL BE JOINTLY ADMINISTERED BY PP&L AND THE CONTRACTOR. THE PROGRAM FEATURES PAYMENT PLANS BASED ON INCOME AND FAMILY SIZE, DEBT REDUCTION FOR GOOD PAYMENT HABITS, COORDINATION OF ENERGY ASSISTANCE BENEFITS, WEATHERIZATION, ENERGY CONSERVATION EDUCATION AND OTHER APPROPRIATE REFERRALS TO COMMUNITY ASSISTANCE PROGRAMS.

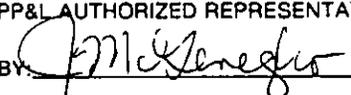
PARTICIPATION IN THE PILOT FOR CONTACTOR WILL BE ABOUT 50 RANDOMLY SELECTED LOW-INCOME

WORK TO START ON: 04/01/94	FIELD REPRESENTATIVE/PROJECT COORDINATOR	TELEPHONE
WORK TO BE COMPLETED BY: 12/31/94	MARILYN E BEAR	(717) 368-5244

SPECIAL NOTES

THIS IS A CONFIRMING ORDER

THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADDL T&C, DESIGN, PRICING, SAFETY, INS., SALES TAX  
REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

<p><b>PRICING</b></p> <p>PP&amp;L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.</p> <p>Total final price shall not exceed \$12,500.00. Pricing shall be in accordance with the following: TIME AND MATERIAL</p>	<p>THIS ORDER IS ACCEPTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN. MAIL A COPY OF THIS ORDER WITH YOUR ORIGINAL AUTHORIZED SIGNATURE AND CERTIFICATE OF INSURANCE, AS APPLICABLE, TO THE PP&amp;L AUTHORIZED REPRESENTATIVE.</p> <p>AUTH. SIGNATURE </p> <p>DATE 4/12/94</p> <p>TELEPHONE NO. (717) 374-0181</p>	<p>PP&amp;L AUTHORIZED REPRESENTATIVE</p> <p>BY: </p> <p>ROBERT M GENE CZKO</p> <p>PENNSYLVANIA POWER &amp; LIGHT CO CUSTOMER SERVICE DEPARTMENT OLD U.S. ROUTE 220 PO BOX 158 MONTGOMERYVILLE PA 17754-0158 TELEPHONE: (717) 368-5220</p>
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SERVICE ORDER NO.	4-20535-5
DATE	MARCH 25, 1994

CUSTOMERS IN SUSQUEHANNA DIVISION WHO MEET THE CRITERIA AS DEFINED IN THE ONTRACK PAYMENT PROGRAM DESIGN DEFINED IN ATTACHMENT B.

PLEASE REFER TO THE ONTRACK PAYMENT PROGRAM TRAINING MANUAL FOR FURTHER DETAILS.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	ADMINISTER ONTRACK PAYMENT PROGRAM - SUSQUEHANNA  THIS CONTRACT REPRESENTS YEAR 1 OF A 2-YEAR CAP (CUSTOMER ASSISTANCE PROGRAM) PILOT PROJECT FOR SUSQUEHANNA DIVISION. THIS SERVICE ORDER COULD POTENTIALLY BE EXTENDED FOR AN ADDITIONAL YEAR.	

**PRICING TERMS**

Union Snyder Office of Human Resources submits the following prices for work to be done on PP&L's OnTrack Program.

**GENERAL:**

Hourly rate for Administrative & Customer Support Services at \$20.00 per hour.

In addition to the above, PP&L may be charged 28¢ per mile for home visits required by the program. (Applicable only for elderly, handicapped or otherwise disabled customers who are unable to meet with intake worker at contractor location.)

(NOTE: PP&L's Project Coordinator will supply Union Snyder Office of Human Resources with a Data Sheet to track manhours expended by generic category(s) as listed below. These categories may be modified as the pilot program evolves.)

Generic Billing Categories	<ul style="list-style-type: none"><li>● Outreach</li><li>● Intake and verification</li><li>● Calculation of payments</li><li>● Explanation of program</li><li>● Application for LIHEAP/HELP</li><li>● Energy education and referral</li><li>● Other program referrals</li><li>● Account monitoring</li><li>● Reevaluation</li></ul>
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SERVICE ORDER NO.	4-20588-5
DATE	MARCH 25, 1994
All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.	

SERVICE ORDER

ACKNOWLEDGEMENT COPY

NORTHUMBERLAND COUNTY PLANNING COMMISSION  
 HUMAN SERVICE BLDG ROOM 413  
 370 MARKET STREET  
 SUNBURY PA 17801



PROVIDE WORK AS DETAILED BELOW TO:  
 PENNSYLVANIA POWER & LIGHT CO  
 CUSTOMER SERVICE DEPARTMENT  
 OLD U.S. ROUTE 220  
 PO BOX 158  
 MONTOURSVILLE PA 17754-0158

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

SCOPE OF WORK

Contractor is to administer and perform services as defined in PP&L's OnTrack Payment Program, and/or as directed by PP&L's Field Representative/Project Coordinator for Susquehanna Division.

PP&L's OnTrack Payment Program is a pilot program addressing the needs of low-income customers while balancing business, financial, regulatory and social interests. The pilot will be jointly administered by PP&L and the contractor. The program features payment plans based on income and family size, debt reduction for good payment habits, coordination of energy assistance benefits, weatherization, energy conservation education and other appropriate referrals to community assistance programs.

Participation in the pilot for contractor will be about 100 randomly selected low-income

WORK TO START ON: 04/01/94	FIELD REPRESENTATIVE/PROJECT COORDINATOR	TELEPHONE
WORK TO BE COMPLETED BY: 12/31/94	MARILYN E BEAR	(717) 368-5244

SPECIAL NOTES

THIS IS A CONFIRMING ORDER  
 THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADDL T&C, DESIGN, PRICING, SAFETY, INS., SALES TAX  
 REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

<p><b>PRICING</b>          PP&amp;L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.</p> <p>Total final price shall not exceed \$25,000.00. Pricing shall be in accordance with the following:          TIME AND MATERIAL</p>	<p>THIS ORDER IS ACCEPTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN. MAIL A COPY OF THIS ORDER WITH YOUR ORIGINAL AUTHORIZED SIGNATURE AND CERTIFICATE OF INSURANCE, AS APPLICABLE, TO THE PP&amp;L AUTHORIZED REPRESENTATIVE.</p> <p>AUTH. SIGNATURE <u>Edward L. Kuhn</u></p> <p>DATE <u>5/17/94</u></p> <p>TELEPHONE NO. <u>717-988-4100</u></p>	<p>PP&amp;L AUTHORIZED REPRESENTATIVE          BY: <u>Robert M Geneczko</u>          ROBERT M GENECKO          PENNSYLVANIA POWER &amp; LIGHT CO          CUSTOMER SERVICE DEPARTMENT          OLD U.S. ROUTE 220          PO BOX 158          MONTOURSVILLE PA 17754-0158          TELEPHONE: (717) 368-5220</p>
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SERVICE ORDER NO.	4-20588-5
DATE	MARCH 25, 1994

customers in Susquehanna Division who meet the criteria as defined in the OnTrack Payment Program Design defined in Attachment B.

Please refer to the OnTrack Payment Program Training Manual for further details.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	Administer OnTrack Payment Program - Susquehanna  This contract represents year 1 of a 2-year CAP (Customer Assistance Program) pilot project for Susquehanna Division. This Service Order could potentially be extended for an additional year.	

## PRICING TERMS

Northumberland County Planning Commission submits the following prices for work to be done on PP&L's OnTrack Program.

### GENERAL:

Hourly rate for Administrative & Customer Support Services at \$14.00 per hour.

In addition to the above, PP&L may be charged 28¢ per mile for home visits required by the program. (Applicable only for elderly, handicapped or otherwise disabled customers who are unable to meet with intake worker at contractor location.)

(NOTE: PP&L's Project Coordinator will supply Northumberland County Planning Commission with a Data Sheet to track manhours expended by generic category(s) as listed below. These categories may be modified as the pilot program evolves.)

Generic Billing Categories	<ul style="list-style-type: none"><li>● Outreach</li><li>● Intake and verification</li><li>● Calculation of payments</li><li>● Explanation of program</li><li>● Application for LIHEAP/HELP</li><li>● Energy education and referral</li><li>● Other program referrals</li><li>● Account monitoring</li><li>● Reevaluation</li></ul>
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SERVICE ORDER NO.	4-19332-5
DATE	MARCH 24, 1994
All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.	

### SERVICE ORDER

ACKNOWLEDGEMENT COPY

ECONOMIC OPPORTUNITY CABINET  
 OF SCHUYLKILL COUNTY INC  
 118 E NORWEGIAN ST  
 POTTSVILLE PA 17901

PROVIDE WORK  
 AS DETAILED BELOW TO:  
 PENNSYLVANIA POWER & LIGHT CO  
 CUSTOMER SERVICE DEPARTMENT  
 OLD U.S. ROUTE 220  
 PO BOX 158  
 MONTOURSVILLE PA 17754-0158

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

### SCOPE OF WORK

Contractor is to administer and perform services as defined in PP&L's OnTrack Payment Program, and/or as directed by PP&L's Field Representative/Project Coordinator for Susquehanna Division.

PP&L's OnTrack Payment Program is a pilot program addressing the needs of low-income customers while balancing business, financial, regulatory and social interests. The pilot will be jointly administered by PP&L and the contractor. The program features payment plans based on income and family size, debt reduction for good payment habits, coordination of energy assistance benefits, weatherization, energy conservation education and other appropriate referrals to community assistance programs.

Participation in the pilot for contractor will be about 100 randomly selected low-income

WORK TO START ON: 04/01/94	FIELD REPRESENTATIVE/PROJECT COORDINATOR	TELEPHONE
WORK TO BE COMPLETED BY: 12/31/94	MARILYN E BEAR	(717) 368-5244

#### SPECIAL NOTES

THIS IS A CONFIRMING ORDER

THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADDL T&C, DESIGN, PRICING, SAFETY, INS., SALES TAX  
 REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

<b>PRICING</b> PP&L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.  Total final price shall not exceed \$25,000.00. Pricing shall be in accordance with the following: TIME AND MATERIAL	THIS ORDER IS ACCEPTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN. MAIL A COPY OF THIS ORDER WITH YOUR ORIGINAL AUTHORIZED SIGNATURE AND CERTIFICATE OF INSURANCE, AS APPLICABLE, TO THE PP&L AUTHORIZED REPRESENTATIVE.	PP&L AUTHORIZED REPRESENTATIVE BY: <u><i>Robert M Geneczko</i></u> ROBERT M GENE CZKO
	AUTH. SIGNATURE <u><i>Theresa R D... [Signature]</i></u> DATE <u>4/5/94</u> TELEPHONE NO. <u>717-622-1995</u>	PENNSYLVANIA POWER & LIGHT CO CUSTOMER SERVICE DEPARTMENT OLD U.S. ROUTE 220 PO BOX 158 MONTOURSVILLE PA 17754-0158 TELEPHONE: (717) 368-5220

customers in Susquehanna Division who meet the criteria as defined in the OnTrack Payment Program Design defined in Attachment B.

Please refer to the OnTrack Payment Program Training Manual for further details.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	Administer OnTrack Payment Program - Susquehanna	
This contract represents year 1 of a 2-year CAP (Customer Assistance Program) pilot project for Susquehanna Division. This Service Order could potentially be extended for an additional year.			

**PRICING TERMS**

EOC submits the following prices for work to be done on PP&L's OnTrack Program.

**GENERAL:**

Hourly rate for Administrative & Customer Support Services at \$20.00 per hour.

In addition to the above, PP&L may be charged 28¢ per mile for home visits required by the program. (Applicable only for elderly, handicapped or otherwise disabled customers who are unable to meet with intake worker at contractor location.)

(NOTE: PP&L's Project Coordinator will supply EOC with a Data Sheet to track manhours expended by generic category(s) as listed below. These categories may be modified as the pilot program evolves.)

Generic Billing Categories	<ul style="list-style-type: none"><li>● Outreach</li><li>● Intake and verification</li><li>● Calculation of payments</li><li>● Explanation of program</li><li>● Application for LIHEAP/HELP</li><li>● Energy education and referral</li><li>● Other program referrals</li><li>● Account monitoring</li><li>● Reevaluation</li></ul>
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SERVICE ORDER

ACKNOWLEDGEMENT COPY

SERVICE ORDER NO. 4-20546-5
DATE MARCH 25, 1994

All numbers shown above must appear on all documents, drawings, calculations, charts, graphic material, packages, invoices, shipping papers, and correspondence.

COLUMBIA COUNTY HUMAN SERVICES
COURT HOUSE
BLOOMSBURG PA 17815

PROVIDE WORK
AS DETAILED BELOW TO:
PENNSYLVANIA POWER & LIGHT CO
CUSTOMER SERVICE DEPARTMENT
OLD U.S. ROUTE 220
PO BOX 158
MONTOURSVILLE PA 17754-0158

(Herein Referred to as "Contractor")

(Herein Referred to as "PP&L")

SCOPE OF WORK

CONTRACTOR IS TO ADMINISTER AND PERFORM SERVICES AS DEFINED IN PP&L'S ONTRACK PAYMENT PROGRAM, AND/OR AS DIRECTED BY PP&L'S FIELD REPRESENTATIVE/PROJECT COORDINATOR FOR SUSQUEHANNA DIVISION.

PP&L'S ONTRACK PAYMENT PROGRAM IS A PILOT PROGRAM ADDRESSING THE NEEDS OF LOW-INCOME CUSTOMERS WHILE BALANCING BUSINESS, FINANCIAL, REGULATORY AND SOCIAL INTERESTS. THE PILOT WILL BE JOINTLY ADMINISTERED BY PP&L AND THE CONTRACTOR. THE PROGRAM FEATURES PAYMENT PLANS BASED ON INCOME AND FAMILY SIZE, DEBT REDUCTION FOR GOOD PAYMENT HABITS, COORDINATION OF ENERGY ASSISTANCE BENEFITS, WEATHERIZATION, ENERGY CONSERVATION EDUCATION AND OTHER APPROPRIATE REFERRALS TO COMMUNITY ASSISTANCE PROGRAMS.

PARTICIPATION IN THE PILOT FOR CONTRACTOR WILL BE ABOUT 50 RANDOMLY SELECTED LOW-INCOME

Table with 3 columns: WORK TO START ON (04/01/94), FIELD REPRESENTATIVE/PROJECT COORDINATOR (MARILYN E BEAR), TELEPHONE ((717) 368-5244). Includes WORK TO BE COMPLETED BY (12/31/94).

SPECIAL NOTES

THIS IS A CONFIRMING ORDER

THIS ORDER SHALL INCLUDE THE FOLLOWING ATTACHMENTS: ADDL T&C, DESIGN, PRICING, SAFETY, INS., SALES TAX

REFER TO ARTICLE 7 OF THE GENERAL TERMS AND CONDITIONS FOR INVOICING INSTRUCTIONS.

PRICING

PP&L Authorized Representative has no authority to order services in excess of \$50,000 utilizing this form.

Total final price shall not exceed \$12,500.00. Pricing shall be in accordance with the following: TIME AND MATERIAL

THIS ORDER IS ACCEPTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN. MAIL A COPY OF THIS ORDER WITH YOUR ORIGINAL AUTHORIZED SIGNATURE AND CERTIFICATE OF INSURANCE, AS APPLICABLE, TO THE PP&L AUTHORIZED REPRESENTATIVE.

AUTH. SIGNATURE Ellen S DiDonnicio
DATE 5-19-94
TELEPHONE NO. 717 389-5700

PP&L AUTHORIZED REPRESENTATIVE

BY [Signature]
ROBERT M GENECKO
PENNSYLVANIA POWER & LIGHT CO
CUSTOMER SERVICE DEPARTMENT
OLD U.S. ROUTE 220
PO BOX 158
MONTOURSVILLE PA 17754-0158
TELEPHONE: (717) 368-5220



SERVICE ORDER NO.	4-20546-5
DATE	MARCH 25, 1994

CUSTOMERS IN SUSQUEHANNA DIVISION WHO MEET THE CRITERIA AS DEFINED IN THE ONTRACK PAYMENT PROGRAM DESIGN DEFINED IN ATTACHMENT B.

PLEASE REFER TO THE ONTRACK PAYMENT PROGRAM TRAINING MANUAL FOR FURTHER DETAILS.

<u>QTY</u>	<u>U/M</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>
1	UN	ADMINISTER ONTRACK PAYMENT PROGRAM - SUSQUEHANNA	
<p>THIS CONTRACT REPRESENTS YEAR 1 OF A 2-YEAR CAP (CUSTOMER ASSISTANCE PROGRAM) PILOT PROJECT FOR SUSQUEHANNA DIVISION. THIS SERVICE ORDER COULD POTENTIALLY BE EXTENDED FOR AN ADDITIONAL YEAR.</p>			

**PRICING TERMS**

Columbia County Human Services submits the following prices for work to be done on PP&L's OnTrack Program.

**GENERAL:**

Hourly rate for Administrative & Customer Support Services at \$17.00 per hour.

In addition to the above, PP&L may be charged 28¢ per mile for home visits required by the program. (Applicable only for elderly, handicapped or otherwise disabled customers who are unable to meet with intake worker at contractor location.)

(NOTE: PP&L's Project Coordinator will supply Columbia County Human Services with a Data Sheet to track manhours expended by generic category(s) as listed below. These categories may be modified as the pilot program evolves.)

Generic Billing Categories	<ul style="list-style-type: none"><li>● Outreach</li><li>● Intake and verification</li><li>● Calculation of payments</li><li>● Explanation of program</li><li>● Application for LIHEAP/HELP</li><li>● Energy education and referral</li><li>● Other program referrals</li><li>● Account monitoring</li><li>● Reevaluation</li></ul>
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## **ATTACHMENT 2**

-----TRACKING OF ONTRACK ACTIVITIES-----

	ACTIVE PLANS BEF 11/25/94	NEW PLANS	DEFAULTED PLANS	CANCELLED PLANS	CHANGED PLANS	REFERRED PLANS	ACTIVE PLANS END 12/02/94
LEHIGH	181	0	0	0	0	3	181
NORTHEAST	137	2	0	1	0	16	139
SUSQUEHANNA	81	11	0	1	1	11	91
HARRISBURG	395	4	0	4	2	3	399
LANCASTER	206	8	0	3	1	11	214
TOTAL	1,000	25	0	9	4	46	1,024

NOTE: A CUSTOMER PLAN COULD HAVE MORE THAN ONE ACTIVITY

CUSTOMER NAME	CUSTOMER NUMBER	ONTRACK BUDGET AMOUNT	CUSTOMER PAYMENT	ACTUAL CAS BILLS	ONTRACK REVENUE SHORTFALL	ONTRACK ARREARAGE FORGIVENESS	LIHEAP RECEIVED	CRISIS \$ RECEIVED	OPER HELP	NET REVENUE SHORTFALL	ONTR/ ALEF
LEHIGH		12,785.00	-57,173.36	88,362.29	33,691.03	45,047.17	-7,198.00	0.00	-22,191.80	49,348.40	50
NORTHEAST		8,934.00	-31,217.81	54,748.13	21,038.92	26,662.47	-4,503.00	0.00	-595.00	42,603.39	7
SUSQUEHANNA		6,597.00	-18,813.09	32,794.61	12,265.49	15,379.14	-3,519.00	0.00	-2,455.00	21,670.63	1
HARRISBURG		20,125.00	-84,584.45	158,945.83	72,767.00	81,342.43	-3,204.00	0.00	-7,088.51	143,816.92	10
LANCASTER		11,298.00	-32,461.85	60,886.48	25,377.22	30,232.88	-803.00	0.00	-904.00	53,903.10	1
COMPANY TOTAL		59,739.00	-224,250.56	395,737.34	165,139.66	198,664.09	-19,227.00	0.00	-33,234.31	311,342.44	77

**Pennsylvania Power & Light Company**  
**Responses to Interrogatories of**  
**the Office of Trial Staff**  
**Dated February 15, 1995**  
**Docket No. R-00943271**

- Q. OTS-RE-86. Reference Attachment 1 (OnTrack Payment Program) to OTS-RE-51D, page 2, program funding.
- A. Supply a description of FEMA grants and provide an estimate of the grants that will be given to OTPP customers during the future test year.
  - B. How has the Company factored in the LIHEAP and FEMA grants when developing the revenue and expense claims for OTPP in the FTY?
  - C. What is the FTY projected amount of HELP grants that will accrue to OTPP customers?
  - D. Explain how OTPP will be funded by PP&L's operations and maintenance expense items. Be specific on the expenses referenced.
- A. OTS-RE-86. A. The Federal Emergency Management Agency (FEMA) provides funding to local non-profit organizations to pay housing or utility costs. The Boards of Directors of the local non-profit organizations determine how the funds are used within federal guidelines. FEMA funds can be used to pay one month's rent to prevent eviction or to pay one month's utility bills to prevent termination of service. However, the funds cannot be used until all other forms of assistance have been exhausted. An individual can receive FEMA assistance only one time during the federal fiscal year, and there are no income guidelines for participation in FEMA.

PP&L cannot accurately determine how much FEMA funding would be applied to OTPP customers'

electric bills in the future test year. However, because funding is limited and there are no income guidelines for use of the funds, PP&L believes that OTPP customers will receive minimal assistance through FEMA. The Company's experience with its fuel fund (Operation HELP) has shown that few FEMA grants have been applied to pay electric bills over the past decade.

PP&L has no automated system to identify and track FEMA grants applied OTPP accounts. The PUC's guidelines for Customer Assistance Programs (CAPs) requires that CAP participants designate at least one LIHEAP grant to the utility. The Company has the capability to identify and track LIHEAP and Operation HELP grants that are applied to OTPP accounts.

- B. The 1994-95 LIHEAP program year is from December 5, 1994 to March 15, 1995. For the future test year, PP&L used the average LIHEAP grant (\$223) customers received during the 1993-94 heating season. The Company also estimated that 1,500 customers would be enrolled in OTPP by March 15, 1995. As a result, PP&L projected that, assuming all OTPP customers received LIHEAP grants averaging \$223, the Company would receive \$334,500 in LIHEAP grants. PP&L's estimated billing deficiency and arrearage forgiveness for the future test year is \$710,000. (See the response to Question OTS-RE-51D of Interrogatories of the Office of Trial Staff, Dated January 13, 1995.

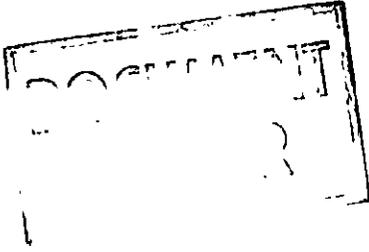
Because of uncertainties surrounding the availability and use of FEMA grants, the program was not factored into PP&L's revenue and expense claims for OTPP in the future test year. FEMA grants are likely to have a very limited impact on OTPP accounts.

- C. From January 1, 1994 through November 30, 1994, a total of 128 OTPP customers received \$33,234 in Operation HELP grants. The total number of OTPP customers who received Operation HELP grants

represents 13 percent of the active OTPP accounts (128/1,024) as of November 30, 1994. PP&L projects that approximately 10-15 percent of the 2,000 customers that will be enrolled in the OTPP will receive an Operation HELP grant during the future test year. Based on the average Operation HELP grant ( $\$33,234/128 = \$260$ ) received by OTPP customers in 1994, PP&L estimates that Operation HELP grants will total between \$52,000 and \$78,000. The calculations for these estimates are shown below:

$$\begin{aligned} 2,000 \times 10\% &= 200 \times \$260 = \$52,000 \\ 2,000 \times 15\% &= 300 \times \$260 = \$78,000 \end{aligned}$$

- D. See the response to Question OTS-RE-51D of Interrogatories of the Office of Trial Staff, Dated January 13, 1995.



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CROSS-EXAMINATION  
EXHIBIT NO. 14

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MAR 31 1995

PA PUBLIC UTILITY COMMISSION

vs.

PENNSYLVANIA POWER & LIGHT COMPANY  
DOCKET NO: R-00943271

ORIGINAL

**Pennsylvania Power & Light Company  
Responses to Interrogatories of  
the Office of Trial Staff  
Dated January 13, 1995  
Docket No. R-00943271**

- Q. OTS-RE-55D Reference PP&L Statement 11, Page 31. Supply the following information:
- A. Do these projected costs represent annual costs or will some program costs be incurred over multiple years.
  - B. Explain why the distribution of total costs of \$3,530,000 among the various programs differs between that shown on Statement 11, Page 31 and Schedule D-15 (FTY).
  - C. Are other programs costs of \$3,170,000 to be funded by PP&L's shareholders.
  - D. Supply copies of all internal documents explaining each program.
  - E. Breakout that portion of the \$1,250,000 costs for the Small Business program related to forgiven demand charges.
  - F. Provide copies of any cost/benefit analysis done by the Company of each program.
- A. OTS-RE-55D
- A. The projected costs for the proposed customer and community needs programs represents annual costs.
  - B. Schedule D-15 of Exhibit Future 1 contains an error. The correct information, which is provided on Page 31 of Statement 11, Direct Testimony of Bernard J. Bujnowski, is as follows:

<b><u>Program</u></b>	<b><u>Amount</u></b>
Build-A-Neighborhood	\$1,000,000
Affordable Housing	1,000,000
Small Business	500,000
Keep Warm Plan	1,000,000
Operation HELP	-0-
CARES	<u>30,000</u>
 Total Cost of Programs	 \$3,530,000

- C. The other program costs of \$3,170,000 would be funded by PP&L's shareholders. In addition, Operation HELP will be funded by the Company's shareholders to the extent of \$420,000 in 1995.
- D. A more detailed description of the proposed customer and community needs programs is provided in Attachment 1.
- E. The precise financial impact forgiving demand charges is unknown. It is difficult to forecast the number of new businesses that would benefit from this initiative. However, PP&L recommends that a cap of \$250,000 be established for the demand charge forgiveness provision of the Small Business Program.
- F. PP&L has found that the detail of programs such as these are best designed by working in partnership with community and customer groups who will be involved in the programs. Community needs have been identified, but no formal cost/benefit analysis have been completed.

**PP&L PARTNERS:  
COMMUNITIES IN ACTION**

**“STRATEGIC TOOLS FOR A  
COMPETITIVE MARKETPLACE”**

**Social Initiatives Task Force  
November 14, 1994**

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## EXHIBITS

## **Executive Summary**

### **I. Introduction**

PP&L has a well-established history of addressing social issues and participating in development community activities. However, the electric utility industry is at a crossroads of change and challenge. An important strategic issue the company should consider is the value of an expanded social agenda.

The purpose of this paper is to define a more aggressive approach to social issues and community involvement. The suggested programs are in harmony with community needs, corporate objectives, and public-policy interests.

### **II. Objectives of Social Initiatives**

PP&L needs a multi-faceted approach that includes upgrading existing programs, implementing new and innovative low-income programs, and providing for the working poor. Whatever the final mix of programs selected for implementation, their objectives should be to:

1. Provide meaningful, cost-beneficial services;
2. Demonstrate PP&L's commitment to addressing social concerns;
3. Offer a significant financial commitment for program development and implementation; and
4. Enhance PP&L's role and visibility in service area communities.

### **III. Customer and Community Needs**

The cornerstone of any company-sponsored initiatives should be that it supports an important customer and/or community need. Representatives who are knowledgeable about their communities' needs were contacted in the divisions. They identified numerous social issues and problems, but the priority needs are as follows:

Neighborhood Restoration  
 Affordable Housing  
 Family Self-Sufficiency  
 Support for Small Business  
 Urban Redevelopment

Employment/Job Training  
 Educational Partnerships  
 Improved Housing Stock  
 Tolerance for Cultural Diversity  
 Job Retention or Expansion

#### IV. Recommended Social Initiatives

The Social Initiatives Task Force recommends that PP&L consider the following programs and services:

<u>Program</u>	<u>Annual Funding</u>
1. Build-A-Neighborhood	\$2,000,000
2. Affordable Housing	2,000,000
3. Small Business	1,250,000
4. Winter Emergency Plan	250,000
5. Keep Warm Plan	1,000,000
6. Operation HELP	50,000
7. CARES	30,000
8. Payment Protection Plan	<u>120,000</u>
	Total \$6,700,000

The Task Force recommends that \$6,250,000 of the \$6,700,000 be included in rate base. This total would include the four major programs: Build-A-Neighborhood, Affordable Housing, Small Business, and Keep Warm plan. If the PP&L Partners programs are acceptable to senior management, then PP&L should make a commitment to carry them out for at least three years -- regardless of the outcome of the rate case.

The Task Force recommends that these programs be packaged under the umbrella of "PP&L Partners: Communities in Action." This unifying theme will

help to demonstrate that the programs' objectives are integrated, coordinated, and supportive of the company's strategic direction.

## **V. Description of Programs**

The programs and activities recommended by the Social Initiatives Task Force are described below:

- 1. Build-A-Neighborhood Program** -- PP&L would support local community organizations' efforts to improve urban neighborhoods. Services would include weatherization, home repairs, clean-up and painting, upgraded street lighting, etc.
- 2. Affordable Housing Program** -- PP&L would support affordable housing coalitions' efforts to promote home ownership for limited income families. Major activities would include buying properties, providing weatherization, installing heat pump water heaters, and paying for closing costs.
- 3. Small Business Program** -- PP&L would offer a variety of services to small businesses, such as providing weatherization services, forgiving demand charges, funding start-up businesses, and supporting a mentoring service.
- 4. Winter Emergency Plan** -- In the event of a severe winter, PP&L would provide \$250,000 to community organizations to assist low-income households (e.g., pay energy bills, repair furnaces, fix broken pipes).
- 5. Keep Warm Plan** -- PP&L would provide weatherization services to limited income families who do not qualify for WRAP or the government-funded weatherization program.
- 6. Operation HELP** -- In addition to strengthening existing solicitation activities, PP&L would hire a professional fund-raising consultant to develop a long-range strategic plan to increase contributions.

**7. CARES --** Among other things, a special pilot would be conducted for 250 non-CARES customers who have low-income indicators on their accounts. CARES Reps and social agencies would verify income, establish and monitor payment plans, and conduct follow-up.

**8. Payment Protection Plan --** Residential customers could enroll in an insurance plan that would pay electric bills if they became unemployed, disabled, or in the event of death. PP&L would pay the premiums for CARES customers.

# **PP&L PARTNERS: COMMUNITIES IN ACTION**

## **"STRATEGIC TOOLS FOR A COMPETITIVE MARKETPLACE"**

### **I. Introduction**

PP&L has a well-established history of addressing social issues -- especially those affecting low-income families -- and of participating in community activities. The company's involvement in consumer and social issues has its roots in the 1970s. Among electric and gas utilities in Pennsylvania, the company has a reputation of being consumer and community oriented.

However, the electric utility industry and PP&L are at a crossroads of change and challenge. The trend toward a less regulated and a more competitive electric utility environment requires that the company re-evaluate its strategic direction and objectives. An important strategic issue that PP&L should consider is the value of an expanded social agenda.

The purpose of this paper is to define a more aggressive approach to social issues and community involvement. The suggested programs and initiatives described within are in harmony with customer and community needs, corporate strategic objectives, and public-policy interests (i.e., PUC Commissioners, state legislators).

### **II. Objectives of Social Initiatives**

PP&L needs to develop a package of social initiatives that is compatible with its corporate strategy in a less regulated environment. The programs must perform strike a balance among customer and community needs, PP&L corporate objectives, and PUC public policy concerns. The company needs a multi-faceted approach that includes updating existing programs (e.g., Operation HELP, CARES, WRAP), implementing new and innovative low-income programs, and providing for working poor and middle-class families.

The objectives of the programs and initiatives discussed in this paper are as follows:

1. Provide meaningful, cost-beneficial services that meet customer and community needs;
2. Demonstrate PP&L's commitment to addressing social concerns;
3. Offer a significant financial commitment for program development and implementation; and
4. Enhance PP&L's role and visibility in service area communities.

### **III. Customer and Community Needs**

The cornerstone of any company-sponsored social initiative should be that it supports an important customer and/or community need. In an era of diminishing resources -- both human and capital -- efforts should be focused on programs and activities that provide the greatest net benefit. PP&L, in cooperation with community organizations and other resources, should concentrate on effectively executing a smaller number of programs rather than attempting to be all things to all people. Resources need to be used strategically in order to have the greatest impact.

It is not surprising that the list of customer and community needs is long and comprehensive. In order to reduce the list to a manageable number, 12 representatives knowledgeable about their communities' needs and concerns were contacted in the divisions. These individuals were selected because they have a broad view of community needs and concerns. As a group, these organizations serve the needs of limited income families, the elderly, minorities, working poor, and small businesses.<sup>1</sup>

These community representatives identified 20 separate social issues and concerns. Based on the emphasis of their feedback, the issues have been classified as first-tier or second-tier. Issues categorized as first-tier shared two important characteristics: 1) significant need for resources; and 2) greater overall benefits.

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<sup>1</sup>See Exhibit 1 for a listing of the individual organizations.

**First Tier**

Neighborhood Restoration  
 Affordable Housing  
 Family Self-Sufficiency  
 Support for Small Business  
 Urban Redevelopment  
 Employment/Job Training  
 Educational Partnerships  
 Improved Housing Stock  
 Tolerance for Cultural Diversity  
 Job Retention or Expansion

**Second Tier**

TQM for Public Institutions  
 Low-Income Rates  
 Crisis Services for Children/Youth  
 Youth Programs/Drug Prevention  
 Weatherization/Energy Conservation  
 Funding for Social Services  
 Programs/Services for Housing Projects  
 Homelessness  
 Scholarships for GED Grads  
 Foundation to Support Local Needs

**IV. Recommended Social Initiatives**

The Social Initiatives Task Force recommends that PP&L provide new low-income and small business programs, offer new services to working poor and middle-income families, and strengthen existing low-income programs. The Task Force suggests that the company consider the following programs and services:

<b><u>Program</u></b>	<b><u>Target Audience</u></b>	<b><u>Annual Funding</u></b>
1. Build-A-Neighborhood	Limited Income	\$2,000,000
2. Affordable Housing	Limited Income	2,000,000
3. Small Business	Small Businesses	1,250,000
4. Winter Emergency Plan	Limited Income	250,000
5. Payment Protection Plan	All Customers	120,000
6. Keep Warm Plan	Limited Income	1,000,000
7. Operation HELP	Limited Income	50,000
8. CARES	Limited Income	30,000
		Total \$6,700,000

The Task Force recommends that \$6,250,000 of the proposed \$6,700,000 in program funding be included in base rates. This total would include the following major programs:

Build-A-Neighborhood	\$2,000,000
Affordable Housing	2,000,000
Small Business Program	1,250,000
Keep Warm Plan	<u>1,000,000</u>
TOTAL	\$6,250,000

If the family of programs presented is acceptable to senior management, then PP&L should make a commitment to carry them out for at least three years -- regardless of the outcome of the rate case. A favorable response for the company in the rate case could result in an extension of the programs, provided they are still cost beneficial and needed.

With respect to the other initiatives, the Winter Emergency Plan would be funded by shareholders. The implementation of Operation HELP, CARES, and Payment Protection Plan would be included in operating costs.

The Social Initiatives Task Force recommends that these social initiatives be packaged under the umbrella of "PP&L Partners: Communities in Action." This unifying theme will help to demonstrate that the objectives of these programs are integrated, coordinated, and supportive of the company's strategic direction. The suggested programs are a natural evolution of PP&L's involvement in community activities. They build upon the success of existing community partnerships and customer programs.

The unifying objectives of "PP&L Partners: Communities in Action" are as follows:

1. Strengthening and revitalizing urban areas;
2. Expanding services for limited income families; and
3. Offering new services to customers.

The programs and activities recommended by the Social Initiatives Task Force are described below. Each program falls under one of the unifying objectives of "PP&L Partners: Communities in Action."

### **Strengthening and Revitalizing Urban Areas**

- **"Build-A-Neighborhood" Program**

**Need** -- Most of the community representatives who provided feedback to PP&L indicated that improving urban neighborhoods is a critical need. The deterioration of urban neighborhoods threatens the economic and social viability of cities. The flight of urban businesses and homeowners to suburbia has relegated some downtown areas and their surrounding neighborhoods to second-class status. Promoting the development of strong neighborhoods addresses a variety of key issues such as affordable housing, crime, economic development, and civic pride.

**Program Description** -- Under the Build-A-Neighborhood Program, community organizations (e.g., Community Development Corporations, Neighborhood Associations) would use federal government selection criteria to identify neighborhoods targeted for improvement. In order to encourage participation and to eliminate implementation barriers, priority would be given to areas where the majority of homes were owner-occupied. Rental properties would not be automatically excluded, but working with landlords -- some of whom may be absentee landlords -- would be more difficult.

Once a neighborhood was identified, PP&L would work closely with other community groups and the people who live in the neighborhood to determine their needs and what types of services should be provided. For the program to be successful, it would be critical to achieve "buy-in" from all participants. Using a variety of resources from PP&L, local government, private contractors, and neighborhood residents, the Build-A-Neighborhood Program would offer the following types of services:

- Weatherization
- Home Repairs
- Upgraded Street Lighting Services
- Planting Trees and Flowers
- Code Inspection
- Home Security Inspections
- Clean-up and Painting
- Heating System Replacement or Repair
- Referrals to Other Community
- Energy Conservation Education
- Sidewalk and Curbing Repair
- Referrals to Other Social Services

If the block contained a small business(es), it also would be eligible to participate in the program. A number of services would be offered to the small business such as an energy audit, operations mentoring, and computer support. (This service is described below in more detail under the Small Business heading).

If the block contained an abandoned residential property or a particularly run-down apartment building, PP&L would support a community development corporation's efforts to purchase the building. The property would be rehabilitated and turned into **owner-occupied** housing for a low-income family. If the property were uninhabitable, it could be razed and converted into a neighborhood park or playground.

If a school were located near the neighborhood block, other services would be developed to integrate the activities of the school and neighborhood. There has been a successful model (i.e., Family Centers) used in some service area communities to reinforce the relationship between neighborhood families and schools.

**Implementation** -- The delivery of these services would require the cooperation of PP&L, social service agencies, contractors, city workers, community organizations, and the people living in the neighborhood block. However, the overall coordination would be the responsibility of the division Consumer Affairs Directors and the Coordinator-Consumer Programs. Additional support would be required from M&ED, Distribution, Corporate Communications, PP&L: A Community of Volunteers, and the Area Managers.

The Consumer Affairs Director would participate in a neighborhood planning group to coordinate efforts. This group could include representatives from PP&L, social service agencies, community development groups, and residents of the selected neighborhood. The planning group would be charged with:

1. Identifying what services were needed;
2. Developing a budget for delivery of the services; and
3. Arranging for the work to be completed.

This cooperative planning effort should result in a more efficient use of resources. For example, community development agencies may have access to state or federal funds that could be used in the Build-A-Neighborhood Program. The planning group may suggest creative methods (e.g., block parties) to deliver services. Neighborhood residents could participate in activities such as painting houses, planting trees or flowers, and cleaning up garbage and debris.

**Costs** -- In addition to playing a lead role in promoting and coordinating the Build-A-Neighborhood Program, PP&L would have to commit a significant amount of funding for implementation. The Social Initiatives Task Force recommends that PP&L provide \$2 million in annual funding for the Build-A-Neighborhood Program. Funding would be made available in urban areas throughout PP&L's service territory.

To have an immediate and long-lasting impact on the neighborhood, the work would have to be completed in a timely manner. Community representatives have indicated to PP&L that well-meaning programs (e.g., Habitat for Humanity) often take a long time to deliver services. Maintaining momentum and sustaining commitment would be important elements in the success of the program.

**Benefits** -- The Build-A-Neighborhood Program could provide both quantifiable and intangible benefits. From PP&L's perspective, the benefits could include the following:

- Highly visible demonstration of PP&L's social commitment;
- Improved relations with community organizations and local government;

- Support of urban revitalization efforts;
- Reduced energy bills and lower accounts receivable write-offs; and
- Improved customer loyalty.

The program also would be an excellent opportunity to support the company's recent initiative to expand employees' volunteer activities. Employees' talents and abilities could be used in many areas of the Build-A-Neighborhood Program. This type of program would provide demonstrable evidence (i.e., painted homes, clean streets, new trees) of employee involvement.

- **Affordable Housing Program**

**Need** -- Affordable housing for low-income families was another high priority issue for the community representatives contacted by PP&L. The availability of adequate and affordable housing for low-income families is lacking in many urban areas. It is not uncommon for low-income families to spend over 50% of their disposable income on rent. The PUC's BCS considers high housing costs as one of the biggest impediments in preventing low-income households from paying the full amount of their utility bills. Many downtown landlords have converted their apartment buildings from oil-fired central heating systems to electric baseboard units with individually metered apartments. Many of these buildings are poorly insulated.

**Program Description** -- Under the Affordable Housing Program, PP&L would support existing affordable housing coalitions' efforts to promote home ownership for limited income working families. The major activities in this program would include:

- Helping community development corporations to buy neighborhood housing properties and improve them;
- Providing weatherization and heating system improvements;
- Installing energy efficient heat pump water heaters, fluorescent lighting, and set-back thermostats;
- Providing in-depth energy usage education;
- Including customers in the OnTrack Payment Program;
- Providing funding to pay for closing costs for new homeowners; and

- Arranging for mentors to help new homeowners (e.g., maintenance, taxes, household budgets, lowering operating costs).

**Implementation** -- The Affordable Housing Program would be coordinated by the Consumer Affairs Directors. They would work closely with local affordable housing coalitions and community development agencies that are actively involved in affordable housing initiatives. Rather than taking the lead in this issue, PP&L would be supplementing existing efforts in service area cities and towns. Because of the company's long-time involvement with social service agencies and community development efforts, it is strongly positioned to support ongoing affordable housing programs.

The Consumer Affairs Directors would identify key organizations that make affordable housing a priority. They would meet with these organizations to explain the support (i.e., funding, weatherization, energy efficient technology) that PP&L could provide in helping limited income families to become homeowners. The Consumer Affairs Directors would be responsible for recommending specific projects and for coordinating the company's support of these projects. The Affordable Housing Program would be coordinated, where appropriate, with the Build-A-Neighborhood Program.

**Costs** -- The Social Initiatives Task Force recommends that PP&L provide \$2 million in annual funding for the program, which would be offered systemwide to organizations involved in affordable housing initiatives. Program funding would cover the entire range of recommended activities (e.g., purchasing properties, paying closing costs, installing energy efficient systems).

**Benefits** -- The Affordable Housing Program could offer both quantifiable and subjective benefits to PP&L. Some of these would include the following:

- Highly visible demonstration of PP&L's social commitment;
- Improved relations with community organizations;
- Stabilization of downtown neighborhoods; and
- Reduced energy bills and lower accounts receivable write-offs.

The social and economic impacts of home ownership cannot be overstated. Home ownership can lead to improved self-esteem, more cohesive families, self-sufficiency, and stronger, more viable neighborhoods.

- **Small Business Program**

**Need** -- The small business customer (e.g., mom-and-pop stores) is the forgotten customer at PP&L. There are nearly 120,000 small general service customers and, as a group, they pay the highest electric rates. In addition, they receive the least amount of customer service and support from the company. These customers often play an important role in maintaining the viability of the neighborhoods where they are located. Neighborhood grocery stores, for example, are very important to people who lack transportation or have limited mobility because of physical impairments.

A lot of job growth is generated by small businesses, but they are very susceptible to failure in their first several years of existence. Many small start-up businesses begin in downtown areas because they cannot afford to lease buildings in prime locations. In addition, they often lack the capital or other necessary resources to locate their businesses in shopping malls. The owners of these businesses may have an abundance of personal energy and determination, but the deck may be stacked against them in other areas.

**Program Description** -- Under the Small Business Program, PP&L would provide a variety of services to existing and new small businesses. A "new" business would be defined as a business in service for less than one year. The company's efforts would be coordinated with community development organizations that are addressing the needs of small business owners. The major activities of the Small Business Program would include:

- Providing free weatherization and energy efficiency services;
- Forgiving demand charges for new small businesses for one year;
- Making funding available for the start-up minority-owned businesses;
- Providing a mentoring service for new businesses; and
- Assigning PP&L representatives to be advocates for small businesses.

The services available for small businesses would be a combination of utilizing existing programs, working with small-business advocates, and building entrepreneurial skills. Depending on whether the small business was new or existing, a package of services would be offered. Some services would be common (e.g., energy analysis, weatherization) to all participants and others would be specific (e.g., no demand charges new businesses).

**Implementation** -- The Small Business Program would be coordinated by the Area Managers in cooperation with the Consumer Affairs Directors. These functions would perform different but coordinated tasks to ensure the efficient and timely implementation of the program. For example, the Area Managers would work with local community and economic development organizations to identify small businesses that could benefit from participation. They would make recommendations for providing "seed money" to start-up businesses in urban areas. In addition, the Area Managers would, where appropriate, arrange for mentoring services to be supplied to small business owners. The Area Managers also would take on the role as the Small Business Advocate within PP&L.

The Consumer Affairs Directors would arrange for the delivery of energy analysis services and weatherization measures. They would work with the personnel from M&ED to conduct the energy analysis studies. Weatherization measures would be provided through WRAP, which is currently coordinated by the Consumer Affairs Directors.

**Costs** -- The Social Initiatives Task Force recommends that the Small Business Program be offered systemwide with an annual funding level of \$1.25 million. The Task Force suggests that the company provide \$250,000 for program components such as energy analysis studies, weatherization measures, mentoring services, and a training program on how to run a small business. An additional \$500,000 would be included for funding support of new minority-owned small businesses in urban neighborhoods.

The financial impact of forgiving demand charges is unknown. It is difficult to forecast the number of new businesses that would benefit from this initiatives. The Task Force recommends that PP&L establish a funding cap of \$500,000 for the demand forgiveness provision.

**Benefits --** The Small Business Program would provide both tangible and intangible benefits. The major advantages of the program would include:

- Expanding PP&L's economic development activities by promoting job creation;
- Supporting the revitalization of urban areas;
- Showing support for minority-owned businesses;
- Promoting customer loyalty and retention; and
- Reaffirming PP&L's role as a responsible corporate citizen.

Successful small businesses can be the glue that binds together viable cities and neighborhoods. They help make urban areas more productive and livable. Small businesses are to cities what flour is to bread -- an essential ingredient.

### **Expanding Services for Limited Income Families**

- **Winter Emergency Plan**

**Need --** Pennsylvania is a large cold-weather state that provides no funding for low-income energy assistance. Next to New York, it is the second largest recipient of federal funding under the Low Income Home Energy Assistance Program (LIHEAP). Pennsylvania received around \$100 million in LIHEAP funding for 1993-94 program year. However, nationwide federal funding for LIHEAP has declined from a high of \$2.1 billion in fiscal year (FY) 1986 to \$1.3 billion in FY 1995 -- a drop of 38%. Because of a lack of funding, the Pennsylvania Department of Public Welfare estimates that less than one-third of eligible households receive LIHEAP benefits.

Most of Pennsylvania's electric and gas utilities support private fuel funds, which are funded with donations from the companies' shareholders, customers, and employees. Utility-sponsored fuel funds in Pennsylvania raise about \$5 million annually and assist about 22,000 low-income families. Annual funding for PP&L's Operation HELP Program totals around \$650,000, and nearly 2,800 families receive HELP assistance each year.

**Program Description** -- Under the Winter Emergency Plan, PP&L would supplement LIHEAP and Operation HELP with a corporate contribution of \$250,000 annually in the event of severe winter weather. Based on recommendations from the Consumer Affairs Directors, the funds would be distributed to community organizations that serve low-income households. The funds would be available for a variety of emergency uses:

- Payment of home energy bills;
- Furnace repair or replacement;
- Repair of broken or frozen pipes;
- Emergency home repairs; and
- Winter clothing.

**Implementation** -- The recommendation to release funds under the Winter Emergency Plan would be made by PP&L's Chairman, President and CEO. On approval of the release of funds, the Consumer Affairs Directors would be asked to recommend which community organizations should receive funding under the plan. Evaluation criteria would include factors such as:

- Current involvement in PP&L's low-income programs;
- Ability to deliver quality services to clients;
- Recognized as a credible and effective organization in the community; and
- Experienced in the delivery of energy-related programs and services.

After the community groups are identified, the Winter Emergency Plan funding would be distributed simultaneously across the service area. PP&L is fortunate in having established strong working relationships with numerous quality social service organizations. These groups are effectively organized and positioned to deliver emergency services to low-income families.

**Costs** -- The Social Initiatives Task Force recommends that the \$250,000 for the program come from shareholders in the form of a corporate contribution. A precedent exists because a similar contribution was made by the company after the winter of 1993-94, which was coldest ever on record in the state.

It should be noted that PP&L has decided to increase its corporate support of Operation HELP from \$325,000 in 1994 to \$420,000 in 1995 -- an increase of almost 30%. If the \$250,000 from the Winter Emergency Plan were released, that amount plus the \$420,000 from Operation HELP (\$670,000) would make PP&L's shareholders the most generous among utilities in Pennsylvania.

**Benefits** -- The Winter Emergency Plan would provide practical benefits for PP&L. The key benefits would include:

- Helping to reduce PP&L's overdue accounts receivable;
- Providing agencies with resources to help more low-income households;
- Demonstrating the company's commitment to social concerns;
- Improving relationships with state regulators and community organizations; and
- Assisting low-income households in coping with hardship conditions.

• **Keep Warm Plan**

**Need** -- Much of the housing stock in Pennsylvania is older and not well insulated. Although the Pennsylvania Department of Community Affairs (DCA) and the PUC have been promoting weatherization services for low-income households for nearly a decade, many homes still remain energy inefficient. PP&L has offered a weatherization program called WRAP (Winter Relief Assistance Program) since 1985. During that time, the company has spent about \$25 million to weatherize the homes of 26,500 low-income households. All other electric and gas utilities in the state provide similar weatherization services to needy customers.

However, none of the weatherization programs offered by DCA or utilities helps customers who have incomes above the poverty level guidelines. The working poor generally do not qualify for weatherization programs provided by government and utilities, and they do not have sufficient disposable income to pay for adequate weatherization improvements. These customers also do not qualify for energy assistance such as LIHEAP.

**Program Description** -- Under the Keep Warm Plan, working poor customers would qualify for a variety of weatherization and energy conservation services.

These services would be provided free of charge to participating customers and would include:

- Energy audit and blower-door analysis<sup>2</sup>;
- Weatherization measures;
- Energy conservation education;
- Heat pump water heaters; and
- Compact fluorescent lighting.

As an innovative part of the Keep Warm Plan pilot, PP&L would purchase five infra-red cameras to use in determining precisely what insulation work should be completed. An infra-red camera would be a powerful diagnostic tool, particularly in assessing the level of insulation in outside walls. The cost of a high-quality infra-red camera would be significant -- approximately \$40,000.

Heat pump water heaters, which cost about \$700 installed, can be used on any conventional water heater. A heat pump water heater would provide highly efficient water heating and would deliver free space cooling and de-humidification as by-products. A heat pump water heater can reduce water heating costs between 50% to 60%.

**Implementation** -- The Keep Warm Plan would be coordinated by the Consumer Affairs Directors. They would work with the social service agencies that are operating WRAP. The WRAP agencies would provide the following Keep Warm Plan services:

- Energy audit and blower-door analysis;
- Installation of weatherization measures;
- Energy conservation education;
- Installation of compact fluorescence; and

G.O. and division M&ED personnel would be responsible for making arrangements to purchase and install the heat pump water heaters. M&ED would identify and train local qualified installers who would put in the equipment for the

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<sup>2</sup>A blower-door is a diagnostic tool that is very effective in identifying significant air leaks that are not apparent through visual inspection.

pilot. Installation of heat pump water heaters would require both HVAC and electrical skills.

Participants for the Keep Warm Plan would be identified by Customer Services Representatives at the Customer Contact Center (CCC), CARES Representatives, and social agency caseworkers. Customers who called the CCC to make payment arrangements would be screened for eligibility in the pilot. The Consumer Affairs Directors would be responsible for informing key community service agencies about the objectives and eligibility guidelines of the Keep Warm Plan.

**Costs** -- The Social Initiatives Task Force recommends that \$1 million in annual funding be earmarked for the program. The lion's share of the funding (\$800,000) would go toward weatherization measures and heat pump water heaters. A total of \$200,000 would be set aside for the purchase of five high-quality infra-red cameras. It is estimated that about 400 customers systemwide would be involved in the Keep Warm Plan. The number could vary based on the number of heat pump water installations.

**Benefits** -- The Keep Warm Plan would provide both quantifiable benefits (e.g., kwh saved) and qualitative benefits (e.g., increased comfort level). Some of the important benefits of the pilot would include the following:

- Reduced energy bills for working poor families;
- Lower accounts receivable write-offs;
- Contribution toward peak-load management;
- Improved comfort level for families; and
- Testing and evaluation of new energy efficiency measures.

The prospects of the Keep Warm Plan would be exciting because few utilities offer programs and services to working poor families. Met-Ed provides some funding for working poor families from revenue it receives from leasing a part of its fiber-optic capability to another non-utility company. The Met-Ed funding is used to pay energy bills.

- **Operation HELP**

**Need** -- From the start of Operation HELP in March 1983 through October 1994, PP&L, its customers and employees have contributed over \$5 million to assist nearly 25,000 low-income families. Although Operation HELP has been well-supported, it is intended to supplement -- not replace -- existing governmental efforts. Even when the annual number of customers assisted through Operation HELP and LIHEAP are combined, it totals only 18,000 customers.

According to the 1990 Census, over 200,000 customers are income-eligible for LIHEAP. The need for energy assistance far outweighs the resources provided by government and the utility industry. As noted earlier in the discussion about the Winter Emergency Plan (see page 12), the Pennsylvania Department of Public Welfare estimates that less than one-third of eligible households in the state receive LIHEAP benefits. Unfortunately, the state provides no financial support for energy assistance.

**Program Description** -- Operation HELP is a fuel fund that is administered by 16 social service agencies throughout PP&L's service area. Contributions are disbursed monthly by the company to the HELP agencies. The incomes, expenses, and hardships of all applicants are verified by the agencies through personal interviews. HELP funds can be used to pay any type of home energy bills (e.g., gas, coal, kerosene, electric), and qualified applicants can receive assistance only one time annually. All payments are made directly to energy vendors. An extensive audit trails exists to track the use of all HELP funds, and the records of both PP&L and 16 administering organizations are audited annually by external accounting firms.

**Implementation** -- Since Operation HELP is well-established, the Social Initiatives Task Force recommends that PP&L take steps to expand contributions to the program. Contributions from all sources have increased dramatically over the years, but donations from customers fell in 1992 and 1993; customer contributions have rebounded slightly in 1994. Because Operation HELP has been functioning for 12 years, it is important to explore new ideas and approaches to avoid becoming complacent. The Task Force recommends the following actions:

1. Maintain shareholders' support of Operation HELP at the industry average for electric utilities in Pennsylvania;
2. Hire a professional fund-raising consultant to develop a long-range strategic plan to increase contributions to the program;
3. Conduct two annual solicitations of all customers (April and November) for contributions to Operation HELP;
4. Conduct targeted solicitations of selected customer segments (Automatic Bill-Payment customers) for donations; and
5. Expand internal efforts (e.g., videotape, meetings, newsletters) to increase contributions from both employees and retirees.

**Costs** -- The Social Initiatives Task Force recommends that PP&L provide an additional \$50,000 in funding for Operation HELP. All of the funding would be used for the services of a professional fund-raising consultant, who would be selected through competitive bidding. The other HELP recommendations could be effectively implemented without additional operating dollars. Annual support from the Public & Charitable Contributions Budget would continue to play a key role in the success of Operation HELP.

**Benefits** -- The benefits from Operation HELP are both financial and qualitative. The key benefits include:

- Paying overdue electric bills; over 90% of HELP funds pay electric bills;
  - Reducing the growth of overdue accounts receivables and write-offs;
  - Improving relationships with regulators and community organizations;
  - Providing social service agencies with more resources to help families; and
  - Helping low-income families to better cope with hardship conditions.
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- **CARES**

**Need** -- PP&L establishes about 30,000 payment plans monthly for residential customers who have overdue bills. Some of these customers are confronted with hardships that prevent them from paying the full amount of their electric bills. As a result, they are unlikely to keep the terms of their payment plans. The Customer Assistance & Referral Evaluation Service (CARES) was started in 1982 as a special outreach and referral service for customers who cannot pay their electric bills because they are facing temporary personal or family hardships.

CARES is not strictly a low-income program; it is open to any residential customer who confronted with difficult times. The CARES Representatives intervene under a variety of circumstances;

- Loss of income of a primary wage earner;
- High medical bills;
- Marital or family problems;
- Low-income elderly or single parents; or
- Prolonged unemployment.

**Program Description** -- Each division has a CARES Representative who handles customer referrals from the CCC, field personnel, or social service agencies. They analyze customers' needs and circumstances and then suggest programs (e.g., LIHEAP, Operation HELP, WRAP) that may help them. The CARES Representatives act as brokers who attempt to match the needs of customers with appropriate services available from PP&L and community organizations. They also work to maintain and expand a large network of working relationships with social service agencies. CARES services include:

- Affordable payment plans;
- Referrals to company and community programs;
- Energy conservation recommendations;
- Budget counseling; and
- Advocacy for payment-troubled customers with hardships.

**Implementation** -- CARES is a well-established program that has served as the model for similar programs at other Pennsylvania utilities. PP&L was one of the first utilities in the nation to establish this type of referral and outreach service.

The PUC's Bureau of Consumer Services has encouraged all electric and gas utilities to establish CARES functions.

In order to keep PP&L's CARES function innovative and responsive to customer and company needs, the Social Initiative Task Force recommends the following steps:

1. Conduct a pilot program involving 250 non-CARES customers who have low-income indicators on their accounts. The CARES Representatives would, in cooperation with social service agencies, verify income, establish and monitor payment plans, conduct follow-up, and make referrals to other programs.
2. Establish a process and procedures for providing deferred payment plans for hospitalized customers. The CARES Representatives would work with social service offices at hospitals to develop the procedures.
3. Provide additional CARES Credits through Operation HELP. They use the CARES Credits to help pay electric bills of customers who do not qualify for existing programs, or who have run out of assistance options.
4. Expand the CARES Representatives' visibility and involvement in the community by having them take a leadership role in social agencies' activities.

**Costs --** The Social Initiatives Task Force suggests that \$30,000 be allocated for the pilot involving the 250 customers whose accounts are coded as low income. Most of the funding would be used to pay social service agencies verifying the incomes, expenses, and hardships of pilot participants. The other recommendations could be implemented without additional operating funds.

**Benefits --** The recommendations for the CARES function offer the following benefits:

- Provide upgraded service to customers;
- Help reduce the growth of overdue accounts receivable and write-offs;

- Strengthening relationships with community organizations;
- Providing additional options to payment-troubled customers; and
- Respond to the PUC's strong interest in CARES.

### **Providing New Services to Customers**

- **Payment Protection Plan**

**Need** -- Many social initiatives implemented by government or the private sector are directed at families who have incomes at or below 150% of the federal poverty level. There are few, if any, programs for those families (i.e., working poor, fixed income) who have annual income slightly above the federal poverty guidelines.<sup>3</sup> In addition, utilities' programs and services for middle-income households are limited as well (e.g., budget billing, automatic bill payment).

**Program Description** -- The Payment Protection Plan would be a customized bill protection program. All residential customers would have the option of enrolling in the program, which would pay monthly electric bills if they become unemployed, disabled, or in the event of death. Depending on the plan offered by the participating insurance company, electric bills could be paid for six months and the monthly premium would range from \$6 to \$10.

PP&L would provide pay the Payment Protection Plan premiums for all appropriate CARES customers. At any one time, there are roughly 1,000 active CARES accounts. The CARES Representatives would recommend which CARES customers should be covered by the Payment Protection Plan.

**Implementation** -- PP&L would work through an insurance company to administer the program. The company would use a bill insert to promote the Payment Protection Plan, and customers would enroll by returning a sign-up form to the insurance company. Other promotional techniques could be used to increase enrollment. Once a customer signs up for the Payment Protection Plan, the company would send him or her a claim form with an instruction sheet. The

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<sup>3</sup>Exhibit 2 shows an income matrix for the various levels of poverty.

insurance company would bill customers, and claims would be processed directly by the carrier.

**Costs** -- PP&L's primary costs would include promotional expenses (e.g., bill insert, brochures) and premium payments for CARES customers. The Social Initiatives Task Force recommends that PP&L provide \$120,000 in annual funding for the Payment Protection Plan. If all 1,000 CARES customers participated at a monthly average cost of \$8, premium payments for one year would total \$96,000. A bill insert to all customers would cost about \$15,000.

**Benefits** -- The Payment Protection Plan would provide benefits to PP&L that could be easily quantified. The primary benefits of the plan would include:

- Provides a new optional service to customers;
- Offers a new revenue stream to PP&L;
- Reduces collection expenses and write-offs; and
- Provides customers with additional protection against unexpected hardships.

In addition to having claims paid, PP&L could earn income with the Payment Protection Plan through a profit sharing arrangement. A market penetration of 5% (50,000 customers) and a monthly premium charge of \$6 would produce over \$4 million in revenues. The earnings from profit sharing would be contingent upon the actual loss experience of the program as well as other costs (e.g., premium taxes, marketing).

## **V. PP&L's History of Social Programs and Community Involvement**

The company has been among industry leaders in implementing programs for low-income customers. We were the first utility in the state to offer a special outreach service to payment-troubled customers (CARES - 1980) and a free weatherization program (WRAP - 1985). PP&L was one of the first utilities in the nation to implement a fuel fund program (Operation HELP - 1983). The PUC's Bureau of Consumer Services (BCS) considers PP&L to be the premier utility in the state in establishing meaningful and effective working relationships with social

service agencies. With respect to customer assistance programs (CAPs), our OnTrack pilot program has been well received by BCS.

PP&L was an early proponent of offering a variety of billing options to address customers' needs and special circumstances. For example, the Double Notice Protection Plan allows customers to designate a third party (e.g., family member, minister, social agency) to receive copies of all collection notices. This procedure provides another layer of protection to prevent unnecessary shutoffs of electric service for special needs customers. The Extended Due Date Plan allows Social Security recipients to extend the due date of their electric bills to avoid late payment charges.

Within the industry, PP&L was one of the early proponents of using public participation as a means of identifying and addressing customers' concerns. A variety of consumer advisory panels (e.g., division and systemwide) were established in the late '70s. Other public advisory panels were formed to address issues surrounding the siting of company facilities and the operating of power plants.

## **VI. Dimensions of Social Issues and Community Involvement**

PP&L is an integral part of the social, political, and economic fabric of central-eastern Pennsylvania. As such, the company has an inherent public service obligation to customers and service area institutions. A key corporate value is to ". . . participate in community activities that contribute to enhancing the quality of life in the area we serve." An important element of our business philosophy states that PP&L ". . . will be an institution that is humane, responsible, and contributive to the betterment of society."

The company's interest in social initiatives is also shared by state regulators and community organizations. Three key factors affecting PP&L's social programs include:

- PUC Commissioners' public policy agenda;
- BCS's activist role in promoting social programs for utilities; and
- Community organizations' expectations of PP&L's support for projects and programs.

Pennsylvania's PUC has a reputation of being consumer oriented, and its regulations for protecting the health and safety of residential customers are some of the most stringent in the nation. The current Commissioners have been supportive of low-income weatherization programs, CAPs, winter and summer moratoriums on shut-offs, utility-sponsored fuel funds, special outreach and referral services, and government funding for energy assistance. The Commissioners have used a variety of regulatory tools (e.g., formal investigations, Secretarial Letters, PUC Orders) to promote social programs.

The BCS has taken the lead in promoting social initiatives among electric and gas utilities. It has encouraged companies to implement programs such as fuel funds, special outreach services, low-income weatherization, and CAPs. Recognizing that the state legislature has shied away from addressing low-income problems and issues, BCS has filled the vacuum left by the General Assembly. With its ability to influence the behavior of utilities, BCS has used them as "government by other means." If, in the eyes of BCS, state government fails to adequately protect the health and safety of low-income consumers, then the Bureau will take action.

The recent implementation of an expanded program of employee volunteerism is an indication that PP&L both values and encourages community involvement. As a result of this heightened focus on community involvement, organizations may come to rely on PP&L to maintain or even expand its social initiatives.

Many employees support community involvement activities, and the breadth of their activism is impressive. Employees activities range from being on Boards of Directors at social service agencies to acting as tutors in the schools to serving in leadership positions in community service organizations. In addition, PP&L is an important player in the area of providing financial support to a variety of programs and institutions that serve the community.

## **VII. Conclusion**

The Social Initiatives Task Force considered a wide range of options for PP&L. The above family of social initiatives reflects programs that would 1) serve a variety of customer audiences; 2) reflect community needs; 3) build on existing successful socially-oriented programs; 4) support corporate strategic objectives; and 5) respond to interests articulated by the PUC.

The recommendations presented do not include a detailed description of all the implementation tasks. However, the Task Force believes that the rationale for the recommended initiatives is solid. The various programs meet the most crucial test of offering customers meaningful services.

PP&L's long-term success is inextricably linked to the communities it serves. As a result, healthy and viable communities are a must for PP&L. To be competitive and successful in a less regulated environment, the company must effectively provide a broad range of services from cost-competitive electricity to electrotechnology applications to environmental programs. Social initiatives and community involvement also will be important in PP&L's efforts to serve the needs of customers and communities.

**EXHIBITS**

**Feedback from Community Service Organizations**

	<b><u>Organization</u></b>	<b><u>Location</u></b>
1.	Community Action Committee of the Lehigh Valley	Bethlehem
2.	Economic Opportunity Cabinet	Pottsville
3.	Commission on Economic Opportunity	Wilkes-Barre
4.	Spanish American Civic Association	Lancaster
5.	Family Service	Lancaster
6.	Community Action Program	Lancaster
7.	County Assistance Office	Lancaster
8.	Lancaster Alliance	Lancaster
9.	Area Agency On Aging	Harrisburg
10.	Community Action Commission	Harrisburg
11.	LaCasa di Amistead	Harrisburg
12.	STEP, Inc.	Williamsport

<b>Operation HELP Household Income Matrix *</b>						
	(A)	(B)	(C)	(D)	(E)	(F)
Family Size	Less than 75%	76-100%	101-125%	126-150%	151-175%	Over 175%
1	\$0 to \$5,520	\$5,521 to \$7,360	\$7,361 to \$9,200	\$9,201 to \$11,040	\$11,041 to \$12,880	\$12,881 and Above
2	\$0 to \$7,380	\$7,381 to \$9,840	\$9,841 to \$12,300	\$12,301 to \$14,760	\$14,761 to \$17,220	\$17,221 and Above
3	\$0 to \$9,240	\$9,241 to \$12,320	\$12,321 to \$15,400	\$15,401 to \$18,480	\$18,481 to \$21,560	\$21,561 and Above
4	\$0 to \$11,100	\$11,101 to \$14,800	\$14,801 to \$18,500	\$18,501 to \$22,200	\$22,201 to \$25,900	\$25,901 and Above
5	\$0 to \$12,960	\$12,961 to \$17,280	\$17,281 to \$21,600	\$21,601 to \$25,920	\$25,921 to \$30,240	\$30,241 and Above
6	\$0 to \$14,820	\$14,821 to \$19,760	\$19,761 to \$24,700	\$24,701 to \$29,640	\$29,641 to \$34,580	\$34,581 and Above
7	\$0 to \$16,680	\$16,681 to \$22,240	\$22,241 to \$27,800	\$27,801 to \$33,360	\$33,361 to \$38,920	\$38,921 and Above
8	\$0 to \$18,540	\$18,541 to \$24,720	\$24,721 to \$30,900	\$30,901 to \$37,080	\$37,081 to \$43,260	\$43,261 and Above
Each Add'l Person	\$0 to \$1,860	\$1,861 to \$2,480	\$2,481 to \$3,100	\$3,101 to \$3,720	\$3,721 to \$4,340	\$4,341 and Above

U. S. Department of Health and Human Services, Federal Register,  
Thursday, February 10, 1994

\* These income guidelines are effective March 1, 1994 through February 28, 1995