

**Duquesne Light Company
Universal Service and Energy
Conservation Plan
2004-2007**

February 2004

Duquesne Light Company

CUSTOMER ASSISTANCE PROGRAM (CAP)

Overview

CAP is a special payment program for low-income households (i.e., at or below 150% of the Federal poverty level for non-senior households; at or below 200% for senior citizens (aged 62 or above)) that have overdue balances or an inability to pay. This Universal Service program is funded by company revenue and administered by community-based organizations.

The primary features of CAP include:

- A reduced payment arrangement based on ability to pay
- Arrearage forgiveness over a specified period of time
- Protection against loss of electric service
- Referrals to other community programs and services

A major benefit to customers who faithfully meet their monthly CAP payment arrangement is the complete forgiveness of their indebtedness to Duquesne Light Company. Customers are given three years to achieve a zero balance on the amount of their outstanding balance at the time of enrollment. As customers faithfully make full, on-time payments in CAP, 1/36 of their arrearage is forgiven each month.

An additional benefit is the CAP reduced monthly payment program. Customers who are enrolled in the program are allowed to pay a reduced monthly amount, based on the amount of their total household income.

The schedule of payments is as follows:

Income Category:	Residential Service Percentage of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment:
0% to 50% of Poverty	35%	60%
51% to 100% of Poverty	70%	80%
101% to 150% of Poverty (Up to 200% for seniors)	90%	90%

Duquesne Light first implemented CAP as a pilot in September 1995. This program initially targeted customers who had been residents at their current address for one year, had gross household income at or below 150% of the federal poverty guideline, had housing expenses more than 45% of their gross income, had made 3 to 9 payments in the past year, and had at least

a \$400 arrearage on their electric bill. The program was designed to help the customer to lower electric consumption so that at the end of the program the customer can have an affordable electric bill. A case management approach offered significant handholding of the customer to change their payment and usage behavior patterns. Different iterations of the main program offered different program benefits to micro-segments of the eligible population.

In January of 2001, Duquesne simplified the program by easing eligibility requirements and removing the residency, arrearage and payment-history requirements. Duquesne also eliminated the 3-year program limit requirements, so now any and all income-eligible customers who maintain a satisfactory payment-history under CAP are able to stay in the program, whether or not they have arrearages.

In 2004, Duquesne will further simplify the program by eliminating the customer co-pay of \$5 per month. Duquesne will also reduce the percentage of budget bill payments for residential service customers below 50% of poverty and between 51% and 100% of poverty to act in accordance with the CAP Compliance Guidelines.

Summary of Proposed Program

- Eligibility
 - CAP program makes affordable rates a priority for all eligible customers.
 - Up to 150% of poverty for non-senior customers
 - Up to 200% of poverty for senior citizens (aged 62 and above)
 - Eligibility criteria match the PUC definition of “payment troubled”.
 - The rate would be a percentage of the tariff budget bill, pegged to their income level according to the following grid:

Income Category:	Residential Service Percentage of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment:
0% to 50% of Poverty	35%	60%
51% to 100% of Poverty	70%	80%
101% to 150% of Poverty (Up to 200% of Poverty for Seniors)	90%	90%

- Customers that would not have a payment amount consistent with the CAP Compliance Guidelines will have an individualized budget bill percentage.
- Additionally, Duquesne will no longer charge these customers a co-pay of \$5 per month to offset their billing deficiency. The CAP deficiency will continue to be reduced by energy assistance payments such as LIHEAP and/or Dollar Energy Fund.

- Lastly, Duquesne retains the ability to provide a lower payment due to unique customer circumstances. Documentation will be required on a case-by-case basis. This provision will be used on a very limited basis.
 - Under the revised plan, all customers would remain in the program for as long as they are income qualified and fulfilling their payment obligations. They would not be removed from the program because of the length of time they had been on it or because they no longer had an arrearage.
 - All electric heat customers must complete a Smart Comfort (LIURP) visit before enrollment in CAP. The residency requirement for Smart Comfort will be waived for these customers.
 - All residential service customers who own their home and have a base load usage in excess of 500 kWh per month must complete a Smart Comfort visit before enrollment in CAP. The residency requirement for Smart Comfort will be waived for these customers.
 - All residential service customers who are renters, have a base load usage in excess of 500 kWh per month, and have resided at the premise for at least 6 months must complete a Smart Comfort visit before enrollment in CAP.
- Termination and default
 - Customers who miss a CAP payment will be contacted by Duquesne representatives who are dedicated to placing outbound calls and reminded that the payment is immediately due. This dedicated phone campaign will also impress upon the customer the great benefits provided by the CAP program.
 - Customers who miss a CAP payment will also be reviewed by the CAP agency to provide additional encouragement to maintain their CAP agreement.
 - If payment is not received within five days of attempted contact, the termination process will begin.
 - During the termination process, a customer must pay all of their missed CAP payments to maintain their program status.
 - If a CAP account is terminated, a customer must pay all of his or her missed CAP payments plus the reconnection fee to maintain the customer's status in the program and restoration of service.
 - If a CAP account is terminated and the customer does not seek restoration of service for more than two weeks after termination, the customer must re-apply for CAP. Extended periods of loss of electric service indicate a larger problem that may be addressed by the community-based organization (CBO).

Key Objectives

Duquesne Light Company has made a significant commitment to successfully implement CAP. The annual budget has increased for the Universal Service program. The key objectives for CAP are:

- Comply with the spirit and intent of Duquesne Light Company settlement agreement

- Administer a cost-effective program
- Provide expanded services to low-income households
- Expend the annual budget amount
- Adhere to all PUC reporting requirements
- Identify and implement improvements to strengthen the effectiveness of CAP
- Enable our payment-challenged customers to achieve a positive credit history

Eligibility

CAP is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are customer households that have a senior citizen as the primary ratepayer whose combined household income does not exceed 200% of the federal poverty level. Duquesne Light will monitor the program to insure that no more than 20% of CAP participants are senior citizens between 150% and 200% of poverty.

Duquesne Light Company has found that the primary source of potential CAP participants is referrals from its Credit and Collections department. Credit and Collection representatives have daily contacts with low-income, payment-troubled customers' with overdue balances and routinely refer these customers' to the community-based organizations who administer the program.

Payment Plan

A key feature of the CAP program is establishing payment plans based on customers' ability to pay as determined by their budget bill, service type (residential service or electric heat) and level of electric use.

Duquesne will no longer charge a co-pay of \$5 per month to offset their billing delinquency. The CAP deficiency will be reduced by energy assistance payments such as LIHEAP and/or Dollar Energy Fund.

The percentage of bill payment is calculated by taking the customers' estimated monthly budget billing amount multiplied by the percentage below. The budget bill is calculated monthly by averaging the customer's usage over a rolling 12-month period. The percent of bill is based on the following:

Income Category:	Residential Service Percent of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment
0 – 50% Poverty	35%	60%
51 – 100% Poverty	70%	80%
101 – 150% Poverty (Up to 200% Poverty for Seniors)	90%	90%

If usage can be reduced through LIURP or usage reduction education, a customer’s budget bill amount will be lowered. Hence, the CAP payment can be reduced further.

CAP agency representatives will have the flexibility to choose another percentage of budget bill payment based on a customer’s need and circumstances.

Special Considerations

Duquesne is particularly sensitive to assuring that CAP policies are valid for each individual customer. For that reason, CAP agency supervisors and Duquesne’s program manager make every effort to assure that CAP payment levels make sense to individual customers, especially senior citizens.

Rates for CAP participants could be adjusted for extenuating circumstances including, but not limited to, the following:

- Addition to the household
- Serious illness or medical condition
- Consumption increase beyond control of customer (health related)
- Severe weather conditions
- Structural damage to home

If, in their opinion, the calculated payment is out of reach of the customer, CAP supervisors can recommend a CAP payment rate that is tailored to these special circumstances. However, because of the potential for abuses in the system, Duquesne program management requires that all customers recommended for waiver receive an in-home visit and energy audit. Duquesne will rely on the results of the audit and visit on a case-by-case basis to approve or disapprove the waiver.

Restrictions

Duquesne Light Company does not establish minimum payment amounts or maximum arrearage amounts. Additionally Duquesne waives all late payment charges for CAP participants.

High Consumption Report

Duquesne's CAP program has no maximum or minimum consumption limit; however all customers receive energy reduction instruction at the time of enrollment. Additionally, the company analyzes all CAP customers' usage monthly to identify customers whose usage increases to levels outside established norms. This High Consumption Report is turned over to LIURP and CARES counselors, who analyze customer bills, contact the customers with additional consumption reduction information and enroll the customers in LIURP or other programs to proactively assist in reestablishing energy usage levels within norms.

The CAP administering agencies are responsible for analyzing the individual situations and for recommending changes to consumption if warranted by the circumstances. Agency representatives explain the customer's responsibility related to annual kWh usage at the time of enrollment. This matter is analyzed and discussed again, if appropriate, during annual program participation re-certification. A customer can be defaulted from the program if he or she does not comply with energy conservation measures.

Customer Education

Energy conservation education can play an important role in helping CAP customer's control their energy usage. Through the CAP program, Duquesne Light Company attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Company representatives provide consumer education in the following areas:

- Low cost/no cost energy conservation tips
- Explanation of weatherization measures
- Home heating and cooling systems
- Electric bill and analysis of usage

A Smart Comfort visit must be completed before enrollment in CAP if either: the account is a residential heating account; the account is residential service, the customer owns his or her home and has a base load usage greater than 500 kWh per month; or the account is residential service, the customer rents his or her home, has a base load usage greater than 500 kWh per month and has resided at the premise for more than 6 months.

Default Process

Duquesne Light Company extends every reasonable consideration to CAP 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. However, CAP cannot function properly without the commitment and cooperation of customers, social service agencies, and Duquesne Light Company. Customers' non-compliance with any of the primary CAP components could lead to dismissal from the program. Failure to perform one or more of the following CAP customer responsibilities could result in dismissal from the program.

1. A telephone contact via a Duquesne representative is attempted within five days after the due date of the bill. This dedicated outbound phone campaign will also

impress upon the customer the great benefits provided by the CAP program. If no payment is received after contact, the account enters the termination process.

2. During the same five-day period, Duquesne will alert the appropriate CAP administrating agency and CARES contractors via an automated report. Agency counselors will make every attempt to intervene with the customer and try to find ways to avoid termination.
3. Customers who are terminated are required to pay all of missed CAP payments plus the reconnection fee to maintain the customer's status in the program and restore service. If a customer has been without electric service for more than 14 days, the customer may be required to reapply with a CBO. Extended periods of loss of electric service indicate a larger problem that may be addressed by the CBO.
4. Customers removed from CAP, for anything other than non-payment, are returned to the company's normal collection process. They are considered as low-income ability-to-pay customers.
5. Customers that do not comply with the energy conservation measures can be defaulted from the program.

Additional Responsibilities of Customers

- Household income must be verified at least annually, and changes in household income are to be reported immediately.
- CAP participants are required to apply for LIHEAP and/or Dollar Energy assistance and to have at least one of their LIHEAP payments designated to Duquesne Light Company.
- Participation in programs such as weatherization, energy conservation education, budget counseling, and other related services are requirements for CAP customers' where applicable.

Reinstatement Policy

CAP customers who default by termination of electric service are allowed to re-apply after paying all missed CAP payments and any restoration fees. CAP customers who have their service restored within 14 days are automatically re-enrolled in the program. Customers who have their service restored after two weeks without electric service may be required to reapply for CAP at a CBO.

CAP customers who are removed from CAP for anything other than non-payment can be re-enrolled in the program upon completion of the default issue.

Projected Enrollment Levels

Enrollment levels for the years 2004 through 2007 are based on annual program funding amounts. The estimated net enrollment of active CAP customers by year is shown below:

Year:	CAP Enrollment Level:
2004	15,000
2005	17,000
2006	18,000
2007	19,000

Program Budget

The annual funding amounts for CAP were established as a result of Duquesne Light Company's Settlement Agreement with all interested parties. The specific funding level for 2004 through 2007 is shown below:

Year:	Funding Level:
2004	\$5,275,000
2005	\$5,600,000
2006	\$6,000,000
2007	\$6,500,000

Community-Based Partners

Goodwill Industries and **Holy Family Institute** currently administer Duquesne Light Company's CAP Program. The organizations oversee a **total** network of 4 CBO's with 10 caseworkers at 10 sites (main office location and satellite offices).

CAP administering agencies have the responsibility to take referrals from the various sources established, contact the customers' to conduct initial screening for potential program participation, and arrange personal interviews at agency locations if applicable to determine eligibility and finalize enrollment. Thereafter, the administering agency serves as a primary CAP contact with the customer, which is maintained throughout their CAP participation.

Administering agencies enroll and maintain customers on-line in real time through direct connection with Duquesne Light Company Customer Information System. Appropriate letters to aid in customer contact have been provided along with the necessary training in the use of Duquesne Light's Information System and the administration of CAP. This information has been provided to each agency and their caseworkers.

As appropriate, Duquesne Light Company will seek additional organizations to operate the CAP Program to ensure that the increased enrollment goals are achieved in future program years. Current administering organizations and the counties they serve are listed below:

Community Based Organizations:	Counties Served:
Catholic Charities, Monaca	Beaver
Catholic Charities, Pittsburgh	Allegheny
Goodwill Industries, McKeesport	Allegheny
Goodwill Industries, Rochester	Beaver
Goodwill Industries, Southside	Allegheny
Holy Family Institute, East Liberty	Allegheny
Holy Family Institute, Pittsburgh	Allegheny
Holy Family Institute, McKeesRocks	Allegheny
Holy Family Institute, Swissvale	Allegheny
North Hills Community Outreach	Allegheny

Organizational Structure of Duquesne Light Company Staff

- Manager Universal Services and On-Line Collection System (1)
 - Supervisor of Universal Services (1)
 - Senior Customer Service Representative for Universal Services (1)
 - Customer Service Representative for Universal Services (2)

The organizational structure in the previous plan had five Customer Service Representatives for Universal Services. In order to administer a cost effective program, there will be a reduction of two Customer Service Representatives. There will be no degradation of service caused by this reorganization.

Duquesne Light Company

CARES

Overview

The purpose of Duquesne Light's CARES Program is to assist payment challenged customers and customers with special needs obtain necessary social service support and assistance. The program targets customers whose income is less than 150% of the federal poverty guideline and senior citizens less than 200% of the federal poverty guideline, although no needy customer will be turned away. An outreach worker or community agency acts as an intermediary between the customer and the Company in an effort to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service. The outreach worker contact referred customers and, if necessary, makes a home visit to the customer. Referrals are made by Duquesne Light, other utilities, community based agencies, the PUC, and word of mouth.

Summary of Proposed Program

- Case managers will be encouraged to offer customers more frequent conservation information.
- Case managers will also receive the names of low-income customers who are within 72 hours of termination. This is a proactive approach to minimize the number of low-income customers who have their service terminated.

Objectives

The primary objectives of the CARES program are as follows:

- Help customers experiencing payment hardships to manage their electric bills by providing them with information, resources and encouragement.
- Make tailored referrals to company and community assistance programs.
- Maintain and/or establish partnerships and alliances with social service agencies, government offices, and community organizations to ensure maximum and timely assistance for customers who have personal or family hardships.
- Act as an internal advocate for payment-troubled customers.

Eligibility

CARES is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are customer households headed by senior citizens whose combined household income reaches 200% of the federal poverty level. However, no customers are turned away, regardless of income level or circumstance.

Referrals/Assistance Coordination

CARES is administered by **Goodwill Industries** and **Holy Family Institute**. They act as “brokers” who attempt to match customers’ needs with existing company and/or community programs. The CARES counselors analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services that are offered by social service agencies, community organizations, and Duquesne Light Company. In addition, they initiate follow-up to determine the outcome of referrals to social agencies and company programs.

Home Visits/In-Home Education

Home visits are useful in analyzing customers’ hardships, bill-paying problems, and ability to pay. The CARES counselors use home visits only for customers with medical problems, disabilities or language difficulties. During home visits, they can more quickly determine the basic causes of customers’ hardships, as well as verify customers’ statements concerning sources of household income. In the course of making these home visits, they provide customers with energy education and conservation tips and information about where and how to apply for assistance.

Payment Arrangements

Because of the unusual and often complicated situations affecting customers’ ability to pay, the agents have latitude and flexibility in establishing payment agreements. As a result, they can set up payment plans that reflect customers’ ability to pay and hardship circumstances. Payment plans are monitored and tracked monthly by the agents. Customers who miss payments are contacted to determine the reason(s) for the missed payment. Customers who are being processed for termination receive special attention, with counselors receiving a special report from Duquesne at least 72 hours prior to actual termination. Counselors are urged to give these customers priority attention and to use all means available to help the customer pay their electric bills.

Networking

Another key responsibility of the CARES Counselors is to establish close working relationships with external organizations and internal departments at Duquesne Light Company. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The relationship between the CARES counselors and the other agency caseworkers is carefully nurtured and strengthened because the program cannot function effectively without the cooperation of social service organizations.

Projected Enrollment Levels

There are no established enrollment targets for CARES. Duquesne Light’s experience indicates that the number of customers served in CARES is estimated to be 1,500 to 2,000 annually.

Program Budget

The annual funding amounts for CARES were established as a result of Duquesne Light Company’s Settlement Agreement with all interested parties. The specific funding level for 2004 through 2007 is shown below:

Year:	Funding Level:
2004	\$100,000
2005	\$100,000
2006	\$100,000
2007	\$100,000

Plans to Use Community-Based Organizations

Duquesne Light Company recognizes the importance of establishing and expanding its network of contacts and working relationships with CBO’s. Simply put, CARES could not function without the cooperation and assistance of local organizations. Services and programs for residential customers – particularly low-income households – can best be provided through public-private partnerships.

Goodwill Industries and **Holy Family Institute** currently administers Duquesne Light Company’s CARES Program. The organization oversees a total network of **2** CBO’s with **2** caseworkers at **2** sites.

Community Based Organizations:	Counties Served:
Goodwill Industries, Southside	Allegheny and Beaver
Holy Family Institute, Pittsburgh	Allegheny and Beaver

Organizational Structure of Duquesne Light Company Staff

- Manager Universal Services and On-Line Collection System (1)
 - Supervisor of Universal Services (1)
 - Senior Customer Service Representative for Universal Services (1)
 - Customer Service Representative for Universal Services (2)

Duquesne Light Company Hardship Fund

Overview

Duquesne Light's Hardship Fund is a partnership with Dollar Energy Fund (DEF). Duquesne Light's stockholders match customer contributions up to \$325,000 annually. In addition, the company contributes \$65,000 to provide administrative support. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. Dollar Energy defines low income as households that have annual incomes at or below 200% of the federal poverty level. This program becomes the "fund of last resort" when other energy assistance programs are not available to the customer.

The primary features of Dollar Energy include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs
- Referral to other programs and services

A key feature of Dollar Energy is that the program operates year-round throughout the Company's service area. As a result of ongoing donations from customers, Duquesne Light Company, in turn, disburses the funding monthly to Dollar Energy Fund. Duquesne Light's funding may be used to pay the electricity bill for residential or residential heating service.

Begun in March 1983, Dollar Energy was one of the first utility-sponsored fuel funds in the nation. Duquesne was one of the founding utilities. Customers may contribute to the program by adding an extra \$1, \$2, or \$5 to their electric bill payments or by sending in one-time, lump-sum checks.

Duquesne shareholders make a significant contribution above and beyond the sums collected from customers. Each year, shareholders match the total of all donations, doubling the size of the fund available to Duquesne customers. Additionally, the company makes a direct contribution to DEF to assist in defraying administrative costs. This administrative amount totaled \$65,000 annually between 2000 and 2004.

Key Objectives

The overall objectives of Dollar Energy are as follows:

- Provide financial assistance to qualified low-income families who are having difficulty paying the full amount of their energy bills.
- Offer financial assistance to low-income households who are ineligible for the Low Income Home Energy Assistance Program.
- Coordinate and expand the activities of community-based organizations that provide energy-related assistance.

Eligibility

Dollar Energy is designed specifically for low-income customers (household income at or below 200% of the federal poverty level) who are unable to pay their electric service bills in full.

Promotion

Bill inserts, articles in the quarterly customer service newsletter, and radio advertisements, promote the Dollar Energy Fund.

Program Budget

Duquesne Light’s Hardship Fund is a partnership with Dollar Energy Fund. Duquesne Light’s stockholders match customer contributions up to \$325,000 annually from shareholders. In addition the company contributes \$65,000 to provide administrative support from shareholders. The specific funding level for each of the next four-years is shown below:

Year:	Funding Level:
2004	\$390,000
2005	\$390,000
2006	\$390,000
2007	\$390,000

Plans to Use Community-Based Organizations

A number of community based organizations in Duquesne Light’s service territory, including Holy Family Institute and Goodwill Industries, that have solid reputations and experience in delivering services to low-income households administer Dollar Energy in the Duquesne service area. The administration of the program is a collaborative effort between Dollar Energy and these organizations.

Community Based Organizations:	Counties Served:
Allegheny County Office of Community Services	Allegheny
Urban League of Pittsburgh, Inc.	Allegheny
Senior Connection	Allegheny
Catholic Charities	Allegheny and Beaver
Lutheran Services Society	Allegheny
Nazareth Housing Services	Allegheny
Holy Family Institute	Allegheny
Society of St. Vincent de Paul	Allegheny
Neighborhood Center's Association	Allegheny
Northern Area Multi-Service Community Assistance Program	Allegheny
North Hills Community Outreach	Allegheny
Risen Lord Outreach Ministry	Allegheny
The Salvation Army	Allegheny and Beaver
St. Catherine of Siena	Allegheny
South Hills Interfaith Ministries	Allegheny
MUSA	Allegheny
Tri-Valley Energy Center	Allegheny
Elder-ado	Allegheny
Bridge to Recovery	Allegheny
The Pittsburgh American Indian Center	Allegheny
Housing Opportunities	Allegheny
Mt Washington CDC	Allegheny
Brashear Association	Allegheny
Goodwill Industries	Allegheny and Beaver
EECM	Allegheny
Garfield Jubilee Association	Allegheny
Hill House Association	Allegheny
St. Paul Cathedral	Allegheny
Alma Illery Medical Center	Allegheny
Coordinated Care Network	Allegheny
Wilkinsburg Community Ministry	Allegheny
Petra International Ministries	Allegheny
New Life Urban Ministries	Allegheny
Braddock Carnegie Library	Allegheny
Focus on Renewal	Allegheny
Adult Resources	Allegheny
Life Span Carnegie Senior Center	Allegheny
Southwest Pittsburgh Community Development Corp.	Allegheny
New Life CHDC	Allegheny
Aliquippa Alliance	Beaver

Organizational Structure of Duquesne Light Company Staff

- Manager Universal Services and On-Line Collection System (1)
 - Supervisor of Universal Services (1)
 - Senior Customer Service Representative for Universal Services (1)
 - Customer Service Representative for Universal Services (2)

Duquesne Light Company Smart Comfort (LIURP)

Overview

Smart Comfort is Duquesne Light's low-income usage reduction program (LIURP). It targets residential customers whose gross household income is less than 150% of the federal poverty guideline and seniors whose gross household income is less than 200% of the federal poverty guideline, whose base load electric usage more than 500 kWh per month and who have been a resident at their current address for at least six months.

This program has evolved from strictly weatherization to an "end use" strategy. Usage reduction measures include cost effective appliance and lighting replacements in addition to determining if weatherization is warranted.

Low-income customers, whose base load usage is less than 500 kWh per month, are invited to take part in energy conservation workshops. These workshops provide conservation education, energy reduction tips, and usage reduction measures they can install themselves. These workshops are held in different locations in Duquesne Light's service territory.

Summary of proposed enhancements

- The base load usage requirement has been reduced from 600 kWh per month to 500 kWh per month.
- The residency requirement remains at a 6 month minimum except for the following:
 - The residency and base load usage requirements for all electric heat customers who are homeowners will be waived.
 - The residency requirement will be waived for residential service CAP customers who are homeowners.
- The minimum usage requirement for a refrigerator change-out will be reduced from 6 kWh per day to 5 kWh per day.
- The program will include potential window air-conditioning unit change-outs if the life of the replacement A/C unit and the life of the dwelling will exceed 12 years.
- Duquesne will pilot other proposed measures that could potentially provide the minimum required savings and payback. Pilots may include the following:
 - Central air-conditioning change-out given that the life of the unit as well as the life of the dwelling exceeds 12 years.
 - "Zone" weatherization to weatherize a room or rooms where electric space heating is the predominant source of heat. Specifically, there are homes that have a room or rooms (i.e. a "zone") that use electric baseboard heating or electric space heaters as the predominant source of heat yet the rest of the home uses non-electric heating, most likely gas heating. Many times this occurs in an area of the home where the addition of forced air heating was not an affordable option. Duquesne has seen this occur at premises where the third floor of the home has been converted for living space but there is no ductwork as well as premises where additional living space has been added on over a concrete slab. In both

cases there is minimal weatherization in these living spaces. Duquesne believes that providing weatherization for these “zones” could provide the required savings and payback while weatherization for the entire home would not.

- Application of window film on south facing windows to reduce cooling expenditures.
- Duquesne also proposes to investigate the possibility of pilot testing a wind turbine designed for an urban setting. If zoning, code, insurance and other liability concerns can be satisfied, the pilot could begin as early as 2005.
- Continue to focus on conservation education, expanding communication about these topics from the initial in-take screening to more frequent communications during the year.
- Seek a cooperative relationship with natural gas providers so that screening and audit costs are not duplicated, and seek synergies to increase the number of customers receiving service from all utilities in the area.
- Automate the Smart Comfort referral process to increase the efficiency of the program and reduce administrative costs.

Key Objectives

The overall objectives of Smart Comfort are as follows:

- To reduce the energy usage and electric bills of low-income customers.
- To increase the ability to pay for low-income customers.
- Improve the comfort of low-income customers.
- Provide safer living conditions of low-income customers through the reduction of secondary heating devices.
- Make tailored referrals to company and other assistance programs such as CAP, Dollar Energy Fund or private funds, LIHEAP, and other weatherization programs.

Eligibility

Smart Comfort is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are households whose combined household income reaches 200% of the federal poverty level with priority given to households headed by senior citizens. No more than 50% of Smart Comfort participants will be customers between 150% and 200% of poverty.

Smart Comfort targets customers whose base load electric usage is more than 500 kWh per month and have been a resident at their current address for at least six months. However, all electric heat customers who are homeowners will have the base load usage and residency requirements waived. The residency requirement will be waived for residential service CAP customers who are homeowners.

Summary of Program Process and Installation Measures

- Perform walk through audit
 - Investigate potential savings areas within the house.
 - Measure usage of targeted electrical equipment within the house.

- Provide energy education
 - Explain Smart Comfort program in depth.
 - Explain current electricity bill in detail to insure customer understands concepts such as monthly kWh usage and usage comparisons.
 - Provide education on ways to reduce usage of electricity.
 - Develop partnership with customer to reduce electrical usage.
- Determination of Smart Comfort measures to provide
 - Standard measures include compact fluorescent light bulbs, mattresses, refrigerators and freezers, electric hot water tanks or tank wraps, window air-conditioning units, air infiltration measures, and home insulation.
 - At the discretion of the energy manager, potential measures include furnaces, electric dryers, electric stoves, water pumps, electric blankets, and air conditioners.
- Customer monitoring and follow up
 - Energy managers will contact Smart Comfort recipients regularly to discuss their usage and the resulting decrease in consumption.
 - Reinforce energy education.

Projected Enrollment Levels

Enrollment levels for the years 2004 through 2007 are based on annual program funding amounts, POLR II funding, and carry-over of unspent funds from 2002 and 2003. The detailed breakout of enrollment by funding type is located in the table enclosed in the Program Budget section. The estimated net enrollment of active customers by year is shown below:

Year:	Enrollment Level:
2004	3,666
2005	2,259
2006	2,259
2007	2,259

Program Budget

The specific funding level for each of the next four-years is shown below:

Year:	Funding Level:
2004	\$2,131,250*
2005	\$1,181,250
2006	\$1,181,250
2007	\$1,181,250

* \$1,181,250 from the needs based budget + \$950,000 from the POLR II filing. The POLR II funding will be part of the standard Smart Comfort program.

The detailed program budget and targeted enrollment levels are comprised of the carryover of unspent funds from 2002 and 2003, the needs based budget, and the POLR II filing. During the life of the plan, under-spent funds will be carried over from one program year to the next.

	Year:	Funding Level:	Enrollment Level:
I. Carryover of Unspent Funds	2002	\$525,000	
	2003	\$848,000	
	Total	\$1,373,000	
	4-Yr. Avg.	\$343,250	509
II. Needs-Based Budget	2004	\$1,181,250	1,750
	2005	\$1,181,250	1,750
	2006	\$1,181,250	1,750
	2007	\$1,181,250	1,750
III. POLR II Filing	2004	\$950,000	1,407
IV. Total Budget (I+II+III)	2004	\$2,474,500	3,666
	2005	\$1,524,500	2,259
	2006	\$1,524,500	2,259
	2007	\$1,524,500	2,259

Community Involvement

The Pittsburgh area has dwellings in great need of energy conservation measures. Many have gas furnaces installed, but which have been shut-off for maintenance reasons. This forces residents of these dwellings to use costly electric space heaters to stay warm. Use of these heaters drives up their energy bills, but alleviating the situation cannot be simply addressed through traditional LIURP means.

Duquesne plans to work with the Universal Service personnel of area gas companies to seek means by which the companies can jointly address the conservation and reduction needs of housing described above.

CCI currently administers Duquesne Light Company's Smart Comfort program. The organization oversees a total network of 4 energy managers through Duquesne Light's service territory.

Organizational Structure of Duquesne Light Company Staff

- Manager Universal Services and On-Line Collection System (1)
 - Supervisor of Universal Services (1)
 - Senior Customer Service Representative for Universal Services (1)