

# 2009 Report on Universal Service Programs & Collections Performance

Pennsylvania Electric Distribution & Natural Gas Distribution Companies

Pennsylvania Public Utility Commission  
Bureau of Consumer Services



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# 1. Introduction

This is the Pennsylvania Public Utility Commission's (Commission) annual Report on 2009 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies. This summary report includes data and performance measures for the seven major electric distribution companies (EDCs) and the eight major natural gas distribution companies (NGDCs). For the sixth time, this report contains performance measures for the Philadelphia Gas Works (PGW).<sup>1</sup> The report presents the data submitted to the Commission pursuant to 52 Pa. Code Sections 54.75 and 62.5, Universal Service and Energy Conservation Reporting Requirements (USRR). This data will assist the Commission in monitoring the progress of the EDCs and NGDCs in achieving universal service in their respective service territories.

On Dec. 3, 1996, the Electricity Generation Customer Choice and Competition Act (Electric Choice Act), 66 Pa. C.S. §§ 2801-2812, was enacted. The Natural Gas Choice and Competition Act (Natural Gas Choice Act), 66 Pa. C.S. Chapter 22, was enacted on June 22, 1999. In opening up the electric generation and natural gas supply markets to competition, the General Assembly also was concerned about ensuring that electric and natural gas service remains universally available to all customers in the state. Consequently, both Acts contain provisions relating to universal electric and gas service.

Specifically, both Acts require the Commission to maintain, at a minimum, the protections, policies and services that assist customers who are low income to afford electric and gas service, 66 Pa. C.S. §§ 2203(7), §§ 2802(10). The Acts also require the Commission to ensure that universal service and energy conservation policies are appropriately funded and available in each electric and natural gas distribution territory, 66 Pa. C.S. §§ 2203(8), §§ 2804(9). To assist the Commission in fulfilling its universal service obligations, the Commission established standard reporting requirements for universal service and energy conservation for both the EDCs and the NGDCs, 52 Pa. Code §§ 54.71–54.78, §§ 62.1-62.8. The Commission adopted final rulemakings that established the USRR for EDCs on April 30, 1998, and for NGDCs on June 22, 2000. Upon publication in the Pennsylvania Bulletin, the EDC regulations became effective Aug. 8, 1998, and the NGDC regulations became effective Dec. 16, 2000.

This report is based primarily on 52 Pa. Code Sections 54.75 and 62.5 relating to annual residential collection and universal service and energy conservation program reporting requirements. The utilities covered by these reporting requirements are Allegheny, Duquesne Light, Metropolitan Edison – a FirstEnergy Company, PECO-Electric, Pennsylvania Electric – a FirstEnergy Company, Penn Power – a FirstEnergy Company, PPL, Columbia, Equitable, NFG, PECO-Gas, Peoples (formerly Dominion Peoples), PGW, UGI Penn Natural (formerly PG Energy), and UGI-Gas.

The EDCs began reporting the required data to the Commission on April 1, 2001, for the reporting year 2000. The NGDCs began reporting the data on April 1, 2003, for the reporting year 2002. Upon receipt of the data for this report, the Commission's Bureau of Consumer Services (BCS) conducted a data-cleaning and error-checking process that continued through June 2010. This process included both written and verbal dialogue between BCS and the companies. Uniformity issues were uncovered in this process and are documented in various tables, charts and appendices. These issues also are discussed in more detail in later chapters.

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<sup>1</sup>The PGW restructuring proceedings concluded in 2003, and PGW began collecting the required universal service data in 2004. PGW began reporting universal service data in 2004.

Variations in the data either appear as footnotes to tables and charts, or are referenced and documented in the appropriate appendix. The BCS will continue to work with the companies to obtain uniform data that fully complies with the regulations.

The report is organized into chapters in the following order: Collection Performance, Universal Service Program Demographics, Low Income Usage Reduction Programs (LIURP), Customer Assistance Programs (CAPs), Customer Assistance and Referral Evaluation Services (CARES), Hardship Funds, and Small Utilities' Universal Service Programs.

Each chapter includes an introduction, a discussion of the data elements, definitions where necessary, data tables and charts. Multiple-year analyses are shown in a number of the tables in the collection and programs' chapters where this type of presentation format supports the intended analysis in a meaningful way.

Prior to 2002, the BCS also had been reporting some of the data found in this report in the annual report the BCS prepares, the Utility Consumer Activities Report and Evaluation (UCARE). Beginning with 2002 data, the BCS has eliminated universal service data from UCARE for both electric and natural gas distribution companies. Thus, for the eighth time, this report includes data for both electric and natural gas companies.

## **Universal Service Programs**

**LIURP** — LIURP is an energy conservation and conservation education program. Qualifying households receive three services. First, the household receives an energy audit to assess household condition and energy usage. Second, where the audit deems it cost effective, the household receives the free installation of energy conservation and energy efficiency measures such as insulation, air sealing, and appliance installation. Finally, the household receives free education on energy conservation and usage reduction.

**CAP** — CAP is a payment assistance and debt forgiveness program for payment-troubled households. CAP's payment assistance feature is intended to provide affordable monthly bills based on a set energy burden standard. These lower rates are applied to ongoing usage as long as the household remains current and timely paying its monthly customer assistance payments. CAP rates may take the form of a discounted price on actual usage, on either all or a portion of the usage, or a monthly amount that is calculated upon a percentage of the household income. Percentage of income plans are correlated directly to the household's income and the Commission determined allowable energy burden percentage. CAP's debt forgiveness feature freezes a household's unpaid past debt upon entry into the program. As long as the household remains current and timely on their future payments, the past debt is not collected upon and is eventually forgiven in incremental amounts over time.

**CARES** — CARES is a social service and referral program for households encountering some form of extenuating circumstances or emergency that result in the households' inability to pay for utility service. Qualifying households may receive counseling and/or direct referrals to community resources that can aid the family in resolving the emergency.

**Hardship Fund** — Hardship Funds are programs that make available to qualifying households cash grants to assist in the payment of outstanding debt owed by the household to the utility company. They are funded through contributions made by the public that are matched by the company.

## **Treatment of PECO Data**

PECO serves three types of customers: those who receive only electric service (Electric Only); those who receive both electric and gas service (Combination/Electric and Gas); and those who receive only gas service (Gas Only). PECO also reports the electric and gas data separately. In order to split the second group (Combination/Electric and Gas) for some of the data variables, PECO used an allocation factor consistent with PECO's gas base rate filing of March 31, 2008. This allocation factor splits the Combination group into 83 percent electric and 17 percent gas. However, for other data variables PECO did not apply the allocation method. Instead, PECO chose to include the Combination group in both the electric and gas totals.

## **Treatment of the FirstEnergy Companies**

Beginning with 2003 data, FirstEnergy Corporation requested the BCS to identify and report separately on the three FirstEnergy companies that provide utility service in Pennsylvania. Therefore, this report shows universal service data for the three FirstEnergy companies: Metropolitan Edison (Met-Ed), Pennsylvania Electric (Penelec) and Penn Power.

## **Treatment of Confirmed Low Income Data Among the Collections Performance Data**

We have included data about Confirmed Low Income customers in the body of the report in Chapter 1 for only a select number of collections performance measures. The majority of the Confirmed Low Income collection data tables appear as a grouping of tables in Appendix 1. Also included in this grouping of tables in Appendix 1 is a presentation of company revenues or billings.

## **Responsible Utility Customer Protection Act**

On Nov. 30, 2004, the Governor signed into law Senate Bill 677, or Act 201. This law went into effect on Dec. 14, 2004, and amended Title 66 by adding Chapter 14 (66 Pa.C.S. §§1401-1418), Responsible Utility Customer Protection. This law is intended to protect responsible bill paying customers from rate increases attributable to the uncollectible accounts of customers that can afford to pay their bills, but choose not to pay. The legislation is applicable to electric distribution companies, water distribution companies and larger natural gas distribution companies (those having an annual operating income in excess of \$6,000,000).<sup>2</sup> Steam and waste water utilities are not covered by Chapter 14.

Chapter 14 supersedes a number of Chapter 56 Regulations, all ordinances of the City of Philadelphia and any other regulations that impose inconsistent requirements on the utilities. Chapter 14 changed regulations that apply to cash deposits; reconnection of service; termination of service; payment arrangements; and the filing of termination complaints by consumers for electric, gas and water. Chapter 14 expires on Dec. 31, 2014, unless reenacted. Two years after the effective date and every two years thereafter, the Commission must report to the General Assembly regarding the implementation and effectiveness of the Act. The Commission issued the First Biennial Report to the General Assembly and the Governor Pursuant to Section 1415 on Dec. 14, 2006, and released the second report on Dec. 14, 2008. The Commission is directed to amend Chapter 56 and is in the process of revising these regulations to be consistent with Chapter 14. The Commission adopted a Notice of Proposed Rulemaking on Sept. 25, 2008, to amend Chapter 56. Interested parties submitted comments by April 20, 2009. Upon review of the

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<sup>2</sup> Small natural gas companies may voluntarily "opt in" to Chapter 14. 66 Pa. C.S. §1403

comments and additional reviews by the Independent Regulatory Review Commission, the Attorney General and the General Assembly, the Commission plans to adopt final regulations at a future Public Meeting.

Chapter 14 seeks to eliminate the opportunities for customers capable of paying to avoid paying their utility bills, and to provide utilities with the means to reduce their uncollectible accounts by modifying the procedures for delinquent account collections. The goal of these changes is to increase timely collections while ensuring that service is available to all customers based on equitable terms and conditions (66 Pa. C.S. §1402).

## **Final Investigatory Order in Customer Assistance Programs**

On Dec. 18, 2006, the Commission entered its Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923. As a result of its investigation, the Commission directed, inter alia, the retention and revision of the Policy Statement on Customer Assistance Programs at 52 Pa. Code §§ 69.261-69.267. In addition, the Commission also directed, inter alia, that a rulemaking be instituted to revise its regulations at 52 Pa. Code § 54.74 and § 62.4. The purpose of the rulemaking would be to establish a unified process by which the level of funding for each natural gas distribution company and electric distribution company could be determined in conjunction with the Commission's triennial review of the company's universal service and conservation plan.

## **Status of CAP Policy Statement**

The Commission directed that revisions be made to the Commission's CAP Policy Statement in the Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Order entered Dec. 18, 2006, at Docket No. M-00051923. By Order entered Sept. 5, 2007, at Docket No. M-00072036, the Commission issued the proposed revisions for comment. The Pennsylvania Bulletin published the Order and Proposed Policy Statement on Nov. 10, 2007, with a 60-day comment period. Fourteen sets of comments were filed by the Jan. 9, 2008 deadline. On April 9, 2010, the Commission entered an Order, at Docket No. M-00920345, suspending Sections 69.265(9)(ii-iii) of the Policy Statement, 52 Pa. Code §§69.265(9)(ii-iii). These sections pertain to application of LIHEAP grants to a distribution company's CAP and are inconsistent with the Department of Public Welfare's (DPW) proposed changes to its administration of the LIHEAP program, which was set forth in DPW's LIHEAP 2010 Final State Plan. The Commission's Order was published in the Pennsylvania Bulletin on May 8, 2010, at 40 Pa.B. 2443.

## **Status of CAP Rulemaking**

In the same Final Investigatory Order, the Commission also directed that a rulemaking be instituted to revise the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code §§ 54.71-54.78 (electric) and 52 Pa. Code §§ 62.1-62.8 (gas). The purpose of this rulemaking is to establish a unified process whereby the funding level for each company's CAP program can be determined in conjunction with the Commission's triennial review of the company's universal service plan. The Commission also directed the promulgation of new CAP regulations to establish rules covering the dismissal of customers from CAPs, the coordination of energy assistance benefits, and other specified CAP provisions. This Order was entered on Sept. 4, 2007, at Docket No. L-00070186 and was published in the Pennsylvania Bulletin on Feb. 9, 2008. Eighteen sets of comments were filed by the April 9, 2008 deadline. By notice published in the Pennsylvania Bulletin on April 3, 2010, at 40 Pa.B. 1764, the Commission reopened the public comment period on the rulemaking until June 2, 2010. The Commission invited further comments on several topics, including the

impact of DPW's proposed changes to the application of LIHEAP grants towards a distribution company's CAP, the affordability of CAP costs in conjunction with certain events that have taken place since the issuance of the Final Investigatory Order, whether the cost recovery mechanisms that some utilities have employed are effective, the proposed unified review that takes the form of a tariff filing and addresses CAP funding, a proposed Commission reporting requirement directing all distribution companies to document the rate effect of program modifications in universal service plans, and a proposed comment and reply comment period before Commission approval of a universal service plan.

## 2. Collection Performance

The regulations require the EDCs and NGDCs to report various residential collection data, including the number of residential customers, the number of accounts in arrears and on a payment arrangement, the number of accounts in arrears and not on a payment arrangement, the dollars owed by these two groups of overdue customers, the number of terminations, the number of reconnections, gross residential write-offs, total annual billings (revenues), and annual collection operating expenses.

This summary report reviews each of these collection measures by reporting the raw data itself and by using the data to arrive at calculated variables that are more useful in analyzing collection performance. All of the data and statistics used in this chapter are drawn from information submitted to the BCS by the companies.

It is also important to note that we have reflected both the number of confirmed low income customers and the number of estimated low income customers in a utility's given service territory in this chapter. A low income customer is defined as a customer whose household income is at or below 150 percent of the federal poverty guidelines. See Appendix 4 for the 2009 federal poverty guidelines. A confirmed low income customer is a customer whose gross household income has been verified as meeting the stated federal poverty guidelines. Most household incomes are verified through the customer's receipt of a Low Income Home Energy Assistance Program (LIHEAP) grant or determined during the course of making a payment arrangement. On the other hand, the number of estimated low income customers is the company's approximation of its total universe of low income customers.

## Number of Residential Customers

The number of residential customers reported in the following tables represents an average of the 12 months of month-end data reported by the companies. The data includes all residential customers, including universal service program recipients.

### *Number of Residential Electric Customers*

Company	Number of Residential Customers
Allegheny	613,972
Duquesne	524,333
Met-Ed	484,382
PECO-Electric	1,402,947
Penelec	504,914
Penn Power	139,848
PPL	1,208,715
<b>Total</b>	<b>4,879,111</b>

### *Number of Residential Natural Gas Customers*

Company	Number of Residential Customers
Columbia	370,838
Peoples	326,791
Equitable	239,882
NFG	197,474
PECO-Gas	444,001
PGW	480,908
UGI-Gas	302,561
UGI Penn Natural	144,690
<b>Total</b>	<b>2,507,145</b>

*Number of Confirmed Low Income Electric Customers\**

Company	Number of Confirmed Low Income Customers	Percent of Customers
Allegheny	41,175	6.7%
Duquesne	50,309	9.6%
Met-Ed	48,006	9.9%
PECO-Electric	151,664	10.8%
Penelec	66,771	13.2%
Penn Power	16,858	12.1%
PPL	135,945	11.2%
<b>Total</b>	<b>510,728</b>	<b>10.5%</b>

*Number of Confirmed Low Income Natural Gas Customers\**

Company	Number of Confirmed Low Income Customers	Percent of Customers
Columbia	69,927	18.9%
Peoples	60,900	18.6%
Equitable	55,514	23.1%
NFG	33,619	17.0%
PECO-Gas	34,258	7.7%
PGW	158,108	32.9%
UGI-Gas	35,839	11.8%
UGI Penn Natural	25,721	17.8%
<b>Total</b>	<b>473,886</b>	<b>18.9%</b>

*\*Low Income is defined as household income at or below 150% of the Federal Poverty Level*

*Number of Estimated Low Income Electric Customers\**

Company	Number of Estimated Low Income Customers	Percent of Customers
Allegheny	154,334	25.1%
Duquesne	132,781	25.3%
Met-Ed	98,073	20.2%
PECO-Electric	287,448	20.5%
Penelec	153,444	30.4%
Penn Power	35,354	25.3%
PPL	288,973	23.9%
<b>Total</b>	<b>1,150,407</b>	<b>23.6%</b>

*Number of Estimated Low Income Natural Gas Customers\**

Company	Number of Estimated Low Income Customers	Percent of Customers
Columbia	89,682	24.2%
Peoples	92,888	28.4%
Equitable	60,689	25.3%
NFG	58,537	29.6%
PECO-Gas	50,802	11.4%
PGW	202,655	42.1%
UGI-Gas	68,043	22.5%
UGI Penn Natural	38,791	26.8%
<b>Total</b>	<b>662,087</b>	<b>26.4%</b>

*\*Low Income is defined as household income at or below 150% of the Federal Poverty Level*

## Termination and Reconnection of Service

Termination of utility service is the most serious consequence of customer nonpayment. The BCS views termination of utility service as a utility's last resort when customers fail to meet their payment obligations. The termination rate allows the reader to compare the termination activity of utilities with differing numbers of residential customers. The termination rate is calculated by dividing the number of service terminations by the number of residential customers. Any significant increase in a termination rate would indicate a trend or pattern that the Commission may need to investigate.

Reconnection of service occurs when a customer either pays his/her debt in full or makes a significant up-front payment and agrees to a payment agreement for the balance owed to the company. The ratio of reconnections to terminations is obtained by dividing the number of reconnections by the number of terminations. The result is generally indicative of the success of a customer, whose service has been terminated, at getting service reconnected.

*Terminations and Reconnections - Residential Electric Customers*

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny	613,972	17,057	10,500	2.78%	62%
Duquesne	524,333	23,143	16,877	4.41%	73%
Met-Ed	484,382	12,915	10,279	2.67%	80%
PECO-Electric	1,402,947	76,123	52,048	5.43%	68%
Penelec	504,914	9,878	7,603	1.96%	77%
Penn Power	139,848	3,196	2,739	2.29%	86%
PPL	1,208,715	33,247	23,424	2.75%	70%
<b>Total</b>	<b>4,879,111</b>	<b>175,559</b>	<b>123,470</b>	<b>3.60%</b>	<b>70%</b>

*Terminations and Reconnections - Residential Natural Gas Customers*

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	370,838	11,662	6,559	3.14%	56%
Peoples	326,791	7,640	4,598	2.34%	60%
Equitable	239,882	10,836	7,392	4.52%	68%
NFG	197,474	12,290	8,249	6.22%	67%
PECO-Gas	444,001	23,836	16,869	5.37%	71%
PGW	480,908	38,536	33,815	8.01%	88%
UGI-Gas	302,561	14,891	8,752	4.92%	59%
UGI Penn Natural	144,690	8,672	4,871	5.99%	56%
<b>Total</b>	<b>2,507,145</b>	<b>128,363</b>	<b>91,105</b>	<b>5.12%</b>	<b>71%</b>

***Terminations and Reconnections - Confirmed Low Income Electric Customers\****

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny	41,175	3,304	2,071	8.02 %	63%
Duquesne	50,309	11,410	9,667	22.68%	85%
Met-Ed	48,006	5,671	4,131	11.81%	73%
PECO-Electric	151,664	22,250	16,264	14.67%	73%
Penelec	66,771	5,108	3,771	7.65%	74%
Penn Power	16,858	1,682	1,253	9.98%	74%
PPL	135,945	20,285	14,885	14.92%	73%
<b>Total</b>	<b>510,728</b>	<b>69,710</b>	<b>52,042</b>	<b>13.65%</b>	<b>75%</b>

***Terminations and Reconnections - Confirmed Low Income Natural Gas Customers\****

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	69,927	5,663	2,825	8.10%	50%
Peoples	60,900	4,821	2,538	7.87%	53%
Equitable	55,514	6,571	4,421	11.84%	67%
NFG	33,619	6,942	4,767	20.65%	69%
PECO-Gas	34,258	5,813	4,350	16.97%	75%
PGW	158,108	24,561	16,886	15.53%	69%
UGI-Gas	35,839	9,142	5,059	25.51%	55%
UGI Penn Natural	25,721	4,190	2,494	16.29%	60%
<b>Total</b>	<b>473,886</b>	<b>67,703</b>	<b>43,340</b>	<b>14.28%</b>	<b>64%</b>

*\*Low Income is defined as household income at or below 150% of the Federal Poverty Level*

**Number of Customers in Debt**

There are two categories for reporting customers who are overdue or in debt to the companies. The first category includes customers who are on a payment agreement, and the second category includes customers who are not on a payment agreement. The first category includes both the BCS payment arrangements (PARs) and utility payment arrangements. The number of customers in debt is affected by many factors, including customer income level and ability to pay, company collection practices, and the size of customer bills.

The category that a customer in debt falls into depends upon the factors listed above as well as the notable addition of company collection policies. These policies include various treatments for different customer income levels.

It is important to note that one of the stated purposes of the Chapter 56 regulations at 52 Pa. Code § 56.1 is to “provide functional alternatives to termination.” In 52 Pa. Code § 56.97, one of the methods of avoiding termination is to enter into a payment agreement. Also, the fact that a customer has entered into a payment agreement means that the customer is aware of the outstanding debt, has acknowledged this to the utility and has agreed to a plan to address the debt.

There are two factors which affect the uniformity of the data reported regarding the number of overdue customers and the dollars in debt that are associated with these customers. First, companies use different methods for determining when an account is overdue. Companies consider either the due date of the bill or the transmittal date of the bill to be day zero. The transmittal date is 20 days before the due date. The BCS requested the companies to consider the due date as day zero and to report debt that is at least 30 days overdue.

Duquesne Light, Met-Ed, Penelec, Penn Power, Columbia, Equitable, UGI Penn Natural and UGI-Gas reported according to the method requested by BCS. The variance among the other EDCs and NGDCs shows a difference of no more than 20 days from the BCS method. Allegheny, PECO Electric and Gas, Dominion and PGW report debt that is only 10 days old instead of 30 days old. Thus, each of these companies is overstating its debt compared to companies that reported debt as 30 days overdue. On the other hand, PPL and NFG report debt that is about 40 days old instead of 30 days old. Thus, PPL and NFG are understating their debt relative to the other companies. See Appendix 2 for company specific information on this issue.

The second factor that affects the uniformity of the arrearage data is the determination of when a company moves a terminated account or a discontinued account from active status (included in the reporting) to inactive status (excluded from the reporting). Company collection policies and accounting practices affect the timing. The differences in the amount of time it takes each company to move accounts from active status to inactive status is reported in Appendix 3.

Customer Assistance Program (CAP) recipients are excluded from all data tables that reference the number of customers in debt, the dollars in debt and gross residential write-offs.

### *Number of Residential Electric Customers in Debt*

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt Not on an Agreement*	Total Number of Customers in Debt*
Allegheny	3,094	72,786	75,880
Duquesne	9,609	13,050	22,659
Met-Ed	25,807	24,017	49,824
PECO-Electric	3,745	91,904	95,649
Penelec	25,031	27,896	52,927
Penn Power	7,680	6,263	13,943
PPL	41,209	90,212	131,421
<b>Total</b>	<b>116,175</b>	<b>326,128</b>	<b>442,303</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### *Number of Residential Natural Gas Customers in Debt*

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt Not on an Agreement*	Total Number of Customers in Debt*
Columbia	7,824	13,187	21,011
Peoples	16,187	22,517	38,704
Equitable	3,793	9,079	12,872
NFG	5,120	4,957	10,077
PECO-Gas	1,405	22,934	24,339
PGW	15,376	85,387	100,763
UGI-Gas	4,715	17,092	21,807
UGI Penn Natural	4,528	10,611	15,139
<b>Total</b>	<b>58,948</b>	<b>185,764</b>	<b>244,712</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### **Percent of Customers in Debt**

The percent of customers in debt is a useful statistic that supports the need for EDCs and NGDCs to implement universal service programs. A company with a low percent of its residential customers in debt will experience better cash flow and have a better credit rating than one with a high percent of its residential customers in debt.

The percent of customers in debt is calculated by dividing the number of customers in debt by the total number of residential customers. This calculation is done for both groups of customers in debt; that is, for those on a payment agreement and those not on a payment agreement.

***Percent of Total Residential Electric Customers in Debt***

Company	Percent of Total Customers in Debt on an Agreement*	Percent of Total Customers in Debt Not on an Agreement*	Total Percent of Customers in Debt*
Allegheny	<1%	12%	12%
Duquesne	2%	2%	4%
Met-Ed	5%	5%	10%
PECO-Electric	<1%	7%	7%
Penelec	5%	5%	10%
Penn Power	5%	5%	10%
PPL	3%	8%	11%
<b>Total</b>	<b>2%</b>	<b>7%</b>	<b>9%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS’s preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Percent of Total Residential Natural Gas Customers in Debt***

Company	Percent of Total Customers in Debt on an Agreement*	Percent of Total Customers in Debt Not on an Agreement*	Total Percent of Customers in Debt*
Columbia	2%	4%	6%
Peoples	5%	7%	12%
Equitable	1%	4%	5%
NFG	2%	3%	5%
PECO-Gas	<1%	5%	5%
PGW	3%	18%	21%
UGI-Gas	1%	6%	7%
UGI Penn Natural	3%	7%	10%
<b>Total</b>	<b>2%</b>	<b>8%</b>	<b>10%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS’s preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

## Residential Customer Debt in Dollars Owed

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

### *Dollars in Debt - Residential Electric Customers*

Company	Dollars in Debt on an Agreement*	Dollars in Debt Not on an Agreement*	Total Dollars in Debt*
Allegheny	\$489,600	\$6,931,527	\$7,421,127
Duquesne	\$5,750,630	\$5,756,679	\$11,507,309
Met-Ed	\$16,811,013	\$5,260,781	\$22,071,794
PECO-Electric	\$866,390	\$44,884,157	\$45,750,547
Penelec	\$13,965,354	\$4,663,787	\$18,629,141
Penn Power	\$5,980,847	\$1,592,565	\$7,573,412
PPL	\$18,573,730	\$40,765,179	\$59,338,909
<b>Total</b>	<b>\$62,437,564</b>	<b>\$109,854,675</b>	<b>\$172,292,239</b>

\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

### *Dollars in Debt - Residential Natural Gas Customers*

Company	Dollars in Debt on an Agreement*	Dollars in Debt Not on an Agreement*	Total Dollars in Debt*
Columbia	\$7,613,475	\$3,301,769	\$10,915,244
Peoples	\$13,753,277	\$9,026,580	\$22,779,857
Equitable	\$2,844,412	\$2,780,688	\$5,625,100
NFG	\$2,859,299	\$2,346,606	\$5,205,905
PECO-Gas	\$463,735	\$21,237,465	\$21,701,200
PGW	\$11,958,270	\$39,246,316	\$51,204,586
UGI-Gas	\$2,363,527	\$5,081,214	\$7,444,741
UGI Penn Natural	\$2,459,346	\$4,816,429	\$7,275,775
<b>Total</b>	<b>\$44,315,341</b>	<b>\$87,837,067</b>	<b>\$132,152,408</b>

\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

***Dollars in Debt - Confirmed Low Income Electric Customers***

<b>Company</b>	<b>Dollars in Debt on an Agreement*</b>	<b>Dollars in Debt Not on an Agreement*</b>	<b>Total Dollars in Debt*</b>
Allegheny	\$381,325	\$2,424,350	\$2,805,675
Duquesne	\$837,440	\$2,817,605	\$3,655,045
Met-Ed	\$9,707,630	\$1,717,197	\$11,424,827
PECO-Electric	\$146,918	\$10,973,315	\$11,120,233
Penelec	\$9,022,552	\$1,847,178	\$10,869,730
Penn Power	\$3,529,469	\$653,825	\$4,183,294
PPL	\$12,667,951	\$25,235,697	\$37,903,648
<b>Total</b>	<b>\$36,293,285</b>	<b>\$45,669,167</b>	<b>\$81,962,452</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Dollars in Debt- Confirmed Low Income Natural Gas Customers***

<b>Company</b>	<b>Dollars in Debt on an Agreement*</b>	<b>Dollars in Debt Not on an Agreement*</b>	<b>Total Dollars in Debt*</b>
Columbia	\$3,508,759	\$1,400,761	\$4,909,520
Peoples	\$10,190,344	\$4,639,959	\$14,830,303
Equitable	\$1,068,595	\$927,095	\$1,995,690
NFG	\$1,515,750	\$1,147,717	\$2,663,467
PECO-Gas	\$65,221	\$5,246,557	\$5,311,778
PGW	\$7,275,003	\$22,772,327	\$30,047,330
UGI-Gas	\$1,545,799	\$2,620,235	\$4,166,034
UGI Penn Natural	\$1,260,102	\$2,265,391	\$3,525,493
<b>Total</b>	<b>\$26,429,573</b>	<b>\$41,020,042</b>	<b>\$67,449,615</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

## Percent of Total Dollars Owed – on an Agreement Versus Not on an Agreement

The percent of dollars owed in the two reporting categories is calculated by dividing the total dollars owed in a category by the overall total dollars owed.

### *Percent of Debt on an Agreement - Residential Electric Customers*

Company	Percent of Dollars Owed – On an Agreement*	Percent of Dollars Owed - Not on an Agreement*
Allegheny	7%	93%
Duquesne	50%	50%
Met-Ed	76%	24%
PECO-Electric	2%	98%
Penelec	75%	25%
Penn Power	79%	21%
PPL	31%	69%
<b>Total</b>	<b>36%</b>	<b>64%</b>

*\*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.*

### *Percent of Debt on an Agreement - Residential Natural Gas Customers*

Company	Percent of Dollars Owed – On an Agreement*	Percent of Dollars Owed – Not on an Agreement*
Columbia	70%	30%
Peoples	60%	40%
Equitable	51%	49%
NFG	55%	45%
PECO-Gas	2%	98%
PGW	23%	77%
UGI-Gas	32%	68%
UGI Penn Natural	34%	66%
<b>Total</b>	<b>34%</b>	<b>66%</b>

*\*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.*

## Average Arrearage

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

### *Average Arrearage – Residential Electric Customers*

Company	Average Arrearage on an Agreement*	Average Arrearage Not on an Agreement*	Overall Average Arrearage*
Allegheny	\$158	\$95	\$98
Duquesne	\$598	\$441	\$508
Met-Ed	\$651	\$219	\$443
PECO-Electric	\$231	\$488	\$478
Penelec	\$558	\$167	\$352
Penn Power	\$779	\$254	\$543
PPL	\$451	\$452	\$452
<b>Total</b>	<b>\$537</b>	<b>\$337</b>	<b>\$390</b>

*\*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.*

### *Average Arrearage - Residential Natural Gas Customers*

Company	Average Arrearage on an Agreement*	Average Arrearage Not on an Agreement*	Overall Average Arrearage*
Columbia	\$973	\$250	\$520
Peoples	\$850	\$401	\$589
Equitable	\$750	\$306	\$437
NFG	\$558	\$473	\$517
PECO-Gas	\$330	\$926	\$892
PGW	\$778	\$460	\$508
UGI-Gas	\$501	\$297	\$341
UGI Penn Natural	\$543	\$454	\$481
<b>Total</b>	<b>\$752</b>	<b>\$473</b>	<b>\$540</b>

*\*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.*

## Number of Payment Arrangements

A payment agreement is defined in 52 PA Code Chapter 56 as a mutually satisfactory written or verbal agreement whereby a ratepayer or applicant who admits liability for billed service is permitted to amortize or pay the unpaid balance of the account in one or more payments over a reasonable period of time. In addition to this definition, the method by which utilities determine the total number of payment arrangements for reporting pursuant to § 54.75(1)(i) or § 62.5(a)(1)(i) takes into consideration the limitations of the utility systems used to document and track payment arrangements. This results in treating a broken payment arrangement that is reinstated due to payment by the customer of the “catch-up” amount as a new payment arrangement. The BCS Payment Arrangement Requests are included in this category. However, CAP payment plans are not included in the count of payment arrangements.

The following tables include both All Residential and Confirmed Low Income categories to allow for the presentation of the percent of payment arrangements which are Confirmed Low Income.

### *Electric Payment Arrangements*

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Allegheny	24,401	14,791	61%
Duquesne	117,900	107,325	91%
Met-Ed	51,019	30,043	59%
PECO-Electric	56,669	10,928	19%
Penelec	46,919	31,497	67%
Penn Power	15,339	9,253	60%
PPL	230,302	117,442	51%
<b>Total</b>	<b>542,549</b>	<b>321,279</b>	<b>59%</b>

### *Natural Gas Payment Arrangements*

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Columbia	22,979	12,428	54%
Peoples	23,776	14,831	62%
Equitable	9,130	3,496	38%
NFG	20,763	10,592	51%
PECO-Gas	25,446	3,844	15%
PGW	87,821	31,172	35%
UGI-Gas	49,596	26,053	53%
UGI Penn Natural	17,675	10,040	57%
<b>Total</b>	<b>257,186</b>	<b>112,456</b>	<b>44%</b>

## Gross Residential Write-Offs in Dollars

The tables below represent the gross residential write-offs in dollars for the EDCs and NGDCs in 2009. Write-offs are the final treatment of overdue accounts in the collection process. A residential account is written off after all pre-write-off collection actions are taken and the customer fails to make payment on the balance owed. Generally, a company writes off accounts on either a monthly or annual basis.

### *Gross Write-Offs - Residential Electric Customers*

Company	Gross Dollars Written Off*
Allegheny	\$5,561,835
Duquesne	\$8,233,551
Met-Ed	\$10,684,730
PECO-Electric	\$48,098,022
Penelec	\$8,313,201
Penn Power	\$3,335,176
PPL	\$35,132,218
<b>Total</b>	<b>\$119,358,733</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

### *Gross Write-Offs - Residential Natural Gas Customers*

Company	Gross Dollars Written Off*
Columbia	\$12,039,187
Peoples	\$10,537,331
Equitable	\$9,187,767
NFG	\$6,040,660
PECO-Gas	\$4,393,542
PGW	\$53,230,377
UGI-Gas	\$9,595,433
UGI Penn Natural	\$9,181,367
<b>Total</b>	<b>\$114,205,664</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

***Gross Write-Offs - Confirmed Low Income Electric Customers***

Company	Gross Dollars Written Off*
Allegheny	\$3,333,156
Duquesne	\$7,495,064
Met-Ed	\$7,036,818
PECO-Electric	\$14,470,965
Penelec	\$5,967,134
Penn Power	\$2,363,410
PPL	\$18,971,398
<b>Total</b>	<b>\$59,637,945</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

***Gross Write-Offs - Confirmed Low Income Natural Gas Customers***

Company	Gross Dollars Written Off*
Columbia	\$7,103,120
Peoples	\$2,491,108
Equitable	\$4,851,141
NFG	\$3,592,800
PECO-Gas	\$2,996,532
PGW	\$18,382,442
UGI-Gas	\$6,736,840
UGI Penn Natural	\$6,087,555
<b>Total</b>	<b>\$52,241,538</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

## Percentage of Gross Residential Billings Written Off as Uncollectible

The percentage of residential billings written off as uncollectible is the most commonly used long-term measure of collection system performance. This measure is calculated by dividing the annual total gross dollars written off for residential accounts by the annual total dollars of residential billings. The measure offers an equitable basis for comparison.

### *Gross Write-Offs Ratio - Residential Electric Customers*

Company	Gross Write-Offs Ratio*
Allegheny	0.93%
Duquesne	1.76%
Met-Ed	1.71%
PECO-Electric	2.60%
Penelec	1.76%
Penn Power	1.82%
PPL	2.36%
<b>Total</b>	<b>2.10%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

### *Gross Write-Offs Ratio - Residential Natural Gas Customers*

Company	Gross Write-Offs Ratio*
Columbia	3.11%
Peoples	4.06%
Equitable	2.97%
NFG	2.33%
PECO-Gas	0.85%
PGW	8.45%
UGI-Gas	3.08%
UGI Penn Natural	3.83%
<b>Total</b>	<b>3.92%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

### *Gross Write-Offs Ratio - Confirmed Low Income Electric Customers*

Company	Gross Write-Offs Ratio*
Allegheny	8.18%
Duquesne	16.31%
Met-Ed	9.90%
PECO-Electric	15.14%
Penelec	8.03%
Penn Power	8.99%
PPL	8.73%
<b>Total</b>	<b>10.44%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

### *Gross Write-Offs Ratio - Confirmed Low Income Natural Gas Customers*

Company	Gross Write-Offs Ratio*
Columbia	11.19%
Peoples	3.43%
Equitable	9.37%
NFG	12.42%
PECO-Gas	19.90%
PGW	12.42%
UGI-Gas	16.04%
UGI Penn Natural	26.77%
<b>Total</b>	<b>11.75%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

### **Annual Collection Operating Expenses**

Annual collection operating expenses include administrative expenses associated with termination activity, negotiating payment arrangements, budget counseling, investigation and resolution of informal and formal complaints associated with payment arrangements, securing and maintaining deposits, tracking delinquent accounts, collection agencies' expenses, litigation expenses other than Commission-related, dunning expenses, and winter survey expense. CAP recipient collection expenses are excluded.

The tables below include both the All Residential and Confirmed Low Income categories to allow for the presentation of the percent of annual collection operating expenses which are attributed to Confirmed Low Income.

*Annual Electric Collection Operating Expenses*

Company	All Residential	Confirmed Low Income	Percent of Collection Operating Expenses which are for Confirmed Low Income Customers
Allegheny	\$13,872,516	\$7,692,751	55%
Duquesne	\$21,347,215	\$19,432,532	91%
Met-Ed	\$13,874,375	\$8,299,598	60%
PECO-Electric	\$12,496,805	\$1,544,670	12%
Penelec	\$11,592,885	\$7,481,691	65%
Penn Power	\$4,450,336	\$2,853,077	64%
PPL	\$9,455,645	\$5,011,492	53%
<b>Total</b>	<b>\$87,089,777</b>	<b>\$52,315,811</b>	<b>60%</b>

*Annual Natural Gas Collection Operating Expenses*

Company	All Residential	Confirmed Low Income	Percent of Collection Operating Expenses which are for Confirmed Low Income Customers
Columbia	\$3,271,167	\$1,859,774	57%
Peoples	\$1,083,342	\$218,056	20%
Equitable	\$2,999,286	\$779,814	26%
NFG	\$662,580	\$355,728	54%
PECO-Gas	\$2,559,587	\$74,152	3%
PGW	\$8,884,858	\$3,109,700	35%
UGI-Gas	\$2,549,522	\$1,223,771	48%
UGI Penn Natural	\$2,483,722	\$1,291,535	52%
<b>Total</b>	<b>\$24,494,064</b>	<b>\$8,912,980</b>	<b>36%</b>

## Selected Tables for Multi-Year Data

### *Terminations - Residential Electric Customers*

Company	2008 Terminations	2009 Terminations	Percent Change in # 2008-09	2008 Termination Rate	2009 Termination Rate
Allegheny	19,650	17,057	-13%	3.21%	2.78%
Duquesne	22,081	23,143	5%	4.21%	4.41%
Met-Ed	16,359	12,915	-21%	3.39%	2.67%
PECO-Electric	83,559	76,123	-9%	5.95%	5.43%
Penelec	13,442	9,878	-27%	2.66%	1.96%
Penn Power	4,030	3,196	-21%	2.88%	2.29%
PPL	38,917	33,247	-15%	3.23%	2.75%
<b>Total</b>	<b>198,038</b>	<b>175,559</b>	<b>-11%</b>	<b>4.06%</b>	<b>3.60%</b>

### *Terminations - Residential Natural Gas Customers*

Company	2008 Terminations	2009 Terminations	Percent Change in # 2008-09	2008 Termination Rate	2009 Termination Rate
Columbia	12,188	11,662	-4%	3.29%	3.14%
Peoples	7,867	7,640	-3%	2.41%	2.34%
Equitable	11,979	10,836	-10%	5.01%	4.52%
NFG	11,022	12,290	12%	5.57%	6.22%
PECO-Gas	27,388	23,836	-13%	6.25%	5.37%
PGW	28,674	38,536	34%	5.96%	8.01%
UGI-Gas	16,415	14,891	-9%	5.50%	4.92%
UGI Penn Natural	7,735	8,672	12%	5.38%	5.99%
<b>Total</b>	<b>123,268</b>	<b>128,363</b>	<b>4%</b>	<b>4.94%</b>	<b>5.12%</b>

### *Number of Residential Electric Customers in Debt*

Company	2008 Total Number of Customers in Debt*	2009 Total Number of Customers in Debt*	Percent Change in # 2008-09
Allegheny	71,649	75,880	6%
Duquesne	22,227	22,659	2%
Met-Ed	49,658	49,824	<1%
PECO-Electric	174,848	95,649	-45%
Penelec	54,689	52,927	-3%
Penn Power	13,929	13,943	<1%
PPL	129,233	131,421	2%
<b>Total</b>	<b>516,233</b>	<b>442,303</b>	<b>-14%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### *Number of Residential Natural Gas Customers in Debt*

Company	2008 Total Number of Customers in Debt*	2009 Total Number of Customers in Debt*	Percent Change in # 2008-09
Columbia	24,514	21,011	-14%
Peoples	42,792	38,704	-10%
Equitable	16,259	12,872	-21%
NFG	9,886	10,077	2%
PECO-Gas	55,384	24,339	-56%
PGW	105,647	100,763	-5%
UGI-Gas	21,803	21,807	0%
UGI Penn Natural	14,819	15,139	2%
<b>Total</b>	<b>291,104</b>	<b>244,712</b>	<b>-16%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Dollars in Debt - Residential Electric Customers***

<b>Company</b>	<b>2008 Total Dollars in Debt*</b>	<b>2009 Total Dollars in Debt*</b>	<b>Percent Change in # 2008-09</b>
Allegheny	\$6,260,535	\$7,421,127	19%
Duquesne	\$10,742,379	\$11,507,309	7%
Met-Ed	\$21,877,462	\$22,071,794	1%
PECO-Electric	\$67,848,866	\$45,750,547	-33%
Penelec	\$19,890,741	\$18,629,141	-6%
Penn Power	\$6,875,205	\$7,573,412	10%
PPL	\$56,432,641	\$59,338,909	5%
<b>Total</b>	<b>\$189,927,829</b>	<b>\$172,292,239</b>	<b>-9%</b>

\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

***Dollars in Debt - Residential Natural Gas Customers***

<b>Company</b>	<b>2008 Total Dollars in Debt*</b>	<b>2009 Total Dollars in Debt*</b>	<b>Percent Change in # 2008-09</b>
Columbia	\$10,062,370	\$10,915,244	8%
Peoples	\$25,385,023	\$22,779,857	-10%
Equitable	\$8,068,719	\$5,625,100	-30%
NFG	\$4,840,113	\$5,205,905	8%
PECO-Gas	\$31,031,567	\$21,701,200	-30%
PGW	\$49,851,372	\$51,204,586	3%
UGI-Gas	\$8,040,405	\$7,444,741	-7%
UGI Penn Natural	\$5,504,910	\$7,275,775	32%
<b>Total</b>	<b>\$142,784,479</b>	<b>\$132,152,408</b>	<b>-7%</b>

\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

***Gross Write-Offs - Residential Electric Customers***

<b>Company</b>	<b>2008 Gross Dollars Written Off*</b>	<b>2009 Gross Dollars Written Off*</b>	<b>Percent Change in # 2008-09</b>
Allegheny	\$5,616,484	\$5,561,835	-1%
Duquesne	\$5,931,737	\$8,233,551	39%
Met-Ed	\$11,169,498	\$10,684,730	-4%
PECO-Electric	\$42,584,128	\$48,098,022	13%
Penelec	\$9,374,695	\$8,313,201	-11%
Penn Power	\$3,342,208	\$3,335,176	0%
PPL	\$25,774,438	\$35,132,218	36%
<b>Total</b>	<b>\$103,793,188</b>	<b>\$119,358,733</b>	<b>15%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

***Gross Write-Offs - Residential Natural Gas Customers***

<b>Company</b>	<b>2008 Gross Dollars Written Off*</b>	<b>2009 Gross Dollars Written Off*</b>	<b>Percent Change in # 2008-09</b>
Columbia	\$10,874,843	\$12,039,187	11%
Peoples	\$9,514,663	\$10,537,331	11%
Equitable	\$12,591,877	\$9,187,767	-27%
NFG	\$6,116,105	\$6,040,660	-1%
PECO-Gas	\$8,722,050	\$4,393,542	-50%
PGW	\$45,999,914	\$53,230,377	16%
UGI-Gas	\$11,659,360	\$9,595,433	-18%
UGI Penn Natural	\$8,329,440	\$9,181,367	10%
<b>Total</b>	<b>\$113,808,252</b>	<b>\$114,205,664</b>	<b>&lt;1%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

**Gross Write-Offs Ratio - Residential Electric Customers**

<b>Company</b>	<b>2008 Gross Write-Offs Ratio*</b>	<b>2009 Gross Write-Offs Ratio*</b>	<b>Percent Change 2008- 09</b>
Allegheny	1.01%	0.93%	-8%
Duquesne	1.26%	1.76%	40%
Met-Ed	1.91%	1.71%	-10%
PECO-Electric	2.25%	2.60%	16%
Penelec	2.00%	1.76%	-12%
Penn Power	1.81%	1.82%	<1%
PPL	1.78%	2.36%	33%
<b>Total</b>	<b>1.85%</b>	<b>2.10%</b>	<b>14%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

**Gross Write-Offs Ratio - Residential Natural Gas Customers**

<b>Company</b>	<b>2008 Gross Write-Offs Ratio*</b>	<b>2009 Gross Write-Offs Ratio*</b>	<b>Percent Change 2008-09</b>
Columbia	2.26%	3.11%	38%
Peoples	2.87%	4.06%	41%
Equitable	3.46%	2.97%	-14%
NFG	2.09%	2.33%	11%
PECO-Gas	1.63%	0.85%	-48%
PGW	7.08%	8.45%	19%
UGI-Gas	3.39%	3.08%	-9%
UGI Penn Natural	3.57%	3.83%	7%
<b>Total</b>	<b>3.52%</b>	<b>3.92%</b>	<b>11%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

## Percent of Revenues (Billings) in Debt

The percent of revenues (billings) in debt is calculated by dividing the total annual revenues (billings) by the total monthly average dollars in debt. This calculated variable provides another way to measure the extent of customer debt. In the two tables that follow immediately below, the higher the percentage, the greater the potential collection risk.

### *Percent of Revenues (Billings) in Debt - Residential Electric Customers*

Company	2008	2009	Percent Change 2008-09
Allegheny	1.1%	1.2%	9%
Duquesne	2.3%	2.5%	9%
Met-Ed	3.7%	3.5%	-5%
PECO-Electric	3.6%	2.5%	-31%
Penelec	4.3%	4.0%	-7%
Penn Power	3.7%	4.1%	11%
PPL	3.9%	4.0%	3%
<b>Total</b>	<b>3.4%</b>	<b>3.0%</b>	<b>-12%</b>

### *Percent of Revenues (Billings) in Debt - Residential Natural Gas Customers*

Company	2008	2009	Percent Change 2008-09
Columbia	2.1%	2.8%	33%
Peoples	7.7%	8.8%	14%
Equitable	2.2%	1.8%	-18%
NFG	1.7%	2.0%	18%
PECO-Gas	5.8%	4.2%	-28%
PGW	7.7%	8.1%	5%
UGI-Gas	2.3%	2.4%	4%
UGI Penn Natural	2.4%	3.0%	25%
<b>Total</b>	<b>4.4%</b>	<b>4.5%</b>	<b>2%</b>

## 3. Universal Service Programs

### Demographics

In conformance with the Universal Service and Energy Conservation Reporting Requirements, the EDCs and the NGDCs are to report to the Commission the demographics of their program recipients, including the number of household members under age 18 and over age 62, household size, income, and source of income. The regulation defines a low income customer as a residential utility customer whose gross household income is at or below 150 percent of the federal poverty guidelines. Appendix 4 shows poverty levels in relation to household size and income.

### Source of Income, Average Household Size and Income

For customers of all universal service programs, average household incomes are below \$15,700. Both electric and natural gas households that receive CAP benefits have average household incomes that are equal to less than \$13,400 per year. Electric customers who receive Low Income Usage Reduction Program (LIURP) service have average yearly household incomes at \$15,280, while gas customers average \$15,017. These households average three persons, with at least one member under 18 years old.

Average household incomes for universal service and energy conservation program participants are well below 150 percent of the 2009 federal poverty guidelines of \$27,465 for three persons. The most recently published data from the U.S. Census Bureau, 2006-2008 American Community Survey, reports that the average household income in Pennsylvania is \$66,976.

The majority of electric and gas customers participating in universal service programs have incomes from employment, disability benefits or pension benefits. See Appendix 5 for a summary of the source of income data.

“Working poor” households do not always have incomes that exceed 150 percent of the federal poverty guidelines. A definition of a “working poor” household begins with a wage-earner who works full time at a minimum wage job. Minimum wage during 2009 was \$7.15 per hour until it increased to \$7.25 per hour on July 24, 2009.<sup>3</sup> Annual income for a wage earner who works at minimum wage job is \$15,080. A typical CAP customer has an income in the \$13,000 range, which places these households’ incomes at about 70 percent of the federal poverty guidelines. These households have incomes that are below minimum wage.

Finally, it is important to understand the relationship between household incomes and the percent of that income that a household spends on energy. Energy burden is defined as the percentage of household income that a household spends on total home energy needs.<sup>4</sup> In most instances, CAP programs require households to pay at least 16 percent of their household income for energy compared with an average Pennsylvania household that pays about 5 percent of their income for home energy needs.

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<sup>3</sup><http://www.dol.gov/esa/minwage/chart.htm>. The Pennsylvania state minimum wage law adopts the federal minimum wage rate by reference.

<http://www.dol.gov/esa/minwage/america.htm#Pennsylvania>.

<http://www.pahouse.com/cohen/minimumwage/factsheet.htm>.

<sup>4</sup>U.S. Department of Health & Human Services, LIHEAP Home Energy Notebook for FY 2002: Appendix A Home energy estimates, p.45, 2004.

***Participants in Universal Service Programs  
Average Household Income  
Summary for All Electric Customers***

	2008	2009
LIURP	\$14,826	\$15,280
CAP	\$12,761	\$13,337
CARES	\$13,362	\$14,667
Hardship Fund	\$16,640	\$15,679

***Participants in Universal Service Programs  
Average Household Income  
Summary for All Natural Gas Customers***

	2008	2009
LIURP	\$15,826	\$15,017
CAP	\$12,853	\$12,611
CARES	\$15,832	\$15,389
Hardship Fund	\$15,696	\$14,179

**LIURP**

The Pennsylvania Low Income Usage Reduction Program (LIURP) is a statewide, utility-sponsored, residential usage reduction program mandated by Pennsylvania Public Utility Commission regulations at 52 Pa. Code, Chapter 58. The primary goal of LIURP is to assist low income residential customers to reduce energy bills through usage reduction (energy conservation) and, as a result, to make bills more affordable.

LIURP is targeted toward customers with annual incomes at or below 150 percent of the federal poverty level. However, beginning in 1998, the LIURP regulations permit companies to spend up to 20 percent of their annual LIURP budgets on customers with incomes between 150 percent and 200 percent of the federal poverty level. LIURP places priority on the highest energy users who offer the greatest opportunities for bill reductions. Generally, the EDCs target customers with annual usage of at least 6,000 kWhs, and the NGDCs target customers with annual usage of at least 120 Mcfs. When feasible, the program targets customers with payment problems (arrearages). The program is available to both homeowners and renters. LIURP services all housing types, including single family homes, mobile homes, and small and large multi-family residences.

The LIURP funds are included in utility rates as part of the distribution cost that is passed on to all residential customers. The current LIURP funding levels for each utility were set for a period of three years in the most recently filed universal service plans. These plans are to be filed every three years. The utility is

required to develop a funding level based upon a needs assessment, which, in turn, will likely be based on census and utility data.

The PUC has regulatory oversight of LIURP, and the utilities administer the program using both non-profit and for-profit contractors. The LIURP funds are disbursed directly to program contractors, usually on a monthly basis. The various program costs and installed usage reduction measures are agreed to in contracts between the contractors and the utilities.

Program measures are installed on a simple payback recovery basis of seven years or less for most program measures. There are exceptions that must meet a 12-year simple payback recovery. These include sidewall insulation, attic insulation, furnace replacement, water heater replacement and refrigerator replacement. Recovery is the time it takes to recover the cost of the installed program measure through projected energy savings. Examples of the program measures include: air infiltration measures using the blower door air sealing techniques; all types of insulation such as attic and sidewall; heating system treatments and replacements; water heating tank and pipe wraps; water heater replacements; compact fluorescent lighting; refrigerator replacement; water bed replacement with a form-fitted foam mattress; incidental repairs (not home rehabilitation); and conservation education.

The factors that have an impact on energy savings are: the level of pre-weatherization usage; occupant energy behavior; housing type and size; age of the dwelling; condition of the dwelling; end uses such as heating, cooling and water heating; and contractor capabilities.

The list of customer, utility and community benefits includes: bill reduction; improved health, safety and comfort levels; LIHEAP leveraging (Pennsylvania receives additional funds due to the LIURP resources that supplement LIHEAP funds); arrearage reduction; reduced collection activity; improved bill payment behavior; reduced use of supplemental fuels and secondary heating devices; more affordable low income housing; reduction in homelessness; and less housing abandonment.

The data presented in the instant report reflect the Universal Service Reporting Requirements (USRR) regulations at § 54.75 and § 62.5. These provisions require the reporting of various LIURP data, including: annual program costs for the reporting year; number of family members under 18 years of age; number of family members over 62 years of age; family size; household income; source of income; participation levels for the reporting year; projected annual spending for the current year; projected annual participation levels for the current year; and average job costs.

In addition, the report also includes data on completed jobs provided to us by the EDCs and NGDCs in accordance with the LIURP Codebook, which is originally based in the LIURP regulations at 52 Pa. Code § 58.15 and incorporated in the USRR regulations.

## LIURP Spending

As a rule, companies try to spend all of the LIURP funds that are budgeted each year, but this is not always possible. In most cases, unspent funds are carried over from one program year to the next on an ongoing basis.

### *LIURP Spending - Electric Utilities*

Company	2009 Actual Spending	2010 Projected Spending*
Allegheny	\$1,278,715	\$3,100,963
Duquesne	\$2,405,138	\$2,258,682
Met-Ed	\$2,693,374	\$2,919,772
PECO-Electric	\$5,599,534	\$5,600,000
Penelec	\$3,090,884	\$3,529,650
Penn Power	\$760,698	\$1,679,319
PPL	\$8,930,029	\$7,780,971
<b>Total</b>	<b>\$24,758,372</b>	<b>\$26,869,357</b>

*\*Includes carryover of unspent funds.*

### *LIURP Spending - Natural Gas Utilities*

Company	2009 Actual Spending	2010 Projected Spending*
Columbia	\$3,148,334	\$3,140,972
Peoples	\$610,000	\$768,000
Equitable	\$548,056	\$922,218
NFG	\$1,364,323	\$1,347,283
PECO-Gas	\$2,225,467	\$2,225,000
PGW	\$2,046,452	\$2,200,000
UGI-Gas	\$1,682,262	\$1,035,627
UGI Penn Natural	\$917,614	\$854,468
<b>Total</b>	<b>\$12,542,508</b>	<b>\$12,493,568</b>

*\*Includes carryover of unspent funds.*

## LIURP Production

LIURP production levels are influenced by many factors, including the size of the company's LIURP program budget; the heating saturation among the company's customer population; housing characteristics such as the type; size and condition of the housing stock; contractor capability; contractor capacity; and, to a lesser extent, customer demographics and customer behavior.

### *LIURP Electric Production*

Company	2009 Actual Production			2010 Projected Production		
	Heating Jobs	Water Heating Jobs	Baseload Jobs*	Heating Jobs	Water Heating Jobs	Baseload Jobs*
Allegheny	510	118	34	1,214	278	72
Duquesne	178	0	4,072	30	8	2,462
Met-Ed	566	412	385	422	449	490
PECO-Electric	1,282	0	7,129	1,171	0	6,660
Penelec	458	1,047	507	359	1,182	570
Penn Power	133	125	173	131	229	295
PPL	1,970	311	1,152	1,400	300	1,500
<b>Total</b>	<b>5,097</b>	<b>2,013</b>	<b>13,452</b>	<b>4,727</b>	<b>2,446</b>	<b>12,049</b>

\*Baseload jobs contain very few or no heating or water heating program measures.

### *LIURP Natural Gas Production*

Company	2009 Actual Production Heating Jobs	2010 Projected Production Heating Jobs
Columbia	488	485
Peoples	140	176
Equitable	103	170
NFG	241	246
PECO-Gas	1,020	968
PGW	1,579	1,850
UGI-Gas	471	121
UGI Penn Natural	376	252
<b>Total</b>	<b>4,418</b>	<b>4,268</b>

## LIURP Average Job Costs

Customer usage profiles are typically highest for heating jobs followed by water heating jobs and baseload jobs. Average job costs are based on the total number of completed jobs in the job type category and the total costs associated with those jobs. Specifically, the average job cost is calculated by dividing the total dollars spent on a type of job by the number of jobs completed.

All of the LIURP gas jobs are classified as heating. On the other hand, for electric jobs, the determination of the job type first depends on whether or not the customer heats with electricity. If most of the dollars spent on the completed job are on heating-related program measures, then the job is classified as a heating job. Next, if the customer does not heat with electricity but uses electricity for water heating, and most of the dollars spent on the completed job are on water heating measures, then the job is classified as a water heating job. If the customer does not use electricity for either heating or water heating, the completed job is automatically classified as a baseload job. This is a simplistic model for classifying the type of job, and this model is easy to apply to the vast majority of electric jobs in LIURP.

### *LIURP Electric Job Costs*

Company	2009 Heating Jobs	2009 Water Heating Jobs	2009 Baseload Jobs
Allegheny	\$1,716	\$1,617	\$1,650
Duquesne	\$3,888	N/A	\$409
Met-Ed	\$1,957	\$1,198	\$1,045
PECO-Electric	\$2,755	N/A	\$220
Penelec	\$1,747	\$1,313	\$1,032
Penn Power	\$1,903	\$950	\$775
PPL	\$2,941	\$1,874	\$905

### *LIURP Natural Gas Job Costs*

Company	2009 Heating Jobs
Columbia	\$5,865
Peoples	\$3,343
Equitable	\$4,287
NFG	\$3,275
PECO-Gas	\$2,170
PGW	\$1,296
UGI-Gas	\$3,527
UGI Penn Natural	\$3,072

## LIURP Energy Savings and Bill Reduction

LIURP energy savings are determined by calculating the difference in customer's usage during the 12 months following the provision of program measures from the usage during the 12 months preceding the treatments. The energy savings reported below are based on weather-normalized data and represent an average of the company results.

The estimated annual bill reduction is calculated by multiplying the average number of kWhs or Mcfs saved during the post-treatment period by the average price per kWh or Mcf during the post-treatment period. Companies voluntarily report this pricing information to BCS on an annual basis. The estimated annual bill reductions that are presented below are based on the average of the company results.

### *LIURP Energy Savings and Bill Reductions*

Job Type	2007 Energy Savings	2007 Estimated Annual Bill Reduction
Electric Heating	4.9%	\$108
Electric Water Heating	5.9%	\$93
Electric Baseload	6.5%	\$97
Gas Heating	17.1%	\$508

## Customer Assistance Programs

Customer Assistance Programs (CAPs) provide an alternative to traditional collection methods for low income, payment troubled utility customers. Customers make regular monthly payments which may be for an amount that is less than the current bill for utility service. Most payments are based on a percentage of a customer's income. Some payments are based on a rate discount, while others are based on a percentage of the bill or historical payments. However, household size and income generally determine the size of any discount. Besides regular monthly payments, customers need to comply with certain responsibilities and restrictions to remain eligible for continued participation. This section presents a progress report on the implementation of the Commission's CAP Policy Statement and 66 Pa. C.S. § 2802(10), § 2804(9), § 2203(7) and § 2203(8) by the seven largest EDCs and by the NGDCs serving over 100,000 customers. Universal Service Plans and Evaluations are posted on the Commission's website (see Appendix 7 for viewing instructions).

## CAP Participation

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code §54.75(2)(i)(C) for the EDCs and 52 Pa. Code §62. 5(2)(i)(C) for the NGDCs, the companies are to report to the Commission the number of customers enrolled in CAP. The Commission defines participation as those participants enrolled in CAP at the end of the program year. As part of each company's restructuring proceeding, a program phase-in size was established. In conformance with the Reporting Requirements for Universal Service and Energy Conservation at 52 Pa. Code § 54.74 for the EDCs and 52 Pa. Code §62.4 for the NGDCs, each company is to submit to the Commission for approval a three-year universal

service plan. The regulations at 52 Pa. Code §§ 54.74(b)(3)&(4) for the EDCs and 52 Pa. Code §§ 62(4)(b)(3)&(4) require the companies to submit a projected needs assessment and projected enrollment level for its universal service programs.

The 2009 results below show a CAP Participation Rate, defined as the number of participants enrolled as of Dec. 31, 2009, divided by the number of confirmed low income customers. The Commission expects a utility to maintain open enrollment to meet the need in each utility's service territory. The CAP participation rate would be much lower if the rate reflected estimated rather than confirmed low income customers.

***CAP Participation - Electric Utilities***

EDC	Participants Enrolled as of 12/31/08	CAP Participation Rate	Participants Enrolled as of 12/31/09	CAP Participant Rate
	2008		2009	
Allegheny	19,858	51%	20,094	49%
Duquesne	30,799	68%	33,145	66%
Met-Ed	17,915	44%	23,980	50%
PECO-Electric	126,186	100%	130,619	86%
Penelec	27,509	46%	34,147	51%
Penn Power	7,131	47%	9,387	56%
PPL	23,305	14%	29,313	22%
<b>Total</b>	<b>252,703</b>		<b>280,685</b>	
<b>Weighted Avg.</b>		<b>51%</b>		<b>55%</b>

***CAP Participation - Natural Gas Utilities***

NGDC	Participants Enrolled as of 12/31/08	CAP Participation Rate	Participants Enrolled as of 12/31/09	CAP Participant Rate
	2008		2009	
Columbia	24,675	39%	25,201	36%
Peoples	14,425	25%	16,203	26%
Equitable	20,733	42%	18,999	34%
NFG	12,312	44%	13,061	39%
PECO-Gas	20,667	100%	22,195	65%
PGW	78,490	51%	81,905	52%
UGI-Gas	8,292	27%	8,527	24%
UGI-Penn Natural	3,051	12%	4,878	19%
<b>Total</b>	<b>182,645</b>		<b>190,969</b>	
<b>Weighted Avg.</b>		<b>43%</b>		<b>40%</b>

## CAP Benefits - Bills, Credits & Arrearage Forgiveness

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(B)(IV) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(B)(IV) for the NGDCs, the companies are to report to the Commission on CAP benefits. The regulation defines CAP benefits as the average CAP bill, average CAP credits and average arrearage forgiveness. Companies report by month the number of participants enrolled in CAP. Because CAP enrollment fluctuates during the year, the Commission bases average CAP credits and arrearage forgiveness benefits on the average monthly number of CAP participants rather than the number of CAP participants enrolled at the end of the year.

The Commission has further defined the three components of CAP benefits, including average CAP bill, average CAP credits, and average arrearage forgiveness. The Commission defines average CAP bill as the total CAP amount billed (total of the expected monthly CAP payment) divided by the total number of CAP bills rendered. The Commission defines average CAP credits as the total amount of the difference between the standard billed amount and the CAP billed amount divided by the average monthly number of CAP participants. The Commission defines average arrearage forgiveness as the total preprogram arrearages forgiven as a result of customers making agreed upon CAP payments divided by the average monthly number of CAP participants. The tables below show average monthly CAP bill and CAP benefits.

Average CAP bills and CAP credits will fluctuate due to several factors: CAP customers may have different payment plans based on their type of usage (heating, water heating or baseload); change in rates; and the distribution of income levels among program participants. Consumption and weather also will affect NFG and PECO's CAP bills and credits because their payment plans are based on rate discounts tied to usage.

### *Average Monthly CAP Electric Bill*

Company	2008	2009
Allegheny	\$64	\$70
Duquesne	\$58	\$61
Met-Ed	\$52	\$52
PECO-Electric	\$69	\$61
Penelec	\$40	\$34
Penn Power	\$58	\$48
PPL	\$70	\$75

*Average Monthly Natural Gas CAP Bill*

<b>Company</b>	<b>2008</b>	<b>2009</b>
Columbia	\$47	\$49
Peoples	\$81	\$83
Equitable	\$79	\$77
NFG	\$92	\$91
PECO-Gas	\$82	\$57
PGW	\$87	\$88
UGI-Gas	\$97	\$86
UGI Penn Natural	\$112	\$130

*Average Annual Electric CAP Credits*

<b>Company</b>	<b>2008</b>	<b>2009</b>
Allegheny	\$276	\$293
Duquesne	\$354	\$359
Met-Ed	\$752	\$714
PECO-Electric	\$509	\$529
Penelec	\$676	\$625
Penn Power	\$737	\$806
PPL	\$661	\$665

*Average Annual Natural Gas CAP Credits*

<b>Company</b>	<b>2008</b>	<b>2009</b>
Columbia	\$883	\$847
Peoples	\$583	\$589
Equitable	\$737	\$1,373
NFG	\$614	\$426
PECO-Gas	\$183	\$381
PGW	\$1,167	\$1,155
UGI-Gas	\$431	\$378
UGI Penn Natural	\$436	\$635

Arrearage forgiveness credits will fluctuate due to the following factors: the length of time over which forgiveness occurs; the length of time a customer is enrolled in CAP; how often forgiveness occurs (monthly or yearly); and the amount of arrearage brought to the CAP program.

*Average Annual Electric Utilities Arrearage Forgiveness*

Company	2008	2009
Allegheny	\$74	\$76
Duquesne	\$74	\$70
Met-Ed	\$128	\$149
PECO-Electric	\$158	\$207
Penelec	\$102	\$120
Penn Power	\$107	\$210
PPL	\$309	\$324

*Average Annual Natural Gas Utilities Arrearage Forgiveness*

Company	2008	2009
Columbia	\$48	\$218
Peoples	\$9	\$23
Equitable	\$49	\$39
NFG	\$62	\$67
PECO-Gas	\$4	\$5
PGW	\$113	\$99
UGI-Gas	\$113	\$84
UGI Penn Natural	\$50	\$231

## Percentage of Bill Paid

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(B)(VII) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(B)(VII) for the NGDCs, the companies are to report to the Commission on the percentage of CAP bill paid. "CAP bill paid" is the annual total of the expected monthly CAP payment. This amount includes the amount that companies bill CAP customers rather than the tariffed rate amount. The companies report on the annual total amount of payments by CAP customers. The Commission defines percentage of CAP bill paid as the total amount of payments by CAP customers divided by the total dollar amount of CAP billed. Based on history and successful CAP designs relating to default and payment plans, the Commission recommends that a percentage of bill paid of no less than 80 percent can be reasonably achieved – with a goal of 90 percent or better. The table below shows percentage of the CAP bill paid by CAP customers.

### *Percentage of Electric CAP Bill Paid*

Company	2008	2009
Allegheny	59%	58%
Duquesne	92%	93%
Met-Ed	76%	85%
PECO-Electric	79%	88%
Penelec	77%	87%
Penn Power	76%	90%
PPL	82%	86%

### *Percentage of Natural Gas CAP Bill Paid*

Company	2008	2009
Columbia	94%	93%
Peoples	83%	82%
Equitable	91%	94%
NFG	76%	74%
PECO-Gas	79%	88%
PGW	90%	84%
UGI-Gas	88%	89%
UGI Penn Natural	85%	78%

## CAP Costs

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.74(2)(i)(A) for the EDCs and 52 Pa. Code § 62.4(2)(i)(A) for the NGDCs, the companies are to report to the Commission on CAP program costs. The companies and the Bureau developed mutually satisfactory guidelines for reporting CAP costs. CAP costs include costs for administration, CAP credits and arrearage forgiveness. Administrative costs include the following costs: contract and utility staffing; account monitoring; intake; outreach; consumer education and conservation; training; maintaining telephone lines; recertification; computer programming; evaluation; and other fixed overhead costs. Account monitoring includes collection expenses, as well as other operation and maintenance expenses. See Appendix 6 for the percentage of CAP spending by program component: administration, CAP credits and arrearage forgiveness.

Costs are gross costs and do not reflect any potential savings to traditional collection expenses, cash working capital expenses and bad debt expenses that may result from enrolling low income customers in CAP. Appendix 8 shows total universal service costs, universal service funding mechanisms and average annual universal service costs per residential customers.

### *CAP Electric Gross Costs*

EDC	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer
	2008			2009		
Allegheny	\$7,680,209	20,120	\$382	\$7,922,756	19,903	\$398
Duquesne	\$13,460,999	28,934	\$465	\$14,977,956	32,496	\$461
Met-Ed	\$14,167,515	15,028	\$943	\$19,321,710	21,348	\$905
PECO-Electric	\$104,895,741	124,145	\$845	\$97,895,892	129,971	\$753
Penelec	\$19,470,323	23,281	\$836	\$24,480,070	31,563	\$776
Penn Power	\$5,346,829	5,982	\$894	\$8,964,942	8,515	\$1,053
PPL	\$24,149,702	22,512	\$1,073	\$28,929,342	26,741	\$1,082
<b>Total</b>	<b>\$189,171,318</b>	<b>240,002</b>		<b>\$202,492,668</b>	<b>270,537</b>	
<b>Weighted Avg.</b>			<b>\$788</b>			<b>\$748</b>

### *CAP Natural Gas Gross Costs*

NGDC	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer
	2008			2009		
Columbia	\$24,358,427	24,978	\$975	\$28,084,379	25,229	\$1,113
Peoples	\$8,645,396	13,673	\$632	\$10,266,754	15,717	\$653
Equitable	\$15,735,516	18,982	\$829	\$29,451,600	20,257	\$1,454
NFG	\$8,118,056	11,502	\$706	\$6,743,167	12,998	\$519
PECO-Gas	\$8,404,423	20,761	\$405	\$8,975,289	22,029	\$407
PGW	\$102,525,112	78,190	\$1,311	\$105,782,371	82,489	\$1,282
UGI-Gas	\$4,721,569	8,140	\$580	\$5,051,419	10,258	\$492
UGI Penn Natural	\$1,989,428	3,732	\$533	\$3,520,853	3,947	\$892
<b>Total</b>	<b>\$174,497,927</b>	<b>179,958</b>		<b>\$197,875,832</b>	<b>192,924</b>	
<b>Weighted Avg.</b>			<b>\$970</b>			<b>\$1,026</b>

### CARES

The primary purpose of a CARES program is to provide a cost-effective service that helps payment troubled customers maximize their ability to pay utility bills. A CARES program helps address health and safety concerns relating to utility service by providing important benefits. CARES staff provide three primary services: case management; maintaining a network of service providers; and making referrals to services that provide assistance.

As utilities have expanded their CAP programs, the focus of CARES has changed. For most utilities, CARES has become a component of CAP. The Commission has not objected to some of the functions of CARES changing over time because the expansion of CAP has reduced the number of customers who may need case management services.

CARES representatives provide case management services to a limited number of customers with special needs. Most customers receive the case management services of CARES for no more than six months. If a customer's hardship is not resolved within that time, a utility will transfer a customer from the CARES program to their CAP. The number of customers who receive case management services has decreased, because these customers now receive the benefits of more affordable payments as part of CAP enrollment.

A utility CARES representative also performs the task of strengthening and maintaining a network of community organizations and government agencies that can provide services to the program clients. By securing these services, including energy assistance funds, customers can maintain safe and adequate utility

service. LIHEAP outreach and networking are vital pieces of CARES that should not be neglected. A CARES program continues to address the important health and safety concerns relating to utility service. As Chapter 14 implementation occurs, it is imperative that each utility be able to identify its customers so that it does not jeopardize the health and safety of a household that has special conditions.

Finally, CARES staff conduct outreach and make referrals to programs that provide energy assistance grants. CARES staff also make referrals to LIHEAP (the federal program that provides energy assistance grants), hardship funds, and other agencies that provide cash assistance.

## **CARES Benefits**

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(C)(III) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(C)(III) for the NGDCs, the companies are to report to the Commission on CARES benefits. The Commission defines CARES benefits as the total number and dollar amount of LIHEAP benefits applied to all low income customers' accounts. LIHEAP benefits include both LIHEAP cash and LIHEAP crisis grants. Typically, households that receive crisis grants also receive cash grants. Therefore, to avoid double counting the number of benefits, the table below shows the number of households that received LIHEAP cash grants. The dollar amount of LIHEAP benefits includes both cash and crisis LIHEAP benefits. The total amount of LIHEAP dollars that each utility receives is dependent primarily on the amount of the federal LIHEAP appropriation and the number of poor customers in each company's service territory. The regulations define direct dollars as dollars that are applied to a CARES customer's utility account, including all sources of energy assistance applied to utility bills such as LIHEAP, hardship fund grants and local agencies' grants. The column "Direct Dollars in Addition to LIHEAP Grants for CARES Participants" subtracts LIHEAP benefits from total CARES benefits to show the total dollar benefits that are not LIHEAP-related. Net CARES benefits include LIHEAP cash and crisis grants plus direct dollars in addition to LIHEAP grants. The administrative costs of CARES are deducted from the total CARES benefits to equal net CARES benefits. Because the number of participants who receive the case management services of CARES is small, the direct dollars not related to LIHEAP grants will be a smaller number than the total LIHEAP dollars for all low income customers.

### *2009 Electric CARES Benefits*

EDC	CARES Costs	Total LIHEAP Grants for Low Income Customers**	Low Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants for CARES Participants	Net CARES Benefits
Allegheny	\$50,842	\$6,766,665	13,569	\$3,000	\$6,718,823
Duquesne	\$125,000	\$7,110,090	8,603	\$318,552	\$7,303,642
Met-Ed*	\$0	\$4,083,665	9,591	\$0	\$4,083,665
PECO-Electric	\$1,010,993	\$23,140,327	40,830	\$13,292,408	\$35,421,742
Penelec*	\$0	\$5,221,988	12,296	\$0	\$5,221,988
Penn Power*	\$0	\$2,319,287	4,576	\$0	\$2,319,287
PPL	\$0	\$14,556,584	33,220	\$51,449	\$14,608,033
<b>Total</b>	<b>\$1,186,835</b>	<b>\$63,198,606</b>	<b>122,685</b>	<b>\$13,665,409</b>	<b>\$75,677,180</b>

*\*Met-Ed, Penelec and Penn Power enroll and monitor all CARES participants in CAP rather than separately monitoring these accounts. PPL includes the costs of CARES in its OnTrack costs. The CARES representatives in each of these companies perform the functions of both CAP and CARES.*

*\*\*Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.*

### *2009 Natural Gas CARES Benefits*

NGDC	CARES Costs	Total LIHEAP Grants for Low Income Customers*	Low Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants for CARES Participants	Net CARES Benefits
Columbia	\$319,134	\$15,485,025	35,744	\$53,719	\$15,219,610
Peoples	\$170,000	\$12,228,492	29,020	\$46,056	\$12,104,548
Equitable	\$380,744	\$12,368,807	26,622	\$97,610	\$12,085,673
NFG	\$11,909	\$14,644,237	30,973	\$4,482	\$14,636,810
PECO-Gas	\$207,071	\$4,739,585	8,363	\$163,912	\$4,696,426
PGW	\$807,300	\$34,819,457	80,085	\$0	\$34,012,157
UGI-Gas	\$48,155	\$3,198,741	12,071	\$25,109	\$3,175,695
UGI Penn Natural	\$12,300	\$10,054,810	19,722	\$0	\$10,042,510
<b>Total</b>	<b>\$1,956,613</b>	<b>\$107,539,154</b>	<b>242,600</b>	<b>\$390,888</b>	<b>\$105,973,429</b>

*\*Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.*

## Utility Hardship Fund Programs

Utility company hardship funds provide cash assistance to utility residential customers who need help in paying their utility bill or to those who still have a critical need for assistance after other resources have been exhausted. The funds make payments directly to companies on behalf of eligible customers.

## Ratepayer and Shareholder Contributions

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(D)(I)&(III) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(D)(I)&(III) for the NGDCs, the companies are to report to the Commission on the amount of ratepayer and utility contributions to their hardship funds. Utility shareholders contribute the bulk of utility contributions. The Commission defines ratepayer contributions as contributions from utility employees, ratepayers and special contributions. Special contributions include monies from formal complaint settlements, overcharge settlements, off-system sales and special solicitations of business corporations. However, the average voluntary ratepayer contribution per customer shown in the tables that follow does not include special contributions – only voluntary ratepayer contributions. The Commission defines utility contributions as shareholder or utility grants for program administration, outright grants to the funds, and grants that match contributions of ratepayers. Utility and ratepayer contributions are shown in the tables below.

### *2008-09 Electric Hardship Fund Contributions*

EDC	Voluntary Ratepayer Contributions	Average Voluntary Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Allegheny	\$330,307	\$0.54	\$164,490
Duquesne	\$259,721	\$0.50	\$450,000
Met-Ed	\$87,422	\$0.18	\$87,422
PECO-Electric	\$193,725	\$0.14	\$578,815
Penelec	\$52,787	\$0.10	\$89,543
Penn Power	\$43,014	\$0.31	\$43,014
PPL	\$523,109	\$0.43	\$946,000
<b>Total</b>	<b>\$1,490,085</b>		<b>\$2,359,284</b>
<b>Weighted Avg.</b>		<b>\$0.31</b>	

### *2008-09 Natural Gas Hardship Fund Contributions*

NGDC	Voluntary Ratepayer Contributions	Average Voluntary Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Columbia	\$1,003,100	\$2.70	\$190,575
Peoples	\$164,200	\$0.50	\$359,808
Equitable	\$101,000	\$0.42	\$33,417
NFG	\$45,442	\$0.23	\$66,666
PECO-Gas	\$39,679	\$0.09	\$118,553
PGW	\$6,067	\$0.01	\$528,554
UGI-Gas	\$148,902	\$0.49	\$56,000
UGI Penn Natural	\$29,450	\$0.20	\$48,711
<b>Total</b>	<b>\$1,537,840</b>		<b>\$1,402,284</b>
<b>Weighted Avg.</b>		<b>\$0.61</b>	

### Hardship Fund Benefits

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(D)(V) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(D)(V) for the NGDCs, the companies are to report to the Commission on hardship fund benefits. The Commission defines hardship fund benefits as the cumulative total number and dollar amount of grants disbursed for the program year as of the end of the program year.

### *Electric Utility Hardship Fund Grant Benefits*

EDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Allegheny	1,639	1,522	\$320	\$315	\$525,000	\$479,800
Duquesne	1,036	2,083	\$691	\$360	\$716,000	\$750,000
Met-Ed	625	589	\$400	\$335	\$250,000	\$197,706
PECO-Electric	1,150	1,908	\$845	\$391	\$972,003	\$746,674
Penelec	543	640	\$403	\$322	\$218,600	\$206,193
Penn Power	320	280	\$238	\$329	\$76,108	\$92,110
PPL	3,868	4,633	\$252	\$291	\$973,497	\$1,348,709
<b>EDC Total</b>	<b>9,181</b>	<b>11,655</b>			<b>\$3,731,208</b>	<b>\$3,821,192</b>
<b>Weighted Avg.</b>			<b>\$406</b>	<b>\$328</b>		

### *Natural Gas Utility Hardship Fund Grant Benefits*

NGDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Columbia	1,552	3,093	\$398	\$380	\$617,000	\$1,176,000
Peoples	1,099	1,679	\$366	\$357	\$402,194	\$599,616
Equitable	1,290	988	\$423	\$405	\$545,833	\$400,000
NFG	531	268	\$147	\$294	\$77,895	\$78,775
PECO-Gas	239	391	\$833	\$391	\$199,085	\$152,933
PGW	3,679	2,085	\$617	\$560	\$2,271,116	\$1,167,571
UGI-Gas	507	657	\$205	\$212	\$103,724	\$139,121
UGI Penn Natural	357	360	\$161	\$166	\$57,595	\$59,622
<b>NGDC Total</b>	<b>9,254</b>	<b>9,521</b>			<b>\$4,274,442</b>	<b>\$3,773,638</b>
<b>Weighted Avg.</b>			<b>\$462</b>	<b>\$396</b>		

## 4. Small Utilities' Universal Service Programs

The Commission's universal service reporting requirements have fewer data requirements for small utilities than for the major utilities. EDCs with fewer than 60,000 residential customers and NGDCs with fewer than 100,000 residential customers must file their universal service plans with the Commission every three years, but the plans are not subject to the Commission's formal approval process. Instead, the plans are informally reviewed by the Bureau of Consumer Services. In addition to filing their plans with the Commission, the small utilities must describe the level of services provided by their plans, as well as the expenses associated with the programs. These requirements can be found at 52 Pa. Code, Chapter 54, Section 54.77 for EDCs and at 52 Pa. Code, Chapter 62, Section 62.7 for NGDCs.

As a result of the Electricity Generation Customer Choice and Competition Act and the Natural Gas Choice and Competition Act (the Acts), seven small utilities now have various universal service programs for their low income customers.

Citizens' Electric (Citizens), Valley Energy (Valley) and Wellsboro Electric (Wellsboro) operate hardship funds through the Dollar Energy Fund.

Pike County Power & Light (Pike) administers a variation of a CAP program and operates its own hardship fund program.

T.W. Phillips offers a full-scale CAP program serving approximately 1,450 customers. The company also operates a hardship fund through the Dollar Energy Fund and administers a LIURP program. In 2009, the company completed 36 LIURP jobs.

UGI-Central Penn Gas, formerly PPL Gas, offers a full-scale CAP program. As of December 2009, the program enrollment was approximately 2,400 customers. UGI-Central Penn Gas also operates a hardship fund through the Dollar Energy Fund and administers a LIURP program. In 2009, the company completed 46 LIURP jobs.

UGI Utilites Inc. (UGI-Electric) offers a full-scale CAP program with an enrollment of approximately 1,400 customers. The company operates its own hardship fund and also administers a LIURP program. In 2009, the company completed 40 LIURP jobs.

The small utilities also differ significantly in the total number of residential customers each serves. For example, UGI-Central Penn Gas, UGI Utilities Inc. and T.W. Phillips each serve more than 40,000 residential customers. Meanwhile, Citizens', Pike, Wellsboro and Valley each serve fewer than 5,000 residential customers.

In addition to the utility-sponsored programs, LIHEAP benefits will be available to all low income households who meet the income guidelines for LIHEAP eligibility.

## 5. Appendices

### Appendix 1 - Grouping of Collection Data Tables

#### *Number of Confirmed Low Income Electric Customers in Debt*

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt Not on an Agreement*	Total Number of Customers in Debt*
Allegheny	2,314	11,270	13,584
Duquesne	1,284	3,249	4,533
Met-Ed	13,527	6,197	19,724
PECO-Electric	551	14,040	14,591
Penelec	15,301	9,139	24,440
Penn Power	4,088	2,034	6,122
PPL	24,888	36,926	61,814
<b>Total</b>	<b>61,953</b>	<b>82,855</b>	<b>144,808</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

#### *Number of Confirmed Low Income Natural Gas Customers in Debt*

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt Not on an Agreement*	Total Number of Customers in Debt*
Columbia	3,187	4,136	7,323
Peoples	11,035	7,002	18,037
Equitable	1,380	2,685	4,065
NFG	2,383	1,720	4,103
PECO-Gas	151	2,905	3,056
PGW	9,271	27,365	36,636
UGI-Gas	2,840	6,113	8,953
UGI Penn Natural	2,196	4,373	6,569
<b>Total</b>	<b>32,443</b>	<b>56,299</b>	<b>88,742</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Percent of Confirmed Low Income Electric Customers in Debt***

<b>Company</b>	<b>Percent of Customers in Debt on an Agreement*</b>	<b>Percent of Customers in Debt Not on an Agreement*</b>	<b>Total Percent of Customers in Debt*</b>
Allegheny	6%	27%	33%
Duquesne	3%	6%	9%
Met-Ed	28%	13%	41%
PECO-Electric	<1%	9%	10%
Penelec	23%	14%	37%
Penn Power	24%	12%	36%
PPL	18%	27%	45%
<b>Total</b>	<b>12%</b>	<b>16%</b>	<b>28%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Percent of Confirmed Low Income Natural Gas Customers in Debt***

<b>Company</b>	<b>Percent of Customers in Debt on an Agreement*</b>	<b>Percent of Customers in Debt Not on an Agreement*</b>	<b>Total Percent of Customers in Debt*</b>
Columbia	4%	6%	10%
Peoples	18%	11%	29%
Equitable	2%	5%	7%
NFG	7%	5%	12%
PECO-Gas	<1%	9%	9%
PGW	6%	17%	23%
UGI-Gas	8%	17%	25%
UGI Penn Natural	9%	17%	26%
<b>Total</b>	<b>7%</b>	<b>12%</b>	<b>19%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Percent of Debt on an Agreement -  
Confirmed Low Income Electric Customers***

Company	Percent of Dollars Owed - on an Agreement*	Percent of Dollars Owed - Not on an Agreement*
Allegheny	14%	86%
Duquesne	23%	77%
Met-Ed	85%	15%
PECO-Electric	1%	99%
Penelec	83%	17%
Penn Power	84%	16%
PPL	33%	67%
<b>Total</b>	<b>44%</b>	<b>56%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Percent of Debt on an Agreement -  
Confirmed Low Income Natural Gas Customers***

Company	Percent of Dollars Owed - on an Agreement*	Percent of Dollars Owed - Not on an Agreement*
Columbia	71%	29%
Peoples	69%	31%
Equitable	54%	46%
NFG	57%	43%
PECO-Gas	1%	99%
PGW	24%	76%
UGI-Gas	37%	63%
UGI Penn Natural	36%	64%
<b>Total</b>	<b>39%</b>	<b>61%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### **Average Arrearage - Confirmed Low Income Electric Customers**

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny	\$165	\$215	\$207
Duquesne	\$652	\$867	\$806
Met-Ed	\$718	\$277	\$579
PECO-Electric	\$267	\$782	\$762
Penelec	\$590	\$202	\$445
Penn Power	\$863	\$321	\$683
PPL	\$509	\$683	\$613
<b>Total</b>	<b>\$586</b>	<b>\$551</b>	<b>\$566</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### **Average Arrearage - Confirmed Low Income Natural Gas Customers**

Company	Average Arrearage on an Agreement*	Average Arrearage Not on an Agreement*	Overall Average Arrearage*
Columbia	\$1,101	\$339	\$670
Peoples	\$923	\$663	\$822
Equitable	\$774	\$345	\$491
NFG	\$636	\$667	\$649
PECO-Gas	\$432	\$1,806	\$1,738
PGW	\$785	\$832	\$820
UGI-Gas	\$544	\$429	\$465
UGI Penn Natural	\$574	\$518	\$537
<b>Total</b>	<b>\$815</b>	<b>\$729</b>	<b>\$760</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

***Residential Revenues (Billings) -  
Electric Customers***

Company	Annual Residential Billings
Allegheny	\$599,340,971
Duquesne	\$466,507,432
Met-Ed	\$626,478,569
PECO-Electric	\$1,852,916,041
Penelec	\$472,113,272
Penn Power	\$183,328,312
PPL	\$1,487,538,825
<b>Total</b>	<b>\$5,688,223,422</b>

***Residential Revenues (Billings) -  
Natural Gas Customers***

Company	Annual Residential Billings
Columbia	\$387,454,010
Peoples	\$259,501,732
Equitable	\$308,905,022
NFG	\$259,746,550
PECO-Gas	\$514,041,018
PGW	\$629,654,666
UGI-Gas	\$311,515,001
UGI Penn Natural	\$239,555,679
<b>Total</b>	<b>\$2,910,373,678</b>

***Residential Revenues (Billings) -  
Confirmed Low Income Electric Customers***

<b>Company</b>	<b>Annual Residential Billings</b>
Allegheny	\$40,747,604
Duquesne	\$45,943,677
Met-Ed	\$71,090,655
PECO-Electric	\$95,602,086
Penelec	\$74,348,330
Penn Power	\$26,303,912
PPL	\$217,296,970
<b>Total</b>	<b>\$571,333,234</b>

***Residential Revenues (Billings) -  
Confirmed Low Income Natural Gas Customers***

<b>Company</b>	<b>Annual Residential Billings</b>
Columbia	\$63,487,982
Peoples	\$72,703,594
Equitable	\$51,790,186
NFG	\$28,936,316
PECO-Gas	\$15,055,279
PGW	\$148,009,315
UGI-Gas	\$41,989,051
UGI Penn Natural	\$22,742,924
<b>Total</b>	<b>\$444,714,647</b>

*Terminations - Residential Electric Customers*

Company	2007 Terminations	2008 Terminations	2009 Terminations	Percent Change in # 2007-09
Allegheny	21,689	19,650	17,057	-21%
Duquesne	22,624	22,081	23,143	2%
Met-Ed	15,432	16,359	12,915	-16%
PECO-Electric	53,536	83,559	76,123	42%
Penelec	14,061	13,442	9,878	-30%
Penn Power	4,598	4,030	3,196	-30%
PPL	25,873	38,917	33,247	29%
<b>Total</b>	<b>157,813</b>	<b>198,038</b>	<b>175,559</b>	<b>11%</b>

*Terminations - Residential Natural Gas Customers*

Company	2007 Terminations	2008 Terminations	2009 Terminations	Percent Change in # 2007-09
Columbia	12,825	12,188	11,662	-9%
Peoples	5,302	7,867	7,640	44%
Equitable	12,593	11,979	10,836	-14%
NFG	11,138	11,022	12,290	10%
PECO-Gas	12,803	27,388	23,836	86%
PGW	23,437	28,674	38,536	64%
UGI-Gas	14,571	16,415	14,891	2%
UGI Penn Natural	7,065	7,735	8,672	23%
<b>Total</b>	<b>99,734</b>	<b>123,268</b>	<b>128,363</b>	<b>29%</b>

### *Number of Residential Electric Customers in Debt*

Company	2007 Total Number of Customers in Debt*	2008 Total Number of Customers in Debt*	2009 Total Number of Customers in Debt*	Percent Change in # 2007-09
Allegheny	73,136	71,649	75,880	4%
Duquesne	22,360	22,227	22,659	1%
Met-Ed	53,100	49,658	49,824	-6%
PECO-Electric	185,551	174,848	95,649	-48%
Penelec	61,602	54,689	52,927	-14%
Penn Power	14,370	13,929	13,943	-3%
PPL	128,614	129,233	131,421	2%
<b>Total</b>	<b>538,733</b>	<b>516,233</b>	<b>442,303</b>	<b>-18%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### *Number of Residential Natural Gas Customers in Debt*

Company	2007 Total Number of Customers in Debt*	2008 Total Number of Customers in Debt*	2009 Total Number of Customers in Debt*	Percent Change in # 2007-09
Columbia	23,440	24,514	21,011	-10%
Peoples	45,375	42,792	38,704	-15%
Equitable	23,708	16,259	12,872	-46%
NFG	9,786	9,886	10,077	3%
PECO-Gas	61,266	55,384	24,339	-60%
PGW	121,335	105,647	100,763	-17%
UGI-Gas	19,535	21,803	21,807	12%
UGI Penn Natural	14,707	14,819	15,139	3%
<b>Total</b>	<b>319,152</b>	<b>291,104</b>	<b>244,712</b>	<b>-23%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### *Dollars in Debt - Residential Electric Customers*

Company	2007 Total Dollars in Debt*	2008 Total Dollars in Debt*	2009 Total Dollars in Debt*	Percent Change in # 2007-09
Allegheny	\$6,091,473	\$6,260,535	\$7,421,127	22%
Duquesne	\$8,546,033	\$10,742,379	\$11,507,309	35%
Met-Ed	\$23,529,237	\$21,877,462	\$22,071,794	-6%
PECO-Electric	\$65,154,839	\$67,848,866	\$45,750,547	-30%
Penelec	\$22,758,172	\$19,890,741	\$18,629,141	-18%
Penn Power	\$6,299,897	\$6,875,205	\$7,573,412	20%
PPL	\$53,482,124	\$56,432,641	\$59,338,909	11%
<b>Total</b>	<b>\$185,861,775</b>	<b>\$189,927,829</b>	<b>\$172,292,239</b>	<b>-7%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

### *Dollars in Debt - Residential Natural Gas Customers*

Company	2007 Total Dollars in Debt*	2008 Total Dollars in Debt*	2009 Total Dollars in Debt*	Percent Change in # 2007-09
Columbia	\$8,231,727	\$10,062,370	\$10,915,244	33%
Peoples	\$35,196,567	\$25,385,023	\$22,779,857	-35%
Equitable	\$9,532,649	\$8,068,719	\$5,625,100	-41%
NFG	\$4,711,674	\$4,840,113	\$5,205,905	10%
PECO-Gas	\$32,474,978	\$31,031,567	\$21,701,200	-33%
PGW	\$60,206,779	\$49,851,372	\$51,204,586	-15%
UGI-Gas	\$6,652,684	\$8,040,405	\$7,444,741	12%
UGI Penn Natural	\$4,900,817	\$5,504,910	\$7,275,775	48%
<b>Total</b>	<b>\$161,907,875</b>	<b>\$142,784,479</b>	<b>\$132,152,408</b>	<b>-18%</b>

*\*See Appendix 2 for a chart showing the different methods companies use to determine overdue accounts and how they compare to BCS's preferred method. See Appendix 3 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.*

**Gross Write-Offs Ratio - Residential Electric Customers**

Company	2007 Gross Write-Offs Ratio*	2008 Gross Write-Offs Ratio*	2009 Gross Write-Offs Ratio*	Percent Change 2007-09
Allegheny	1.09%	1.01%	0.93%	-15%
Duquesne	1.15%	1.26%	1.76%	53%
Met-Ed	1.93%	1.91%	1.71%	-11%
PECO-Electric	2.82%	2.25%	2.60%	-8%
Penelec	2.07%	2.00%	1.76%	-15%
Penn Power	1.74%	1.81%	1.82%	5%
PPL	1.68%	1.78%	2.36%	40%
<b>Total</b>	<b>2.04%</b>	<b>1.85%</b>	<b>2.10%</b>	<b>3%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

**Gross Write-Offs Ratio - Residential Natural Gas Customers**

Company	2007 Gross Write-Offs Ratio*	2008 Gross Write-Offs Ratio*	2009 Gross Write-Offs Ratio*	Percent Change 2007-09
Columbia	2.61%	2.26%	3.11%	19%
Peoples	3.86%	2.87%	4.06%	5%
Equitable	3.73%	3.46%	2.97%	-20%
NFG	3.17%	2.09%	2.33%	-26%
PECO-Gas	2.18%	1.63%	0.85%	-61%
PGW	8.41%	7.08%	8.45%	<1%
UGI-Gas	2.93%	3.39%	3.08%	5%
UGI Penn Natural	2.81%	3.57%	3.83%	36%
<b>Total</b>	<b>4.10%</b>	<b>3.52%</b>	<b>3.92%</b>	<b>-4%</b>

*\*Does not include CAP Credits or Arrearage Forgiveness.*

*Percent of Revenues (Billings) in Debt - Residential Electric Customers*

Company	2007	2008	2009	Percent Change 2007-09
Allegheny	1.1%	1.1%	1.2%	9%
Duquesne	1.9%	2.3%	2.5%	32%
Met-Ed	4.2%	3.7%	3.5%	-17%
PECO-Electric	3.4%	3.6%	2.5%	-26%
Penelec	5.0%	4.3%	4.0%	-20%
Penn Power	3.6%	3.7%	4.1%	14%
PPL	3.9%	3.9%	4.0%	3%
<b>Total</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.0%</b>	<b>-12%</b>

*Percent of Revenues (Billings) in Debt - Residential Natural Gas Customers*

Company	2007	2008	2009	Percent Change 2007-09
Columbia	2.0%	2.1%	2.8%	40%
Peoples	12.3%	7.7%	8.8%	-28%
Equitable	3.2%	2.2%	1.8%	-44%
NFG	1.8%	1.7%	2.0%	11%
PECO-Gas	6.3%	5.8%	4.2%	-33%
PGW	9.7%	7.7%	8.1%	-16%
UGI-Gas	2.0%	2.3%	2.4%	20%
UGI Penn Natural	2.2%	2.4%	3.0%	36%
<b>Total</b>	<b>5.5%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>-18%</b>

## Appendix 2 - When is an Account Considered to be Overdue?

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

\* BCS considers Day Zero to be the bill due date and the applicable regulations require companies to report arrearages beginning at 30 days overdue.

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

### Appendix 3 - When Does an Account Move from Active to Inactive Status?

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

## Appendix 4 - 2009 Federal Poverty Guidelines

2009 Annual Federal Poverty Income Guidelines				
Size of Household	0-50% of Poverty	51-100% of Poverty	101-150% of Poverty	151-200% of Poverty
1	\$5,415	\$10,830	\$16,245	\$21,660
2	\$7,285	\$14,570	\$21,855	\$29,140
3	\$9,155	\$18,310	\$27,465	\$36,620
4	\$11,025	\$22,050	\$33,075	\$44,100
5	\$12,895	\$25,790	\$38,685	\$51,580
6	\$14,765	\$29,530	\$44,295	\$59,060
7	\$16,635	\$33,270	\$49,905	\$66,540
8	\$18,505	\$37,010	\$55,515	\$74,020
For each additional person, add	\$1,870	\$3,740	\$5,610	\$7,480
Income reflects upper limit of the poverty guideline for each column.				
Effective: 1/23/09. SOURCE: Federal Register, Vol. 74, No. 14, January 23, 2009, pp. 4199-4201.				

## Appendix 5 - Source of Income for Universal Service Participants

### *Source of Income for Electric Universal Service Participants*

	LIURP	CAP	Hardship Fund
Employment	38%	30%	43%
Public Assistance	4%	8%	6%
Pension or Retirement	11%	17%	14%
Unemployment Compensation	20%	7%	10%
Disability	17%	19%	15%
Other	10%	19%	12%

### *Source of Income for Natural Gas Universal Service Participants*

	LIURP	CAP	Hardship Fund
Employment	32%	35%	41%
Public Assistance	4%	8%	5%
Pension or Retirement	23%	22%	13%
Unemployment Compensation	11%	6%	8%
Disability	19%	20%	16%
Other	11%	9%	17%

## Appendix 6 - Percent of Spending by CAP Component

### *Percent of EDC Spending by CAP Component*

EDC	% of Total CAP Spending			% of Total CAP Spending		
	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2008			2009		
Allegheny	8%	72%	20%	7%	74%	19%
Duquesne	8%	76%	16%	7%	78%	15%
Met-Ed	7%	80%	13%	5%	79%	16%
PECO-Electric	21%*	60%	19%	3%	70%	27%
Penelec	7%	81%	12%	4%	81%	15%
Penn Power	6%	82%	12%	4%	76%	20%
PPL	9%	62%	29%	8%	62%	30%
<b>Weighted Avg.</b>	<b>15%</b>	<b>66%</b>	<b>19%</b>	<b>4%</b>	<b>72%</b>	<b>24%</b>

\*Includes PECO's "Other Uncollectible Provision Expense"

### *Percent of NGDC Spending by CAP Component*

NGDC	% of Total CAP Spending			% of Total CAP Spending		
	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2008			2009		
Columbia	4%	91%	5%	4%	76%	20%
Peoples	6%	92%	2%	6%	90%	4%
Equitable	5%	89%	6%	3%	94%	3%
NFG	4%	87%	9%	5%	82%	13%
PECO-Gas	54%*	45%	1%	5%	94%	1%
PGW	2%	89%	9%	2%	90%	8%
UGI	6%	74%	20%	6%	77%	17%
UGI Penn Natural	9%	82%	9%	3%	71%	26%
<b>Weighted Avg.</b>	<b>6%</b>	<b>87%</b>	<b>7%</b>	<b>3%</b>	<b>88%</b>	<b>9%</b>

\*Includes PECO's "Other Uncollectible Provision Expense"

## Appendix 7 - Instructions to Access Universal Service Plans and Evaluations on PUC Website

<http://www.puc.state.pa.us>

- From the PUC's website, click on "Consumer Concerns" in the General Navigation section on the left side of the website.
- From the Consumer Concerns page, under the section Energy Assistance Information, click on "Energy Assistance, Consumer tips for saving energy and programs that are available to help low-income customers."
- From the Energy Assistance page, scroll down to the section titled "Energy Assistance," and click on "Assistance Programs."
- Scroll down to the section "Universal Service Plans and Evaluations," and click on either the Universal Service Plan or Universal Service Evaluation of the company of your choice.

## Appendix 8 - Universal Service Programs Spending Levels & Cost Recovery

Universal Service Programs 2009 Spending Levels and Cost Recovery Mechanisms						
Utility	Cost Recovery Mechanism <sup>1</sup>	CAP Spending (Annual)	Total Universal Service Spending <sup>2</sup> (Annual)	% of Universal Service Spending Assessed on Residential Customers	Average # Residential Customers	Avg. Universal Service Spending Per Residential Customer (Annual)
Allegheny	Base Rates	\$7,922,756	\$9,252,313	100%	613,972	\$15.07
Duquesne	Base Rates	\$14,977,956	\$17,508,094	100%	524,333	\$33.39
Met-Ed	USC Rider-Annual	\$19,321,710	\$22,015,084	100%	484,382	\$45.45
PECO-Electric	Base Rates & Universal Service Fund Charge	\$97,895,892	\$104,506,419	100%	1,403,813	\$74.44
Penelec	USC Rider-Annual	\$24,480,070	\$27,570,954	100%	504,914	\$54.61
Penn Power	USC Rider-Annual	\$8,964,942	\$9,725,640	100%	139,848	\$69.54
PPL	US Rider-Annual	\$28,929,342	\$37,859,371	100%	1,208,715	\$31.32
<b>EDC Total</b>		<b>\$202,492,668</b>	<b>\$228,437,875</b>		<b>4,879,977</b>	
<b>EDC Weighted Avg.</b>						<b>\$46.81</b>
Columbia	Rider CAP	\$28,084,379	\$31,551,847	100%	370,838	\$85.08
Peoples	Base Rates	\$10,266,754	\$11,046,754	95.74%	327,324	\$33.75
Equitable	Rider D	\$29,451,600	\$30,380,400	100%	239,882	\$126.65
NFG	Rider F	\$6,743,167	\$8,119,399	100%	197,474	\$41.12
PECO-Gas	Base Rates & Universal Service Fund Charge	\$8,975,289	\$11,407,827	100%	444,210	\$25.68
PGW	USEC Surcharge	\$105,782,371	\$108,636,123 <sup>4</sup>	75% <sup>3</sup>	480,908	\$225.90
UGI	Rider E	\$5,051,419	\$6,781,836	100%	302,561	\$22.41
UGI Penn Natural	Base Rates	\$3,520,853	\$4,450,767	100%	144,690	\$30.76
<b>NGDC Total</b>		<b>\$197,875,832</b>	<b>\$212,374,953</b>		<b>2,507,887</b>	
<b>NGDC Weighted Avg.</b>						<b>\$84.68</b>

<sup>1</sup>Riders and USEC/USFM Surcharge are charges for CAP costs, in addition to base rates, that are adjusted quarterly or annually.

<sup>2</sup>Universal Service costs include CAP costs, LIURP costs and CARES costs.

<sup>3</sup>CAP costs are assessed in following manner: residential (75 percent), commercial (20 percent), industrial (2 percent), municipal service (2 percent) and PHA (Philadelphia Housing Authority) (1 percent).

<sup>4</sup>PGW universal service costs do not include Senior Citizen Discount (SCD) costs. Because income is not an eligibility criterion, the SCD does not meet the definition of universal service.



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