



**T.W. PHILLIPS**  
**GAS AND OIL CO.**

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**2009 TRIENNIAL REPORT ON  
UNIVERSAL SERVICE AND  
ENERGY CONSERVATION PLAN**

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## **T. W. Phillips Gas and Oil Co.'s 2009 Triennial Report on its Universal Services and Energy Conservation Plan**

### **I. INTRODUCTION**

T. W. Phillips Gas and Oil Co. ("T. W. Phillips") hereby submits Universal Service and Energy Conservation Plan ("Universal Service Plan") and the programs offered thereunder to help meet the needs of its eligible low-income residential customers. This Report has been submitted pursuant to the regulations at 52 PA Code §62.7, in lieu of the reporting requirements set forth at 52 PA Code §§62.4–62.6, because T. W. Phillips serves fewer than 100,000 residential customer accounts.

### **II. OVERVIEW OF T. W. PHILLIPS' UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN**

T. W. Phillips serves a total of 62,802 customers across its western Pennsylvania service territory, as stated in its Annual Report to the Pennsylvania Public Utility Commission (the "PUC") for the year ended December 31, 2008. Approximately 58,350 of that total are residential customers. T. W. Phillips estimates that approximately 6,500 of its residential customers are low income or income disadvantaged at any given time, but not all customers who are income disadvantaged are also payment troubled. In fact, a significant number of T. W. Phillips' income disadvantaged customers manage to pay their gas bills on a regular basis. T. W. Phillips has identified approximately 5,000 residential low-income customers on its system who are or may be payment troubled from time to time and take advantage of the assistance programs available to them, including those which comprise T. W. Phillips' Universal Service Plan.

To assist its income disadvantaged customers and others who may have difficulty paying their gas bills from time to time, T. W. Phillips offers three primary Universal Service and Energy Conservation programs that are consistent with regulatory requirements and good business practices. T. W. Phillips also informs its low-income customers regularly about available programs and assists them in applying for the help that is available from a variety of community-based organizations, including local groups such as the Butler County Emergency Relief Initiative, the Dollar Energy Fund, Inc. ("Dollar Energy"), federally-funded programs such as the Low Income Home Energy Assistance Program ("LIHEAP"), and Company-sponsored Universal Service and Energy Conservation programs. Program information is distributed to customers through bill inserts and direct mail pieces, described in brochures made available at a variety of locations and events throughout T. W. Phillips' service territory, announced in automated messages played for customers who contact T. W. Phillips' Customer Service Department by telephone and wait to speak with a representative, and is periodically advertised

through local media outlets. T.W. Phillips also provides toll-free telephone numbers that customers can call to obtain program information and assistance.

Although it has been delayed in its plans to expand its web-site to include materials and resources that inform its customers about T.W. Phillips' Universal Service and Energy Conservation programs, an effort is currently underway to add an initial set of Universal Service Plan information pieces to the web-site by mid-year, with further enhancement of these resources before the end of 2009.

T.W. Phillips' Universal Service programs include (i) the **Customer Assistance Referrals and Evaluation Services ("CARES") program** designed to point low-income and other customers in need in the right direction to find the resources that will help them, (ii) the **Energy Help Fund ("EHF") program** to lower the cost of current gas service, reduce account arrearages and encourage the habit of regular payments and (iii) the **Wise Choice Low Income Usage Reduction ("Wise Choice") program** established to help low income customers lower their gas bills by reducing their gas usage and promoting energy conservation. Other programs include the Dollar Energy and LIHEAP Cash and Crisis programs, which provide vitally important cash grants to address emergency situations and assist eligible customers in their efforts to restore gas service. Since the enhancements of its Universal Service and Energy Conservation programs were implemented as a result of its 2006 base rate proceeding, T.W. Phillips' low-income customers have taken advantage of more generous levels of assistance and have participated in those programs in greater numbers.

The table set forth in Section III below shows the Company's Universal Service and Energy Conservation program annual expenditures for the past five years, along with projected expenditures for 2010.

**III. T. W. PHILLIPS' UNIVERSAL SERVICE AND ENERGY  
CONSERVATION PROGRAMS FOR LOW-INCOME CUSTOMERS –  
ACTUAL AND PROJECTED ANNUAL EXPENDITURES**

Program Name	Annual Expenditures					
	2005	2006	2007	2008	2009 <sup>1</sup>	Projected 2010
Customer Assistance Referral Evaluation Services ("CARES") including LIHEAP outreach efforts	\$11,535	\$14,136	\$13,217	\$14,643	\$3,113	\$14,000
Energy Help Fund	\$230,592	\$329,112	\$584,303	\$643,777	\$382,465	\$800,000
Wise Choice Low Income Usage Reduction Program	\$171,413	\$104,855 <sup>2</sup>	\$151,201	\$190,982	\$73,123	\$191,250
Dollar Energy Fund, Inc. <sup>3</sup>	\$33,221	\$35,805	\$34,625	\$35,362	\$17,075	\$37,500

<sup>1</sup> Actual 2009 expenditures through April 30, 2009.

<sup>2</sup> Key program vendor was lost and had to be replaced during the year, reducing program expenditures for 2006.

<sup>3</sup> Includes T. W. Phillips' matching contributions plus administration expenses incurred.

**IV. DETAILED DESCRIPTION OF T. W. PHILLIPS' UNIVERSAL  
SERVICE AND ENERGY CONSERVATION PROGRAMS**

**A. Customer Assistance and Referral Evaluation Services ("CARES")**

T.W. Phillips' CARES program was developed as part of the Company's ongoing effort to identify customers with significant needs and direct them to the resources that can help them most. The CARES program is designed to give personalized assistance to customers through counseling and referral services provided by trained in-house Customer Service Representatives, with essential support from one highly experienced outside expert under an agreement with Essential Energy. CARES is also intended to encourage the participation by eligible customers in all of the assistance programs available to them, including the EHF program, LIHEAP (Cash and Crisis), Dollar Energy and the Wise Choice weatherization/usage reduction program.

In its use of Customer Service Representatives as CARES representatives, T. W. Phillips has a group of frontline personnel who are trained to be sensitive, receptive and responsive to a variety of customer needs, including income disadvantages, age-related illnesses or circumstances, physical and mental disabilities, low self-esteem, and other such factors. Specifically, each Customer Service Representative has participated in an in-depth training session on CARES program principals and practical implementation under the direction of Essential Energy. As a result of such training, these representatives are encouraged to seek ways to help people improve their quality of life. Outside agencies and organizations are also educated and informed to know about T. W. Phillips' CARES program, its purpose and objectives. Accordingly, customers in need of such help are referred to T. W. Phillips' CARES program by community agencies, the PUC, other utilities and by T. W. Phillips' own field employees, who have themselves received training with respect to the CARES program and are, therefore, also alert to customers in difficult circumstances.

Every referral of a customer into T. W. Phillips' CARES program, regardless of its source, is handled initially by one of T. W. Phillips' trained Customer Service Representatives. The representative makes contact with the customer and assesses needs using information provided by the customer. He or she then reviews the range of assistance programs that are responsive to the customer's particular needs and discusses the case with T. W. Phillips' Universal Service Coordinator, who serves as the Company's point of contact with community service agencies operating in T. W. Phillips' service territory. Based upon the information at hand, an assessment is made as to how the Company can best assist the customer and whether the customer's need(s) can be resolved with a one-time communication or will require longer term CARES interaction. A decision on whether a CARES home visit is necessary depends upon each customer's particular circumstances. A home visit may be made for a reason as simple as the CARES representative's perception that they are not getting through to a customer or that a customer with legitimate need is not receptive to the help that is available.

A home visit may be required to confirm information given by the customer, such as income/expense verification, or to provide budget counseling, energy conservation education, and/or education about the range of outside agency programs that are available to help them. A home visit may be needed to assist the customer in the completion of applications for LIHEAP, Dollar Energy, or the EHF program. When they are necessary, home visits are provided by T. W. Phillips' outside CARES expert, Essential Energy.

Monitoring and follow-up of customers in the CARES program is provided through a cooperative effort of Essential Energy and T. W. Phillips' Universal Services Coordinator, as required to meet each participant's individual needs. Note that T. W. Phillips' Universal Services Coordinator also participates on behalf of the Company, in an informal network of assistance programs and agencies which range from other utility programs, to local, state and federal government-sponsored assistance agencies of various kinds, to a variety of private programs (i.e. church organizations, community service groups, etc.) established to help people facing difficult circumstances.

1. Butler County Emergency Relief Initiative

One example of a vital local organization which has developed in recent years to reach out to local people in need is the Butler County Emergency Relief Initiative ('BERI'). BERI is a collaboration of individuals, organizations and agencies dedicated to improving the efficient delivery and maximizing the beneficial impact of assistance programs available to needy residents of Butler County. The focus and objective of BERI is described in the piece attached hereto as Exhibit "A". T. W. Phillips is actively engaged with BERI. Not only has it provided direct assistance to that organization and will continue to do so in various ways in the future, but T. W. Phillips' Universal Services Coordinator is a member of the BERI Oversight Committee to assist in the effort of providing informed leadership to the task of making sure that best advantage is taken of the assistance programs available to Butler County residents.

**B. Wise Choice Low Income Usage Reduction Program**

**Program Overview**

T. W. Phillips' Wise Choice program is a weatherization and conservation education program which is targeted to low-income, high usage, payment troubled customers. T. W. Phillips' program was initiated in 1987, in response to PUC regulations at 52 PA Code §58.1 – §58.18.

**Program Goals**

The primary goal of the Wise Choice program is to weatherize homes occupied by income disadvantaged customers who use large volumes of gas and to educate such customers in ways to conserve energy and thereby reduce their energy bills. The secondary goal is to reduce the number of delinquent and uncollectible residential accounts which are written off as bad debts each year.

The Wise Choice program attempts to reduce a payment troubled customer's gas bill to the point where it is more affordable. If income disadvantaged customers can maintain their gas service throughout the year, especially with the support of outside assistance that is available to such customers, the account is less likely to be uncollectible. This benefits not only the Wise Choice participant, but also the Company and all other ratepayers.

**Program Description**

Each Wise Choice participant is provided with a home energy audit, a gas appliance safety inspection, and an energy conservation education session. Conservation education stresses simple, but effective actions that a family can take to control the amount of energy that is consumed in the home. Conservation tips are given to help reduce the use of gas, electricity and water. Program participants learn which appliances consume the most energy and why. Instruction is also given on the proper maintenance of physical conservation measures that are actually installed in customer residences by the Wise Choice weatherization crews.

Improving payment behavior is stressed and customers are encouraged to communicate with the Company to discuss payment problems before they become serious. Limited budget counseling is also provided, as a supplement to the kinds of assistance offered by the CARES program.

During the energy audit, a Wise Choice auditor inspects the home from the basement to the attic, looking for areas where heat may be escaping (exfiltration) and where cold air may be leaking in (infiltration). If circumstances permit, the auditor also conducts a pre-weatherization blower door test to measure how "leaky" a home is at the time of the audit. Any existing insulation or weatherization measures are noted.

Upon completion of the audit, the auditor creates a work order listing all recommended weatherization measures and submits the work order to T. W. Phillips for approval. The scope of work to be performed at T. W. Phillips' expense is determined by reference to the customer's gas usage. In most cases, customers who exhibit high gas usage will qualify for more weatherization measures than customers who use lesser volumes of gas.

### **WISE CHOICE Weatherization Measures**

Typically, weatherization measures installed under T. W. Phillips' Wise Choice program include, but are not limited to the following:

#### **Furnace/Heating System**

- Tune up
- Repairs
- Replacements
- Spark Ignition
- Thermostat
- Duct Wrap
- Filter Rack Installation/Repair
- Duct Repair
- Flue Repair/Replacement
- Chimney Liner Installation
- Shut-Off Valve Repair/Installation

#### **Hot Water Systems**

- Pipe insulation
- Replacements
- Flue Repair/Replacement
- Gas Supply Line Repair/Replacement
- Water Supply Line Repair/Replacement
- Shut-Off Valve Repair/Installation

#### **Insulation**

- Attic insulation
- Knee-wall insulation
- Sidewall insulation
- Sill plate insulation
- Insulation between heated and non-heated areas
- Vapor barriers
- Venting
- Attic access work (if necessary)

**Infiltration Reduction**

- Extensive caulking and “blower door” air sealing
- Weatherstripping
- Door sweeps
- Electrical switch and outlet gaskets
- Limited use of storm windows
- Sealing unused fireplaces
- Sealing of recessed pocket doors

**Miscellaneous Minor Repairs**

- Repairing interior wall cracks and holes
- Window glass replacement
- Exterior door repairs
- Door and window locks

**Program Participation Guidelines**

Customers must satisfy the following qualifications to be eligible for T. W. Phillips' Wise Choice weatherization program:

1. Total family income may not exceed the following limits (300% of 2009 Federal Poverty Guidelines):

<u>Family Size</u>	<u>Yearly Income</u>
1	\$32,496
2	\$43,716
3	\$54,936
4	\$66,156
5	\$77,376
6	\$88,596

2. The customer must have a residential gas heating account.
3. The customer must not have moved or had an extended break in service during the last 12 months.
4. The customer must plan to live at the same address for the next 12 months.
5. The customer must have annual gas usage of at least 120 Mcf/year.
6. Renters must have the gas account in their name. Rental units must be metered separately and have individual heating systems. Landlord permission is also required.
7. Special consideration is given to low-income customers who may not necessarily meet the income eligibility guidelines, but have demonstrated needs of other kinds which suggest that energy conservation would be useful. (i.e. medical condition, medical bills, etc.)
8. Outreach, Enrollment and Application Procedures

- a. T. W. Phillips' Universal Services Coordinator facilitates the program outreach and enrollment procedures for both the Wise Choice program and the EHF program to maximize administrative efficiencies and identify eligible Wise Choice participants from among those applying for and being referred to the EHF program.
- b. Application procedures for the EHF and Wise Choice programs are coordinated and run in tandem as much as possible to facilitate the most efficient use of resources to serve residential customers in need.
- c. The program administrator coordinates the acquisition of necessary agreements/consents for the installation of Wise Choice program weatherization and energy conservation measures with participating customers and their landlords.

9. Wise Choice Program Limitations

- a. Based upon T. W. Phillips' 2006 base rate case settlement at Docket No. R-00051178, the annual expenditure allowance for the Wise Choice program is presently \$225,000, of which 15 percent can be applied to administrative service costs.
- b. To the extent that the Company does not utilize the full annual allowance for Wise Choice program services in any calendar year, after a good faith effort to identify and secure the cooperation of a sufficient number of eligible low-income customers, the unexpended Wise Choice allowance shall be transferred to and used to supplement the EHF program.

**C. Energy Help Fund**

1. T. W. Phillips' EHF program is designed to help eligible low-income residential customers who use gas to heat their residences to (i) better afford the cost of current usage, (ii) get into the habit of making regular monthly payments and (iii), in the process, to earn credits that will reduce outstanding gas account arrearages. Three different categories or tiers of assistance are available to eligible customers, based on their annual household income.
2. EHF assistance is first provided in the form of (i) substantial discounts of T. W. Phillips' Customer Service Charge and Volumetric Delivery Rate, as can be seen in a comparison of the rates set forth in T. W. Phillips' Tariff Gas – PA PUC No. 6 at Rate Schedule RS/RS-T – Residential Service and Rate Schedule RUS – Residential Universal Service on Tenth Revised Pages 70 and 71 of the Tariff. Rate Schedule RUS shows the discounted rates available to EHF participants. Rate Schedules RS/RT and RUS are attached hereto as Exhibit "B". Furthermore, monthly credits are applied against outstanding arrearages, up to an aggregate of \$600 over three years, along with credits against the customer's current gas bill from anticipated LIHEAP, Dollar Energy,

and other assistance grants. Note that because a portion of the EHF benefit is an arrearage reduction component, eligible low-income customers with an account arrearage of at least \$200 are preferred under EHF guidelines, but a customer is not required to have an arrearage to qualify for participation in the EHF program.

3. The terms and conditions of the EHF program are described as follows:

a. Category 1: Annual Income At or Below 50% of Federal Poverty Level

Residential customers with an annual income at or below fifty percent (50%) of the Federal Poverty Level will qualify for a two-part program of assistance as follows:

- A reduction in their bill for current usage in the form of a one hundred percent (100%) discount of their monthly Customer Service Charge and Volumetric Delivery Rate, as set forth in Rate Schedule RUS – Residential Universal Service.
- A credit equal to 1/36 of their gas service account arrearage (if any) existing on the date of entry into the EHF program, up to a maximum arrearage forgiveness of \$200 per 12-month period or \$600 over 36 months, for each month in which a payment at least equal to the monthly EHF amount billed for current usage is received. Eligible customers who continue to satisfy program requirements and still have outstanding account arrearages after the first 36 months of participation, may reapply to the EHF program and, if they qualify, earn additional arrearage forgiveness beyond the 36-month period.
- Eligible customers will be enrolled in the EHF program for a 36-month period, but at the end of 36 months, they may re-enroll if they establish that they still satisfy the annual income requirements. As noted above, customers with outstanding arrearages will be preferred, but an arrearage is not a precondition to EHF program participation. Monthly credits will not be available to customers who have no account arrearage.
- LIHEAP, Dollar Energy and other assistance grants will be used to offset the remainder of the participating customer's monthly EHF bill. The Company's Universal Services Coordinator conducts a comprehensive review of all EHF participants in June of each year, and then reduces monthly EHF payments for the next 12 months by 1/12 of assistance grant(s) actually received by the participant in the immediately preceding winter heating season.

b. Category 2: Annual Income Between 51% and 100% of Federal Poverty Level

Residential customers with an annual income greater than fifty percent (50%) and up to and including one hundred percent (100%) of the Federal Poverty Level will qualify for a two-part program of assistance as follows:

- A reduction in their bill for current usage in the form of a ninety percent (90%) discount of their monthly Customer Service Charge and Volumetric Delivery Rate, as set forth in Rate Schedule RUS – Residential Universal Service.
- A credit equal to 1/36 of their gas service account arrearage (if any) existing on the date of entry into the EHF program, up to a maximum arrearage forgiveness of \$200 per 12-month period or \$600 over 36 months, for each month in which a payment at least equal to the monthly EHF amount billed for current usage is received. Eligible customers who continue to satisfy program requirements and still have outstanding account arrearages after the first 36 months of participation, may reapply to the EHF program and, if they qualify, earn additional arrearage forgiveness beyond the 36-month period.
- Eligible customers will be enrolled in the EHF program for a 36-month period, but at the end of 36 months, they may re-enroll if they establish that they still satisfy the annual income requirements. As noted above, customers with outstanding arrearages will be preferred, but an arrearage is not a precondition to EHF program participation. Monthly credits will not be available to customers who have no account arrearage.
- LIHEAP, Dollar Energy and other assistance grants will also be used to offset the remainder of the participating customer's monthly EHF bill. The Company will conduct a comprehensive review of all EHF participants in June of each year, and then reduce monthly EHF payments for the next 12 months by 1/12 of assistance grant(s) actually received by the participant in the immediately preceding winter heating season.

c. Category 3: Annual Income from 101% to 150% of Federal Poverty Level

Residential Customers with an annual income of more than one hundred percent (100%) and up to and including one hundred fifty percent (150%) of the Federal Poverty Level will qualify for a program of assistance as follows:

- A reduction in their bill for current usage in the form of a seventy-five percent (75%) discount of their monthly Customer Service Usage and Volumetric Delivery Rate, as set forth in Rate Schedule RUS Residential Universal Service.
- A credit equal to 1/36 of their gas service account arrearage (if any) existing on the date of entry into the EHF program, up to a maximum arrearage forgiveness of \$200 per 12-month period or \$600 over the 36-month term, for each month in which payment at least equal to the monthly EHF amount billed for current usage is received. Monthly credits will not be available to customers who have no account arrearage.

- The Company will conduct a comprehensive review of all EHF participants in June of each year, and then reduce monthly EHF payments for the next 12 months by 1/12 of assistance grant(s) actually received by the participant in the immediately preceding winter heating season.
  - Upon completion of the initial 36-month period, or at such subsequent time when their account arrearages have been completely retired, Tier 3 customers will be graduated from the EHF program.
    - i. If a waiting list for the EHF program exists at the time of graduation, Tier 3 customers may not re-enter the EHF program until a period of 12 months at standard rates has elapsed.
    - ii. If no waiting list exists at the time of their EHF graduation, Tier 3 program may re-enter the program if they re-apply and satisfy the eligibility criteria. Customers with outstanding arrearages will be preferred, but an account arrearage is not a precondition to EHF program participation.
4. As of June 1, 2009, T. W. Phillips had 1,361 active participants in the EHF program. The Company will continue to enroll eligible customers into the EHF program until the Company's projected annual EHF program expenditure reaches \$850,000.
- a. Under no circumstances will any unexpended portion of the annual EHF expenditure cap be rolled over to a subsequent year.
  - b. In determining whether the annual expenditure cap is reached, the Company will include all forgiven arrearages, all current bill discounts, and \$35 per customer enrollment to cover enrollment costs, whether program enrollment is done internally or externally.
5. The Company's collections treatment of non-payment by EHF program participants will be consistent with policies currently or hereafter adopted by the PUC's Bureau of Consumer Services for participants in utility customer assistance programs.
6. Outreach and Enrollment Procedures
- a. The Company's EHF program administrator, who also serves as the Universal Service Coordinator, makes targeted mailings of information flyers and program applications to existing residential customers who are believed to satisfy program eligibility requirements.
  - b. Assistance agencies operating in the Company's service territory and staff members from the offices of multiple State Legislators whose jurisdictions overlap T. W. Phillips' service territory are regularly informed about and provided with written materials describing the EHF program and encouraged to refer

qualified low-income residential customers /constituents to the EHF program administrator.

- c. The Company's EHF program administrator is actively involved in a number of special organizations and initiatives designed to ensure that local citizens in need receive assistance, including that which is available through T. W. Phillips' EHF program. These special outreach efforts include, but are not limited to the Butler County Stay Warm Summit, Butler County Utility Crisis Cooperative and the Butler County Center for Community Resources. T. W. Phillips' active participation in BERI has also served to increase knowledge of the EHF program among Butler County's low-income customers served by that organization.
- d. The EHF program administrator also speaks to a variety of community groups to inform them about T. W. Phillips' Universal Service Programs.
- e. The EHF program administrator makes direct contact with low-income residential customers of the Company who have qualified for and received Dollar Energy and LIHEAP grants in the previous year to encourage their participation in the EHF program.
- f. T. W. Phillips' own Customer Service Representatives also refer eligible low-income customers to the EHF program administrator on a regular basis.

7. Application/Screening Procedures

- a. Residential customers are pre-screened for EHF program eligibility by the EHF program administrator when they call in to the administrator's toll-free telephone line. The Company's Customer Service Department refers potentially eligible customers to the program administrator for pre-screening.
- b. Information gathered in the prescreening process is used to facilitate application/qualification procedures for both the EHF program and the WISE CHOICE program. Customers who have received LIHEAP grants in the immediately preceding 12 months are enrolled in the EHF and/or WISE CHOICE without having to provide further proof of income. Customers who have not received LIHEAP grants in the immediately preceding 12 months will be required to submit proof of income as outlined in the following paragraph.
- c. After telephonic prescreening, the program administrator sends customers partially completed applications to the EHF program, along with a letter describing EHF program benefits and the obligations of program participants. The letter directs potential program participants to complete the application, provide current income information in order to confirm eligibility, and return the application information to the EHF program administrator within ten (10) days. Information received from customers is also used to determine eligibility for participation in the WISE CHOICE program.

- d. Using information received in completed applications, the EHF program administrator determines whether applicants are eligible to participate in the EHF program, and, if so, in what Category. When eligibility is determined, letters of acceptance are prepared and sent to eligible customers, along with an explanation of the terms, conditions and benefits of EHF program participation.
- e. The letter of acceptance includes a statement to the effect that the eligible customer's first payment of the discounted gas bill under the EHF program shall constitute an acceptance, by that customer, of all of the terms and conditions of the EHF program, including the customer's obligations as a participant therein.
- f. Customers who do not satisfy the program requirements and are ineligible to participate are so notified in writing.
- g. Customers who fail to sign and return the letter of acceptance or do not return completed applications on a timely basis are contacted by the EHF program administrator by telephone to encourage their participation and response.
- h. Eligible customers whose completed application and/or prescreening process reveal needs that might benefit from the Company's CARES program are referred to the Universal Service Coordinator for evaluation and further communication or, where appropriate, to Essential Energy for the purpose of scheduling home visits.
- i. Information gathered for purposes of determining customer eligibility to participate in the EHF program is also used to determine customer eligibility to participate in the Company's Wise Choice program to maximize the efficient operation of both assistance programs.

8. EHF Program Operation

- a. The EHF program administrator closely monitors the payment performance of every participating customer and contacts them promptly if required payments are missed.
- b. The EHF program administrator has limited discretion to extend the due date of a participant's payment, if warranted by circumstances, and to permit a participant in extreme circumstances to skip a payment, but only one skipped payment will be permitted. Except in such limited circumstances, the failure of an EHF program participant to satisfy the terms and conditions of the EHF agreement letter results in removal of the non-compliant participant from the EHF program for a period of one year and the commencement of appropriate service termination procedures.
- c. The EHF program administrator also monitors participant account records regularly to (i) confirm that arrearage credits are properly applied after the

Company's receipt of each participant's monthly payment, as described in the applicable letter of acceptance, and (ii) ensure proper application of LIHEAP, Dollar Energy and other grants received by EHF participants to further reduce their monthly payment.

9. End of Program Term Activities

- a. The EHF program administrator will take action to determine a participant's eligibility to renew and continue the participation in the program after the initial 36-month term by contacting the participant prior to the end of the term to facilitate a renewal application and to re-verify the participant's income eligibility.
- b. Upon confirmation of income eligibility, the administrator will issue a new EHF letter agreement stating the terms and conditions of the participant's continuation in the EHF program.
- c. After a participant's eligibility to continue in the EHF program for an additional term has been confirmed, the program administrator will resume the regular program monitoring procedures described in Section 6 above.

**V. UNIVERSAL SERVICE AND ENERGY  
CONSERVATION PROGRAM SERVICES / BENEFITS**

Program	Number of Customers Receiving Benefits / Participating Customers at Year End					
	2005	2006	2007	2008	2009 <sup>1</sup>	Projected 2010
Customer Assistance Referral Evaluation Services ("CARES") including LIHEAP outreach efforts	7,832	5,684	5,785	6,327	1,909	6,400
Dollar Energy Fund, Inc.	389	173	171	177	40	180
WISE CHOICE ~ Low Income Usage Reduction Program	32	34	25	32	13	45
Energy Help Fund	863	995	1,101	1,221	1,414	1,500

<sup>1</sup> Reporting data through April 30, 2009.

Program	Dollar Amount of Benefits Provided					
	2005	2006	2007	2008	2009 <sup>1</sup>	Projected 2010
Customer Assistance Referral Evaluation Services ("CARES") including LIHEAP outreach efforts	\$1,429,242	\$1,254,975	\$1,416,767	\$2,469,853	\$1,861,757	\$2,200,000
Dollar Energy Fund, Inc.	\$111,590	\$62,000	\$59,800	\$61,234	\$14,452	\$63,000
WISE CHOICE ~ Low Income Usage Reduction Program	\$171,413	\$104,855	\$129,681	\$190,982	\$73,123	\$191,250
Energy Help Fund (less administrative)	\$230,592	\$329,112	\$584,303	\$643,777	\$382,465	\$800,000

<sup>1</sup> Reporting data through April 30, 2009.

**VI. CONCLUSION**

T.W. Phillips appreciates the opportunity to submit this Triennial Report on the operation, administration and practical impact of its Universal Service and Energy Conservation Plan. T.W. Phillips continues in its effort to improve the effectiveness of the programs described in this Report, by communicating to eligible low-income customers about their availability, improving the practical benefits that they deliver, and directing the program services to those customers who need them most.

Respectfully submitted

**T. W. PHILLIPS GAS AND OIL CO.**

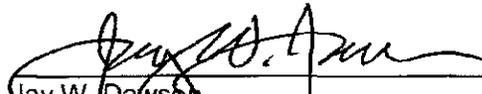
Date: June 1, 2009



Andrew P. Wachter  
Assistant Vice President – Finance



Bryan Colbert  
Universal Service Coordinator



Jay W. Dawson  
Vice President – Legal and  
Corporate Secretary

**EXHIBIT "A"**

## COLLABORATION IS KEY TO EMERGENCY RELIEF INITIATIVE!

Collaboration is the key to success in Butler County and the most celebrated example is the utility initiative with hallmarks that include the Utility Single Point of Contact, Energy Summits and the Butler Emergency Relief Initiative administered by the United Way. The Center for Community Resources provides the Utility Single Point of Contact (1-800-481-3653) that coordinates a pool of resources provided by:

- St. Vincent de Paul Catholic Charities
- Salvation Army
- The Lighthouse
- Butler County Assistance Office
- The Housing Authority of the County of Butler
- Dollar Energy
- Utility companies and their CARES programs
- Community Action of Butler County

Area churches and concerned businesses and groups provided \$17,770 in additional resources through the Emergency Relief Fund to ensure that families with children and the elderly were warm, had water, and had power to life sustaining medical equipment, particularly in the winter months. In all, 1189 households were served by the Utility Single Point of Contact and more than 200 households received emergency fund disbursements to their utility companies. The Emergency Relief Fund ensures that resources are set aside for a disaster that may befall Butler County.

The Oversight Committee that raises and advises uses of those resources includes:

- Father Harry Bielewicz, St. Paul Church
- Honorable Marilyn Horan, Butler County Court of Common Pleas
- Rev. Bruce Geary, St. Peter's Episcopal Church
- Pastor Bob Thomas, Community Alliance Church
- Rev. Randall Forester, St. Paul's Community Church
- Richard Wilson, CORA Corporation
- Betty Cordray, PNC Bank
- Lori Altman, County of Butler
- Corita Bauldoff, Retired, Butler County Assistance Office
- Honorable Dale Pinkerton, Butler County Commissioner
- Deb McAllister, Butler County Community College

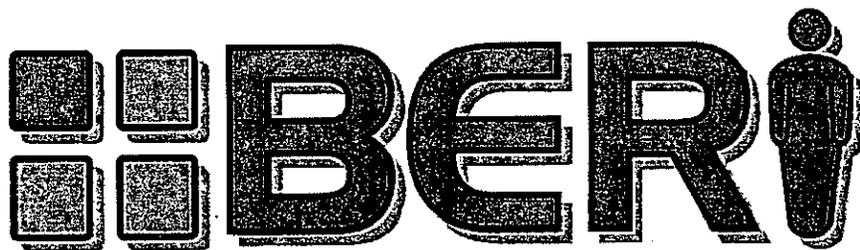
Contributions were provided by:

- Butler Rotary Club
- Center for Community Resources Raffle
- Columbia Gas of Pennsylvania
- Connoquenessing United Methodist Church
- First United Methodist Church
- GFWC Penn Twp. Woman's Club
- Hill United Presbyterian Church
- Meridian United Presbyterian Church
- Onion Festival Proceeds
- Penn Glade Lions Club
- Saint Paul Parish
- Saint Peter's Episcopal Church
- Soroptimist International of Butler County
- St. Andrew R.C. Church
- St. Andrews United Presbyterian Church
- St. Fidelis Church
- St. John's Catholic Church
- St. John's Lutheran Church
- St. John's Reformed Church
- St. John's United Methodist Church
- St. Paul Church
- St. Pauls United Church of Christ
- St. Peter's Roman Catholic Church
- St. Wendelin Church
- T.W. Phillips Gas and Oil Company
- The Butler Rotary Foundation
- West Sunbury United Presbyterian Church

The Initiative's Sixth Energy Summit drew the attention of the Public Utilities Commission and the State, which is looking to Butler County as an outstanding model for a collaborative system of support that is easily accessible and responsive to those in need while demonstrating efficiency by preventing abuse of resources by the public and duplication of service.

Area agencies promoted financial literacy and savings at the Farm Show which included a "Feed the Pig" contest featuring savings bonds donated by NexTier and Mars National Banks.

We are proud to say that to our knowledge, nobody died in Butler County this year as a result of a lack of utilities or alternative heat. But, we know that it could happen at any given time and remain diligent in promoting financial literacy and planning for families so they may avoid disaster.



**BUTLER COUNTY EMERGENCY RELIEF INITIATIVE**

**EXHIBIT "B"**

T. W. PHILLIPS GAS AND OIL CO.

SUPPLEMENT NO. 14  
TO  
TARIFF GAS – PA PUC NO. 6  
TENTH REVISED PAGE NO. 71  
CANCELING NINTH REVISED PAGE NO. 71

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**RATE SCHEDULE RUS – RESIDENTIAL UNIVERSAL SERVICE**

**SALES SERVICE OPTION**

**AVAILABILITY** – Available in the entire territory served to any qualified Residential Customer with annual income at or below one hundred-fifty percent (150%) of the Federal poverty level pursuant to Rule No. 22.

**RATES**

	<u>Category 1</u>		<u>Category 2</u>		<u>Category 3</u>		
<b>Customer Service Charge</b>	<b>\$0 per billing period</b>		<b>\$1.25 per billing period</b>		<b>\$3.125 per billing period</b>		
Demand Charge Rate	\$1.0291	per Mcf	\$1.0291	per Mcf	\$1.0291	per Mcf	
Volumetric Delivery Rate	\$0	per Mcf	\$0.3856	per Mcf	\$0.9639	per Mcf	
Commodity Gas Supply Cost	\$5.3407	per Mcf	\$5.3407	per Mcf	\$5.3407	per Mcf	(D)
Gas Cost Adjustment	<u>\$0.7568</u>	per Mcf	<u>\$0.7568</u>	per Mcf	<u>\$0.7568</u>	per Mcf	
<b>Total</b>	<b>\$7.1266</b>	<b>per Mcf</b>	<b>\$7.5122</b>	<b>per Mcf</b>	<b>\$8.0905</b>	<b>per Mcf</b>	<b>(D)</b>

Customers receiving service under this Rate Schedule shall be responsible for paying a minimum amount per Mcf for all volumes delivered, equal to the Base Cost of Gas as defined below.

**BASE COST OF GAS** – The Base Cost of Gas per Mcf applicable to customers receiving gas sales service under this Rate Schedule shall be equal to (i) the Demand Charge Rate, (ii) the Gas Cost Adjustment, (iii) the Commodity Gas Supply Cost under Rider PGC - Section 1307(f) Purchased Gas Costs.

**TRANSPORTATION SERVICE OPTION**

**AVAILABILITY** – Available in the entire territory served to any qualified Residential Customer with annual income at or below one hundred-fifty percent (150%) of the Federal poverty level or group of such qualified Residential Customers in a Customer Pool that has a minimum annual usage of 5,000 Mcf or a minimum of 50 Customers, and in compliance with the Customer Pooling Service provisions set forth in Rule No. 19.N. of this Tariff, elects an NGS from which to purchase natural gas supplies. The gas supply for each Customer or Customer Pool must enter the Company's system at a city gate(s) currently used by the Company to serve the Customers unless otherwise permitted by the Company.

**CHARACTER OF SERVICE** – Transportation under this Rate Schedule shall be considered firm service.

**RATES**

	<u>Category 1</u>		<u>Category 2</u>		<u>Category 3</u>		
<b>Customer Service Charge</b>	<b>\$0 per billing period</b>		<b>\$1.25 per billing period</b>		<b>\$3.125 per billing period</b>		
Demand Charge Rate	\$1.0291	per Mcf	\$1.0291	per Mcf	\$1.0291	per Mcf	
Volumetric Delivery Rate	<u>\$0</u>	per Mcf	<u>\$0.3753</u>	per Mcf	<u>\$0.9382</u>	per Mcf	
<b>Total</b>	<b>\$1.0291</b>	<b>per Mcf</b>	<b>\$1.4044</b>	<b>per Mcf</b>	<b>\$1.9673</b>	<b>per Mcf</b>	

**MINIMUM CHARGE** – The minimum bill per billing period shall be the Customer Service Charge noted above.

**FINANCE CHARGE** – If payment of bill has not been received within twenty (20) days from date of mailing, a finance charge of 1.25 percent per month will be added to the unpaid balance each month until the entire bill is paid. This finance charge shall not be applicable to the Rate Schedule RUS customer's account arrearage for as long as such customer continues to be eligible for and receive gas service under this Rate Schedule.

**ADJUSTMENTS** – The above rates shall be subject to Rider PGC - Section 1307 (f) Purchased Gas Costs, Rider STA - State Tax Adjustment Surcharge, Rider M - Migration Adjustment, and Rider TCS - Transition Costs Surcharge as set forth in this Tariff.

**RULES AND REGULATIONS** – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the gas service under this Rate Schedule.

T. W. PHILLIPS GAS AND OIL CO.

SUPPLEMENT NO. 14  
TO  
TARIFF GAS – PA PUC NO. 6  
TENTH REVISED PAGE NO. 72  
CANCELING NINTH REVISED PAGE NO. 72

RATE SCHEDULE GSS – GENERAL SERVICE SMALL

AVAILABILITY – Available in the entire territory served to any commercial or industrial Customer using less than 6,000 Mcf annually.

RATES

<b>Customer Service Charges</b>	–	<b>\$28.00 per billing period applicable to Customers with annual throughput of less than 180 Mcf</b>	
	–	<b>\$60.00 per billing period applicable to Customers with annual throughput of 180 Mcf to 6,000 Mcf</b>	
 <b>Commodity Rate:</b>			
Demand Charge Rate	–	\$1.0959 per Mcf for all volumes delivered	
Commodity Gas Supply Cost	–	\$5.3407 per Mcf for all volumes delivered	(D)
Gas Cost Adjustment	–	\$0.7057 per Mcf for all volumes delivered	
Volumetric Delivery Rate	–	<u>\$3.4059</u> per Mcf for all volumes delivered	
<b>Total</b>		<b>\$10.5482</b>	<b>(D)</b>

Customers receiving service under this Rate Schedule shall be responsible for paying a minimum amount per Mcf for all volumes delivered equal to the Base Cost of Gas.

BASE COST OF GAS – The Base Cost of Gas per Mcf applicable to customers receiving gas sales service under this Rate Schedule shall be equal to the sum of (i) the Demand Charge Rate, (ii) the Commodity Gas Supply Cost, and (iii) the Gas Cost Adjustment.

MINIMUM CHARGE – The minimum bill per billing period shall be the applicable Customer Service Charge noted above.

CUSTOMER SERVICE CHARGE DETERMINATION – The Customer Service Charge will be determined based upon the Customer's actual throughput volumes, including purchases and transportation during the most recent calendar year. If a Customer does not have sufficient consumption history to determine its Customer Service charge based on a calendar year, the Customer Service Charge will be developed by annualizing the consumption history available. In the instance where a Customer has no consumption history, the Company will request the Customer to submit estimated annual gas requirements. The Company in all cases retains the right to review and modify the Customer's estimate where necessary. A Customer's Customer Service Charge will remain constant annually, subject to change January 1 of each year. The Company reserves the right, at its discretion, to waive or reduce the otherwise applicable Customer Service Charge in circumstances where a single Customer requires multiple meters.

FINANCE CHARGE – If payment of bill has not been received within fifteen (15) days from the date of mailing, a finance charge of 1.50 percent per month will be added to the unpaid balance each month until the entire bill is paid.

ADJUSTMENTS – The above rates shall be subject to Rider PGC - Section 1307(f) Purchased Gas Costs, Rider CRA - Commodity Rate Adjustment, Rider CRA1 - Commodity Rate Adjustment Interruptible, Rider STA - State Tax Adjustment Surcharge, Rider M - Migration Adjustment, and Rider TCS - Transition Costs Surcharge as set forth in this Tariff.

RULES AND REGULATIONS – The Rules and Regulations set forth in this Tariff shall govern, where applicable, the gas service under this Rate Schedule.