



**THOMAS, LONG,
NIESEN & KENNARD**

Attorneys and Counsellors at Law

THOMAS T. NIESEN
Direct Dial: 717.255.7641
tniesen@thomaslonglaw.com

September 13, 2010

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North, Commonwealth Keystone Bldg.
P.O. Box 3265
Harrisburg, PA 17105-3265

RECEIVED
2010 SEP 13 PM 3:41
PA PUC
SECRETARY'S BUREAU

Re: Docket No. M-2009-2111130
Equitable Gas Company, LLC
Universal Service and Energy Conservation Plan 2010 - 2012

Dear Secretary McNulty:

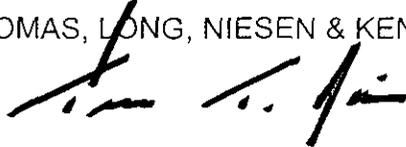
We represent Equitable Gas Company, LLC and are enclosing for submission to and filing with the Public Utility Commission the Company's Universal Service and Energy Conservation Plan 2010-2012, Revised September 9, 2010.

The Company submitted its original Universal Service and Energy Conservation Plan 2010-2012 to the Commission on June 1, 2009. The Revised Plan 2010-2012 addresses the Department of Public Welfare's policy change concerning the application of LIHEAP grants to CAP accounts. A redlined document identifying the changes reflected in the Revised Plan is also enclosed.

Please contact the undersigned with any questions concerning this matter.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By 

Thomas T. Niesen

Enclosures

cc: Office of Trial Staff (w/encls.)
Office of Consumer Advocate (w/encls.)
Office of Small Business Advocate (w/encls.)
David Mick (w/encls.)
Sandra L. Gagorik (w/encls.)
Daniel L. Frutchey, Esquire (w/encls.)

100913-Chiavetta.wpd

RECEIVED

2010 SEP 13 PM 3:41

PA PUC
SECRETARY'S BUREAU

Equitable Gas Company

Universal Service and Energy Conservation Plan

2010 - 2012

Revised September 9, 2010

Originally Submitted June 1, 2009

**Sandra L. Gagorik, Manager
Universal Service & Community Outreach**

Table of Contents

UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN	1
Plan Submission	1
Overview	1
2010 Plan Revision	3
Organization Structure	5
COMMUNITY BASED ORGANIZATIONS	5
UNIVERSAL SERVICE PROGRAMS	5
Energy Assistance Program	5
<i>Program Description</i>	<i>5</i>
<i>Eligibility Criteria.....</i>	<i>5</i>
<i>Modification Since Filing the Prior Plan.....</i>	<i>6</i>
<i>Other Program Components.....</i>	<i>9</i>
Payment Plan	9
Application of Grants.....	13
<i>CAP Needs Assessment.....</i>	<i>14</i>
<i>Program Budget.....</i>	<i>17</i>
Low Income Usage Reduction Program	18
<i>Program Description</i>	<i>18</i>
<i>Eligibility Criteria.....</i>	<i>18</i>
<i>Outreach and Intake</i>	<i>19</i>
<i>Home Weatherization.....</i>	<i>19</i>
<i>Energy Education.....</i>	<i>20</i>
<i>LIURP Needs Assessment.....</i>	<i>20</i>
<i>Program Budget.....</i>	<i>21</i>
Customer Assistance Referral and Evaluation Services (CARES)	22
<i>Program Description</i>	<i>22</i>
<i>Eligibility Criteria.....</i>	<i>22</i>
<i>Outreach and Intake</i>	<i>23</i>
<i>Other Program Services.....</i>	<i>23</i>
<i>CARES Needs Assessment.....</i>	<i>25</i>
<i>Program Budget.....</i>	<i>25</i>
Hardship (Fuel) Fund	26
<i>Program Description.....</i>	<i>26</i>
<i>Eligibility Criteria.....</i>	<i>26</i>
<i>Outreach and Intake</i>	<i>27</i>
<i>Customer Contributions.....</i>	<i>27</i>
<i>Hardship Fund Needs Assessment.....</i>	<i>27</i>
<i>Program Budget.....</i>	<i>28</i>
CONCLUSION	28

Equitable Gas Company

Universal Service and Energy Conservation Plan _____

Plan Submission

Equitable Gas Company, LLC (“Equitable” or “Company”) submits for approval by the Pennsylvania Public Utility Commission (“Commission” or “PUC”) this Revised Universal Service and Energy Conservation Plan (“Universal Service Plan” or “Plan”) for 2010 – 2012. This Revised Plan modifies the Company’s original Plan for 2010-2012 submitted to the Commission on June 1, 2009.

Overview

The Company submitted its presently approved Universal Service and Energy Conservation Plan on June 1, 2006 as required. The Plan was reviewed by the Commission and a Tentative Order was entered on August 22, 2006 approving the Plan as modified by the Commission.

On October 6, 2006, Equitable filed a Petition for approval to increase the level of funding for its Customer Assistance Program (“CAP”) and to implement an adjustable funding mechanism to recover associated expenses concerning Universal Service and Energy Conservation Plan costs. On December 21, 2006, the Commission directed the consolidation of both proceedings (Docket No. M-00061959 and Docket No. P-00062240).

A prehearing conference was held on February 16, 2007 and a Joint Settlement Agreement was filed with the Commission on July 13, 2007. The Joint Settlement was approved by the Administrative Law Judge on August 15, 2007 and adopted by the Commission on September 27, 2007.

The following modifications were adopted:

CAP

- Change the name of the program to Customer Assistance Program (CAP).
- Revise the intake (enrollment) process through one-call resolution process to better serve customers.
- Eliminate the participation limit on the CAP program.
- Suspend the security deposit requirements for CAP participants and applicants accepted into CAP.
- Establish a consumption monitoring program to maintain CAP participants' annual usage at or below 110 percent of historical average usage.
- Eliminate the annual reconciliation of CAP revenues and expenses and establish a fixed Rider D rate of \$0.58/Mcf, representing an increase of \$0.28/Mcf.

On June 29, 2008, Equitable Gas Company filed for an increase in its natural gas distribution rates. A Joint Settlement Agreement was filed with the Commission on December 19, 2008. The Joint Settlement was approved by the Administrative Law Judge on January 13, 2009 and adopted by the Commission on February 26, 2009.

The following modifications to the Universal Service and Energy Conservation Plan were contained in the settlement:

CAP

- Commence the tracking of costs which are the subject of CAP credits and apply the CAP credits effective with bills rendered no later than February 1, 2009.
- Establish a reconcilable Rider D surcharge to recover the costs associated with CAP credits, CAP arrearage forgiveness and LIURP.

2010 Plan Original Submission

With the number of changes that had occurred over the past two years (2007-2008), the Company did not propose any additional modifications to its Universal Service and Energy Conservation Plan in its original 2010-2012 Universal Service Plan submission on June 1, 2009.

2010 Plan Revision

Equitable's 2010-2012 Plan filed on June 1, 2009 states that LIHEAP grants "will be used to reduce CAP credits and will not replace the customer's CAP budget payments."¹ While this language is consistent with the PUC's Policy Statement on Customer Assistance Programs (CAP) at 52 Pa. Code §69.265(9)(ii) and §69.265(9)(iii), it is not in harmony with the Department of Public Welfare (DPW)'s policy on how LIHEAP grants are applied to CAP accounts.

In its 2010 LIHEAP Proposed State Plan, DPW advocated a policy change to apply LIHEAP cash grants **only** to the "asked to pay" amounts for those participating in a CAP plan. It was further stated that "No LIHEAP funds may be applied to CAP customer's pre-program arrearages or actual usage amounts."² This approach was contested by many who testified at the LIHEAP public hearings. While DPW still maintained the position that the change was necessary to comply with federal LIHEAP regulations, it agreed to suspend the requirement until the FY 2011 LIHEAP.

At the PUC Public Meeting on March 25, 2010, the PUC adopted a motion of Commissioner Wayne E. Gardner to suspend the LIHEAP requirements in the above-referenced sections of the CAP Policy Statement to permit utilities to retain their vendor

¹ Equitable Gas Company, Universal Service and Energy Conservation Plan, 2010-2012, submitted June 1, 2009, page 12

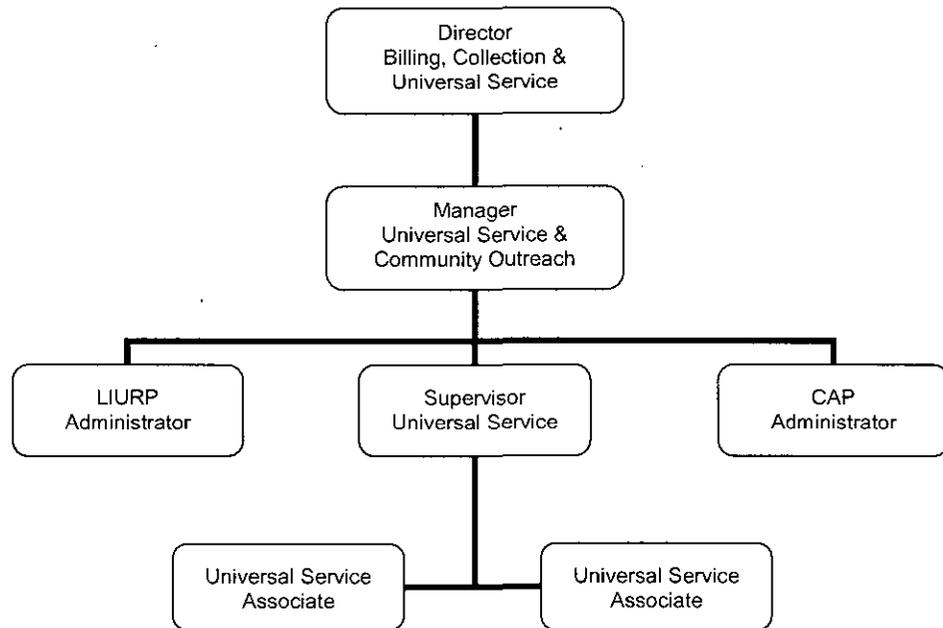
² Commonwealth of Pennsylvania, Low-Income Home Energy Assistance Program, Fiscal Year 2010, Proposed State Plan, PUB 223 06/09, page iii

status to receive LIHEAP grants on behalf of their customers. In the proposed 2011 LIHEAP State Plan issued in late June 2010, DPW is requiring utilities to apply the LIHEAP cash component to the “asked to pay” amount of the CAP customer’s bill. This section further states that LIHEAP funds may not be used for CAP customers’ pre-program arrearages or actual usage amounts.

When Equitable submitted its original 2010-2012 Universal Service Plan in June 2009, the PUC had recently approved a settlement in Equitable’s base rate filing at Docket No. R-2008-20289325. This settlement allowed the Company to recover CAP costs from its residential non-CAP customer base through a reconcilable Rider D surcharge. The surcharge was based on the premise that LIHEAP grants would offset a portion of the CAP customer usage being subsidized by non-CAP residential customers. DPW’s change to LIHEAP for CAP customers will result in increased CAP program costs. A review of the 2010 LIHEAP grants received by CAP customers shows the increased costs would be approximately \$3.8 million.

Equitable believes that non-CAP residential customers should not be required to carry a larger portion of the burden of CAP customers due to DPW’s change in policy. Therefore, in order to comply with the DPW LIHEAP requirement, the Company is revising its 2010-2012 Universal Service and Energy Conservation Plan to modify its Payment Plan (page 9) and Application of Grants (page 13).

Organization Structure



Community Based Organizations

The staff of Universal Service and Community Outreach networks with over 70 community agencies and social service organizations throughout the Company's service territory. These associations permit both the Company and the agencies to assist with programs and services that will best meet the needs of low-income customers. This interaction results in the customer's enrollment into the Company's programs, application and approval of LIHEAP, Crisis and Fuel Fund assistance, housing equipment/structure repair or replacement, and financial assistance.

During the last three years (2006-2008), Equitable has received more than \$225,000 on behalf of its customers in need from community agencies and social service organizations. The following is a brief list of some of the agencies and organizations who work closely with Equitable on behalf of their clients and Equitable's customers:

Allegheny County Area Agency on Aging

Allegheny Valley Association of Churches

Allegheny County Health Department

Bridge to Recovery

Catholic Charities	Northern Area Multi-Service Center
Community Action Southwest	Rebuilding Pittsburgh Together
East Liberty Presbyterian Church	St. Vincent DePaul Society
Family Resources	Salvation Army
Goodwill Industries of Pittsburgh	Tri-Valley Energy Center
Holy Family Institute	Utility Services Division
Mount Ararat Baptist Church	Ursuline Services
North Hills Community Outreach	Wilksburg Community Ministry

The Universal Service & Community Outreach staff also participates in awareness programs, fairs and meetings sponsored by social service agencies and elected officials. The staff actively participates on community committees such as:

- Be Utility Wise Committee
- Pennsylvania Aging, Utilities and Economic Education Consortium
- Handicapped, Elderly Assistance to Service Our Neighbors (Heat's On)
- Air Conditioning Contractors of America (ACCA) Project
- CARES Network
- Rebuilding Together Pittsburgh Board of Directors
- Older Adult Service & Information System (OASIS) Advisory Board
- Energy Association of Pennsylvania Consumer Services Committee
- Three-Company LIHEAP Committee (Columbia, Dominion & Equitable)

Equitable will continue to work closely with community agencies and organizations within our service territory as part of the 2010-2012 Plan.

Universal Service Programs

Pursuant to 52 Pa. Code §62.4(b), the following is a description of the components of Equitable's Universal Service Plan.

Customer Assistance Program (CAP)

Program Description

Equitable's CAP is an account management program for low-income customers at or below 150 percent of the federal poverty level. Eligible customers are placed on an affordable budget based on a percentage of the customer's gross household income. CAP credits offset the difference between the usage and the CAP budget while arrearage forgiveness credits eliminate pre-CAP balances over an average of four years.

CAP provides an affordable payment plan designed to limit the risk of constant collection activity and the disruption of utility service for low-income customers. Program costs are recovered from Equitable's residential non-CAP customers.

The goal of CAP is to establish an affordable monthly payment that will:

- Create regular bill payment behavior
- Remove customers from the traditional collection cycle
- Promote energy conservation
- Increase customer participation in seeking available energy assistance funds

Eligibility Criteria

Customers qualify for CAP under the following guidelines:

- Total gross household income is at or below 150 percent of the federal poverty level
- The account is designated as residential heating
- The customer resides at the service address

- The account is a single dwelling unit
- There is only one account in the customer's name
- The CAP budget is less than the base budget for the property
- The customer is not permitted to contract with a separate gas supplier

Modification Since the 2006 – 2009 Plan

PROGRAM NAME CHANGE

Equitable Gas requested and was granted permission to change the name of its program from the Energy Assistance Program (EAP) to the Customer Assistance Program (CAP). This change, however, has been delayed due to Equitable's acquisition process and its recent base rate case.

The Company is currently in the process of changing the data provided to customers and will place a notice on the CAP bills advising customers of the name change. This was completed on July 30, 2009.

OUTREACH AND INTAKE

In conjunction with the independent consultant's recommendation contained in the Equitable Gas Company EAP Impact Evaluation,³ the Company requested and was granted permission to complete CAP enrollments through a one-call process. The Company also removed the participation limit on CAP enrollments.

In June 2006 when the last Universal Service Plan was filed, the CAP enrollment was 13,862. As of the end of April 2009, the enrollment level is 21,713, a 57 percent increase.

³ Equitable Gas Company EAP Impact Evaluation, dated May 1, 2006, prepared by Melanie K. Popovich, page 3

CAP CUSTOMER DEPOSITS

Equitable suspended the right to request customer deposits from CAP customers. In the case of applicants for CAP, the Company provisionally suspends the necessity for a deposit pending a decision on the application. Those accepted into CAP are not required to pay a security deposit.

CONSUMPTION MONITORING AND HIGH USAGE TREATMENT

Equitable has agreed to monitor CAP participants' consumption to ensure that the participant is maintaining annual usage at or below 110 percent of historical average usage, adjusted for weather.

- High usage CAP customers will be referred to the Company's Low Income Usage Reduction Program (LIURP) and receive the highest priority for weatherization or other energy conservation help. High usage is defined as annual normalized usage in excess of 200 Mcf.
- Equitable will review the annual usage of CAP participants, adjusted for weather, with historical normalized usage for these customers. Customers exceeding 110 percent of historical average usage will be contacted and advised that they may be removed from CAP or required to pay for the amount of the excess usage if the usage is not reduced.
- Customers will be exempted from the 110 percent threshold if they meet one of the exemptions identified in the CAP Policy Statement.
- Customers removed from CAP will need to reduce consumption to historical usage levels, adjusted for weather, or pay the amount of the excess usage to be reinstated in CAP. High usage customers must receive weatherization services for reinstatement in CAP.

Equitable identified approximately 130 accounts with high usage and normalized consumption increases in excess of 110 percent of historical usage. These accounts are being pursued through the Company's Low Income Usage Reduction Program (LIURP).

An additional 702 accounts have been identified with normalized consumption increases exceeding 110 percent of historical usage.

Equitable contracted with the Dollar Energy Fund to conduct a direct calling campaign to determine the households who qualify for an exemption from the consumption limit. Contact has been attempted on all 702 accounts; however, there are 294 accounts where contact has not been established through three attempts. A follow-up letter was mailed to these customers requesting them to call. Those who do not respond may be removed from CAP. Of the 408 customers who were successfully contacted and provided with conservation education, 186 accounts qualify for one of the exemptions identified in the CAP Policy Statement. Those who do not qualify for an exemption will continue to be monitored.

Equitable also monitors CAP customer consumption to ensure that participants do not use natural gas swimming pool heaters. When these appliances are detected, the customer is contacted and advised of the need to discontinue use. Should the pool heater continue to be used, the account is removed from CAP and the customer may not be reinstated until the pool heater is removed or the summer usage is consistent with basic natural gas appliance use.

CAP CREDITS

On January 5, 2009, Equitable began applying CAP credits at billing. Prior to this change, the CAP credits were applied when the customer made his/her CAP payment. Delinquent customers would not receive their accumulated CAP credits until they brought their CAP budget up to date. With the above change, CAP credits equaling the difference between the billed amount and CAP budget are applied at billing.

Other Program Components

Payment Plan

With the change in the application of LIHEAP grants to CAP customers, the Company proposes to increase the percentages paid by CAP customers. The analysis of the \$3.8 million in LIHEAP grants that Equitable received on behalf of CAP customers for FY 2010 shows the following by income level group:

CAP Statistics			
Percent of Poverty	Category	Statistics	CAP Participation
0 - 50%	LIHEAP Dollars	\$1,166,781	5,223
	No. of Grants	2,206	
	Average Grant	\$529	
	% Receiving Grant	42.2%	
51-100%	LIHEAP Dollars	\$2,113,960	10,695
	No. of Grants	5,224	
	Average Grant	\$405	
	% Receiving Grant	48.8%	
101-150%	LIHEAP Dollars	\$521,757	3,454
	No. of Grants	1,559	
	Average Grant	\$335	
	% Receiving Grant	45.1%	
Total	LIHEAP Dollars	\$3,802,498	19,372
	No. of Grants	8,989	
	Average Grant	\$423	
	% Receiving Grant	46.4%	

The current CAP amount is based on 7%, 8% or 10% of the gross monthly household income for the 0-50%, 51-100% and 101-150% of poverty groups, respectively. The average monthly payment for CAP participants is \$74. Recouping the \$3.8 million in LIHEAP grants would require an additional \$16.36 (\$3,802,498 divided by 19,372).

Based on the analysis performed by Equitable, the Company proposes to recover the \$3.8 million as follows:

- Change the payment percentages to 8%, 10% and 11.5% for the 0-50%, 51-100% and 101-150% of poverty groups, respectively.
- Increase the minimum payment from \$25 to \$39

These changes would result in the following:

Proposal Analysis					
Options	0 - 50%	51 - 100%	101-150%	Total	Average CAP
Current (avg.)	\$38	\$74	\$129		\$74.00
Number of customers	5,223	10,695	3,454	19,372	
8, 10 & 11.5% + \$39 Min					
Additional Amount Projected	\$604,246	\$2,380,744	\$801,524	\$3,786,513	
Additional CAP Payment (avg.)	\$10	\$19	\$19		\$16.29
Revised CAP Payment (avg.)	\$48	\$93	\$148		\$90.52

Equitable proposes to increase the minimum payment from \$25 to \$39 for the following reasons:

- Using \$39 minimum results in percentage increase for the 0-50% of poverty group from 7% to 8%.
- Using \$25 minimum would require increasing the 0-50% of poverty group from 7% to 10%. This would result in an average CAP payment of \$52 per month, a \$4 increase over the amount proposed.
- The \$39 represents the value in 2010 of \$25 in 1992 when the CAP Policy Statement was adopted.

These modifications are the result of the requirement by DPW that LIHEAP grants must be applied to the CAP “asked to pay” amount. Not only will the LIHEAP grant pay past due and current CAP payments, it will be held for future CAP bills. Even though Equitable is amending the minimum payment and payment percentages, the actual amount required to be paid by the CAP customer, on average, will be equal to or less than the current amount if the customer receives a LIHEAP grant.

Embedded in the affordable CAP payment is a \$5 co-payment that is applied to the customer's pre-CAP balance. The average CAP budget payment currently is \$79.

Arrearage Forgiveness

As previously indicated, a \$5 arrearage forgiveness co-payment is embedded in the customer's CAP budget. This amount is applied to the customer's pre-program arrearage and is matched on a 3 to 1 basis as long as the customer is up to date with their CAP payment. In this way, the pre-program balance is reduced by \$20 monthly and, on average, will eliminate their pre-program balance in four years. A delinquent CAP customer, who brings the account up to date, will receive all accumulated forgiveness credits.

Recertification

Equitable will continue to recertify the household income for a minimum of 10 percent of its active CAP customers to ensure continued eligibility. The Company will exclude customers who have received a LIHEAP and/or Crisis grant during the current program year from recertification. Selection of other participants will be based on, but not limited to, the following categories:

- LIHEAP eligible but did not apply/receive
- Most recent income update greater than four years old
- Income Source:
 - Self-employed
 - Unemployment compensation
 - No income
 - Minimum payment participants
- Other randomly selected customers

Default Provisions

CAP customers who fail to comply with one or more of the following may be removed from the program:

- Failure to make monthly CAP payments resulting in termination. Shut off notices will be issued for CAP customers who are delinquent by one payment or more.
- Failure to report changes in income or family size.
- Failure to recertify income eligibility when requested by Equitable.
- Failure to practice energy conservation or maintain historical usage patterns adjusted for weather as outlined in Control Features.
- Refusal to accept weatherization services if/when offered by the Company.

Customers removed for default reasons, other than non-pay default discussed in the following section, will be required to resolve the reason for default to be reinstated in CAP. In addition, the customer is required to pay the equivalent of all missed CAP payments while service was retained. All payments made by the customer after removal from CAP will be deducted from the amount required for reentry into CAP.

Non-Pay Default

When customers become delinquent by one payment or more, they are required to pay a catch-up amount to remain eligible for continued participation. Failing this, termination proceedings are initiated prior to removal from CAP. In many instances, the threat of termination prompts the customer to make catch-up payments and prevents removal from the program. However, if the customer does not pay the overdue CAP amount, service will be terminated.

Reconnection amounts for those customers who are terminated and removed from CAP are as follows:

- First Removal:
 - CAP catch-up amount and a reconnection fee.

- Two or More Removals:
 - If a customer has been terminated and removed from CAP two or more times, the customer may be required to pay the full balance and reconnection fee.

Non-Default Provisions

Customers may be removed from CAP for reasons other than default including, but not limited to the following:

- Customer request
- Over income—income exceeds program limits of 150 percent of FPL
- CAP payment exceeds base budget
- Moved from Equitable’s service territory

REINSTATED WITHIN TWELVE MONTHS OF REMOVAL

Customers will be required to pay the equivalent of all missed CAP payments while service with Equitable was retained. All payments made by the customer after removal from CAP will be deducted from the amount required for reentry into CAP.

Application of Grants

Consistent with DPW’s requirements of the 2011 LIHEAP Proposed Plan, LIHEAP cash grants will be applied to the CAP customers’ “asked to pay” amount. No LIHEAP funds will be applied to CAP customer’s pre-program arrearages or actual usage amounts.

If the customer receives a Crisis grant, the amount of the grant will be applied to the customer's amount due (CAP budget) consistent with current DPW guidelines. If the customer's gas service is off, the Crisis grant may be used to offset the amount needed for turn on, i.e. the CAP catch-up amount.

Customers whose gas service is off may apply for a Fuel Fund grant to be used in whole or in part to cover the CAP catch-up amount needed to have service restored. Since funds for the Fuel Fund are limited, CAP participants are not eligible for Fuel Fund grants if the gas service is on.

CAP Needs Assessment

Consistent with the Bureau of Consumer Services' document to the Energy Association of Pennsylvania, dated May 24, 2001, Equitable based the needs assessment on the following criteria:

1. The number of identified low-income customers

Criteria: Include the following accounts: all Level 1 and 2 customers who have payment agreements, all accounts who have received LIURP, all CAP customers, all accounts that have received LIHEAP or other energy assistance grants, and all accounts whose financial summaries show incomes below 150 percent of the poverty guidelines. Include accounts that meet the income criteria even if they are not on payment plans. Use a 12-month average.

Result:

Month	CAP	Low Income - Non CAP	Total
Jan-08	17,194	29,800	46,994
Feb-08	17,966	29,743	47,709
Mar-08	18,516	29,829	48,345
Apr-08	18,673	29,495	48,168
May-08	18,783	29,088	47,871
Jun-08	18,729	29,050	47,779
Jul-08	18,805	29,097	47,902
Aug-08	19,241	29,231	48,472
Sep-08	19,349	29,944	49,293
Oct-08	19,660	31,267	50,927
Nov-08	20,136	31,861	51,997
Dec-08	20,733	31,900	52,633
Average	18,982	30,025	49,008

2. An estimate of low-income customers.

Criteria: Use the most recent Census data at the most appropriate level (county, zip code).

Result:

County	Census Total Households*	EQT Total Residential Customers	EQT % of Census	Census Low Income Households	EQT Estimated Low Income
Allegheny	537,405	211,844	39.4%	106,443	41,960
Armstrong	28,932	2,624	9.1%	6,922	628
Butler	65,929	1,862	2.8%	11,159	315
Clarion	16,011	219	1.4%	4,247	58
Fayette	60,047	23	0.0%	18,744	7
Greene	15,081	5,784	38.4%	4,128	1,583
Indiana	34,098	66	0.2%	9,815	19
Jefferson	18,396	43	0.2%	4,285	10
Washington	81,129	12,343	15.2%	15,860	2,413
Westmoreland	149,870	6,644	4.4%	27,704	1,228
Total	1,006,898	241,452		209,307	48,221

*Based on 2000 Census Data

3. The number of identified payment troubled, low-income customers (Number 3 is a subset of Number 1).

Criteria: Include all customers whose incomes are below 150 percent of the poverty guidelines who have payment agreements. Payment troubled is defined at §54.72, §62.2, and §69.262 as a household that has failed to maintain one or more payment arrangements in a 1-year period. Use a 12-month average.

Result: To determine this answer, Equitable utilized the data from the Universal Service and Energy Conservation Reporting Requirements report submitted on April 1, 2009 as follows:

Average low income, non-CAP customers on a payment arrangement (No. 7A)	2,049
Average low-income customers not on a payment arrangement (No. 7B)	3,370
Total	5,419
Percentage of customers that fail payment arrangements*	X 75.6%
Number of identified low-income, payment-troubled customers	4,097
*The number of successful payment arrangements for low-income customers is 624 out of 2,554 payment arrangements. Conversely, the number of failed payment arrangements would be 1,930 (2,554 - 624) or 75.6%	

Projected Enrollment Level

Equitable's CAP program has remained open to new enrollments and Company personnel encourage all eligible customers to participate in CAP. As of the end of April 2009, Equitable's records show 21,713 customers participating in CAP. Turnover resulting from default and non-default removals show an average participation rate for the last two years (2007-2008) at 17,196.

Although the average number of identified low-income customers is 49,008 in 2009, Equitable estimates the enrollment size of its CAP to serve all eligible customers is approximately 25,000 as indicated below.

Twelve-month average CAP participation (Needs assessment No. 1)	18,982
Identified low-income, payment-troubled customers (Needs assessment No. 3)	4,097
Total	23,079

Other reasons for this estimate being lower than the number of identified low-income customers include the following:

- Low-income customers living in smaller residences where the cost of natural gas is within their financial limits.
- The CAP budget, based on the household income, exceeds the base budget for the property.
- Customers who have been removed from CAP must pay the catch-up amount prior to reinstatement.

Program Budget

The settlement in Equitable's rate filing at Docket No. R-2008-2029325 permitted Equitable to recover CAP costs from its residential non-CAP customer base through a reconcilable Rider D surcharge. This surcharge, however, does not include CAP administrative costs. The chart below contains the projected expenditures for 2010-2012.

Budget	Administrative Costs	CAP Credits	Arrearage Forgiveness
2010	\$861,000	\$20,000,000	\$950,000
2011	\$904,000	\$21,000,000	\$925,000
2012	\$949,000	\$22,000,000	\$900,000

Low Income Usage Reduction Program (LIURP)

Program Description

Equitable's Low Income Usage Reduction Program (LIURP) assists eligible low-income customers in reducing energy bills through the installation of various energy conservation measures such as attic and sidewall insulation, heating equipment repair or replacement, etc.

The goals of LIURP are:

- Assist customers in conserving energy
- Achieve bill reduction through usage reduction
- Enable customers to pay a greater percentage of their arrears
- Improve health, safety and comfort levels

Eligibility Criteria

Customers qualify for LIURP under the following guidelines:

- Total gross household income is at or below 150 percent of the federal poverty level (up to 20 percent of the annual program budget may be spent on Special Needs customers with total gross household incomes between 150 percent and 200 percent of the federal poverty level)
- The account is designated as residential heating
- The customer resides at the service address
- The account is a single dwelling unit
- There is only one account in the customer's name
- Customer is homeowner or renter. Landlord permission must be obtained in writing for renters
- LIURP services will be prioritized as follows:
 - CAP customers with usage in excess of 200 Mcf per year or billing deficiencies exceeding \$100 per month

- Non-CAP customers with usage in excess of 200 Mcf per year and balances exceeding \$750.
- Non-CAP customers with gross household incomes between 150 percent and 200 percent of the federal poverty level with balances exceeding \$750.

Outreach and Intake

Potential LIURP candidates are referred to the program from a variety of internal and external sources including:

- Equitable's High Usage CAP report
- Call Center representatives
- Universal Service and Collections representatives
- Inter-Utility (Duquesne Light)⁴
- Equitable's web page
- Community agencies

Home Weatherization

An independent auditor with experience in residential conservation and weatherization inspects the customer's home for:

- Air infiltration where heat is escaping and cold is entering the home
- Effectiveness of previously installed weatherization measures

The auditor then evaluates which measures will be most beneficial for the customer's home. Measures are installed based on meeting established payback criteria, which may include:

- Attic and sidewall insulation
- Window and door caulking, sealing and weather stripping

⁴ Duquesne Light's Smart Comfort program identifies shared customers with Equitable. Audit costs are split between companies, which assists in reducing costs of the program.

- Gas piping and heating system repairs and/or replacements
- Minor repairs as necessary

A heating contractor also checks the home to ensure safe operation and maintenance of external/internal gas piping, gas water heater, furnace and other gas appliances.

Energy Education

At the time of the audit, the auditor also explains the weatherization program in more detail and reviews the customer’s consumption. Behavior changes are recommended to improve the customer’s awareness of patterns of energy use and reduce bills. A follow-up telephone call or visit may be scheduled one year after the program measures have been completed if the customer has had an unusually high increase in consumption to identify reasons for the increased usage and recommend possible solutions.

LIURP Needs Assessment

The following chart provides an estimate of the number of customers who meet the LIURP eligibility criteria.

	Equitable	Census Estimate
Residential customers	241,452	
Low income customers	49,008	48,221
Customers meeting usage requirements	2,798	2,753
Previously weatherized	596	596
Potential LIURP	2,202	2,157

The cost to serve Equitable’s confirmed low-income, potential LIURP customers at an average cost of \$3,705, which does not include administrative costs, would be \$8,158,410.

Program Budget

The LIURP budget for 2009 is \$698,000 with a carryover of \$73,996 for a total of \$762,996. Budget calculations for future years will be based on a minimum of 0.2 percent of jurisdictional revenues. The budget for the new year will be calculated on revenues recorded at the end of the previous year.

Year	Projected No. of Homes Weatherized	Budget
2010	185	\$684,849
2011	165	\$609,738
2012	164	\$607,506

Since the inception of LIURP in 1988, Equitable has spent more than \$11.6 million to weatherize over 2,900 homes. The average usage reduction since inception of the program is 24.3 percent.

Customer Assistance Referral and Evaluation Services (CARES)

Program Description

The Customer Assistance Referral and Evaluation Services (CARES) program is designed to provide comprehensive services to low-income, elderly, handicapped and special needs customers with bill-payment and energy-related problems. Equitable, with the assistance of a network of community agencies, helps these customers in obtaining available energy assistance such as LIHEAP, Crisis and Hardship (Fuel) Fund and makes referrals to other programs or agencies for other services such as Equitable's CAP, public assistance, food stamps, SSI, Medicaid, etc. Customers whose service has been interrupted due to leakage of external or internal gas piping or malfunctioning heating equipment are assisted with obtaining repairs through Equitable's Hardship Repair Fund, while funding exists, or referred to other funding agencies, plumbers and heating contractors for repairs.

Eligibility Criteria

Service Emergency Repairs

- Elderly, handicapped and low-income customers whose service has been temporarily interrupted due to external or internal gas piping or malfunctioning heating equipment.

Special Needs/Extenuating Circumstances

- Elderly, handicapped and low-income, payment-troubled customers who have extenuating circumstances and are homebound or require special assistance or assessment.
- Elderly customers living alone (without non-elderly responsible adults) who are in imminent danger of service loss due to non-payment or non-access.

- Low-income customers whose service has been terminated and not reconnected through the contact attempts of the Cold Weather Survey.

Outreach and Intake

Identification and referral of elderly, handicapped and low-income, payment-troubled customers with special needs are made by the following:

- Call Center and Collection representatives
- Field service personnel
- Community and social service agencies

Other Program Services

Low Income Home Energy Assistance Program (LIHEAP)

Equitable provides information about the LIHEAP and Crisis programs and makes a special effort to inform customers who may qualify for assistance through bill inserts, website, special mailings, telephone calls, news conferences, and TV and radio announcements. The Company also has a special toll-free number that customers can call to determine eligibility or request an application.

In addition, beginning in the fall of 2003, Equitable contracted for the direct contact of potentially-eligible customers who have not received LIHEAP in the past year. The contractor completes the LIHEAP application by phone and mails the completed application for the customer's signature, providing a self-addressed, stamped envelope for their convenience. The contractor also follows up on the verbally-completed applications to ensure that the customer received the information and signs and returns the form to the state. During the 2006-07 and 2007-08 programs, 2,456 and 3,059 new customers, respectively, applied and received LIHEAP through this process. In the

2008-09 program, 5,727 new customers have applied and received LIHEAP thus far. Equitable will continue to monitor this program to determine the appropriateness of its continuation.

Hardship Repair Fund

With funds remaining from the Gulf-Tetco settlement, Equitable established a Hardship Repair Fund to assist low-income and elderly customers without service due to house or service line leakage or malfunctioning heating equipment. The program assists homeowners and renters with leases making them responsible for repairs, and who have gross household incomes at or below 150 percent of the federal poverty level (10 percent of the annual program funds may be spent on households with incomes between 151 percent and 170 percent of the federal poverty level). This is a fund of last resort with a budget capped at \$75,000 annually and will continue until the Gulf-Tetco funds are exhausted. The remaining balance in the Hardship Repair Fund is approximately \$47,000; therefore, it is probable that these funds will be exhausted prior to the end of the 2010-2012 Universal Service Plan.

Thermostats for Visually Impaired

Equitable provides and installs furnace thermostats for visually-impaired customers free of charge. These digital thermostats are installed at the request of the customer and upon receipt of a doctor's confirmation of the impairment.

Heat's On and ACCA

Equitable annually participates in these programs in conjunction with the Mechanical Contractors Association and the Air Conditioning Contractors of America. The programs provide free furnace tune-ups and minor repairs. During the last three years, 196 customers have received furnace tune-ups through these programs.

CARES Needs Assessment

Due to the unpredictability of CARES customer referrals, Equitable uses its historical records to project customers requiring CARES services.

CARES	2006	2007	2008
Historical	534	385	549
	2010	2011	2012
Projection	500	500	500

Program Budget

The CARES budget includes the assistance provided to customers in need, sponsorship of community agency or social service events, the Hardship Repair Fund and all activities associated with the Company's LIHEAP outreach efforts.

	2006	2007	2008
Administration	\$162,832	\$190,885	\$203,473
LIHEAP Outreach	\$161,995	\$130,181	\$164,023
Hardship Repair Fund	\$35,304	\$44,168	\$30,359
Total	\$360,131	\$365,234	\$397,855

Equitable's CARES budget is expected to be comparable to the three-year average of \$374,407 for program years 2010, 2011 and 2012.

Hardship (Fuel) Fund

Program Description

Since 1979, Equitable has participated in a Hardship (Fuel) Fund to assist low-income, payment-troubled customers. Its first program was administered by Goodwill Industries of Pittsburgh and remained in operation until late 1986 when Equitable joined the Dollar Energy Fund. Donations to the Hardship Fund program are comprised of customer and Equitable contributions. The Company contributes up to \$200,000 annually to match customer contributions. In addition, the Company compensates the agency for administrative costs.

In conjunction with Governor Rendell's Stay Warm Program, Equitable added an additional one-time contribution of \$800,000 for the 2005-06 program. A pipeline refund resulted in an additional \$1 million being added to the Hardship Fund. Those funds have been exhausted and the Company returned to its standard contribution level for the 2008-09 period and will continue at this level for the period of this Plan.

The Hardship Fund program will operate from October 1 of each year until funds are depleted.

Eligibility Criteria

Customers qualify for Hardship Fund assistance under the following guidelines:

- Total gross household income is at or below 200 percent of the federal poverty level
- The account is designated as residential heating
- The customer resides at the service address
- The account is a single dwelling unit
- The balance on the customer's account must be at least \$100
- The customer must exhibit a sincere effort of payment on their energy bill by having paid a minimum of \$150 within the last 90 days.

- The customer is without utility service or has a termination notice.
- The customer has not illegally restored natural gas service.

Outreach and Intake

Identification and referral are made by the following:

- Call Center and Collection representatives
- Field service personnel
- Community and social service agencies

Customer Contributions

Equitable solicits customer contributions through a variety of methods including:

- Bill inserts
- Monthly gas bills soliciting automatic sign-up on the payment coupon
- Equitable's website

Hardship Fund Needs Assessment

Due to the unpredictability of customer donations and additional amounts from other sources, Equitable uses its historical records to project enrollment levels.

Program Year	Equitable	Customer Donations	Dollar Energy	Total	No. of Grants	Average Grant
2005-06	\$1,171,742	\$86,704	\$87,796	\$1,346,242	2,980	\$452
2006-07	\$729,815	\$139,625	\$11,500	\$880,940	1,960	\$449
2007-08	\$407,233	\$102,522	\$36,078	\$545,833	1,290	\$423
Average	\$769,597	\$109,617	\$45,125	\$924,338	2,077	\$445

	2010	2011	2012
Fuel Fund	900	900	900

Program Budget

The Fuel Fund budget includes administrative costs.

Year	Estimated Budget
2010	\$240,000
2011	\$240,000
2012	\$240,000

Conclusion

The integration of program services together with Company representatives, community agencies and social service organizations enables Equitable to effectively assist customers with bill-payment or energy-related problems.