EQUITABLE GAS COMPANY
UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN

Historical Overview

The PUC approved the Energy Assistance Program ("EAP") in Equitable Gas Company’s ("Equitable") 1990 base rate proceeding at Docket No. R-901595. EAP was implemented in February 1991 and predates the Public Utility Commission’s Policy Statement on Customer Assistance Programs.

Equitable submitted its Universal Service plan on August 16, 1999 as part off its Restructuring Filing as required by the Natural Gas Choice and Competition Act in Case No.R-00994784. The Commission approved the plan as part of a settlement agreement on December 8, 1999.

Provisions within the settlement included an enrollment target for EAP and a funding level for the Low Income Usage Reduction Program (LIURP). Additionally, the approved settlement provided for a temporary funding source for Equitable’s Universal Service Plan which would remain in effect until the company’s next base rate filing, or upon Commission modification of EAP beyond the provisions contained in Equitable’s original settlement. Equitable currently provides for as many as 10,000 customers to be included in EAP. The proposed modifications to EAP contained in Phase One of this document do not address any increase in the number of customers enrolled in EAP. These changes will require an increase in funding over current levels. If, however, Equitable’s Phase One proposals receive adequate funding, the Company would offer to increase the level of EAP participants consistent with the needs assessment included with this document. This ramp-up, called Phase Two, would require an additional level of funding. Therefore, the implementation of suggested modifications contained in this redesigned plan (Phase One) and the proposed ramp-up of the Plan (Phase Two) are both subject to receiving appropriate funding in the form of EAP surcharges.

Equitable requested and was granted an extension of the filing date for this revised plan from June 1, 2003 to September 1, 2003, in order to utilize the services of an independent consultant to evaluate and propose changes to their existing Universal Service programs. The independent consultant’s Findings and Recommendations are being provided to the Commission as required by the July 17, 2003 Secretarial letter approving Equitable’s request for an extension of time. Additionally, the independent consultant provided advice and recommendations which are contained in the revised plans.
Differences From the Previous Plan

**EAP Phase One**
- Implementation of a nonbypassable, competitively neutral cost recovery mechanism designed to fully recover universal service and energy conservation costs.
- Elimination of EAP income and expense verification
- Elimination of non-cash benefits, as customer income determinants
- Enhancements to EAP auto enrollment process
- Redesign of affordable EAP percent of income plan
- Random sampling of EAP customers for recertification
- Redesign of an EAP Arrearage Forgiveness component under the current Balance Reduction Program
- Non Pay Default Pilot in partnership with National City Bank

**EAP Phase Two**
- EAP expansion, over the next three years, of up to 7,000 additional customers consistent with the EAP needs assessment and additional funding.

**LIURP**
- Total expenditure on weatherization of annual LIURP budget, prioritizing EAP high usage customers.
- Elimination of LIURP spending cap per household

**Recommended Revisions to the Current EAP Plan (Phase One)**

**EAP Eligibility and Affordability**

Current EAP payments are considered unaffordable for two reasons:

- The customers’ ability to pay is exaggerated by the inclusion of non-cash benefits. In the new plan, these benefits as determinants of customer income are eliminated.

- A considerable number of EAP participants have EAP budgets in excess of the recommended affordability level of 10%. The company is revising the percentage of income program consistent with the CAP Policy Statement guidelines. Customers, who are currently maintaining their EAP budget payments, will be grand-fathered under the old plan until such time as they default for non-pay. At the time of default, these customers will be offered the company’s new plan with the revised percentage of income budget payment.
The income level most populated with EAP participants is 51-100% of poverty level with a greater proportion of defaults occurring within this group annually. The revised plan reduces their payment percentage from the current level of 10% of income to 8% of income.

The eligibility and affordability revisions are projected to reduce the average EAP budget bill from $99 to $75, a difference of $24.

<table>
<thead>
<tr>
<th>Low Income Percentages</th>
<th>Current Plan</th>
<th>Revised Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%-50%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>51%-150%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>51%-100%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>101%-150%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

Program levels would remain at a maximum of 10,000 participants. Due to the reduction in the average EAP budget bill for new or returning participants, additional funding will be necessary. An increase in the level of participants, addressed in the Phase Two Needs Assessment, would also require an additional level of funding.

EAP Enrollment

The enrollment process is burdensome as a result of complex income and expense verification procedures, creating a barrier to quick enrollment and to customers receiving immediate program benefits. Community Based Organizations (CBOs) report up to a 50% daily no show rate for customers scheduled for in-person office appointments.

Equitable is eliminating all income and expense verification and replacing it with customer self-certification. The customer will complete a single page application, total their monthly/yearly gross income, and sign a statement verifying the information is true and accurate. Company representatives and/or CBO staff may assist customers with completion of the required certification as necessary. Customers who provide fraudulent information will be advised that they will be eliminated from the program and will be required to repay the total amount of the bill discount.

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1 BCS reports PECO and Allegheny Energy currently do not verify CAP income.
**EAP Recertification**

Customers are required to reapply for EAP every three years to update income for eligibility purposes.

Each year ten percent of customers enrolled in the new EAP plan will be randomly audited to verify continued eligibility in EAP. This audited population will exclude those customers automatically enrolled through LIHEAP and inter-utility CAP.

**EAP Auto Enrollment**

Currently, customers who received LIHEAP within the past three years are automatically enrolled into EAP. This will continue under the revised plan.

In addition, the revised plan allows for the automatic enrollment of:

- Inter-utility CAP customers
- Senior citizens on social security as their only income
- Non self-employed customers with a failed credit score who are suspected to be potentially payment troubled.

**EAP Arrearage Forgiveness**

A newly redesigned arrearage forgiveness program will be offered to all EAP customers. Currently, the plan only recommends an additional payment over and above the EAP budget payment, with a company match of up to 3:1 of the additional payment amount.

The revised plan requires a $5 co-pay, which is embedded in the EAP budget payment amount, and applied to the arrearage. The company match of up to three times the customer's additional payment remains as a component of EAP arrearage forgiveness.

**LIURP Funding**

The LIURP Needs Assessment substantiates spending the entire $635,732 LIURP annual budget. The Company will prioritize EAP high usage customers, thereby helping to improve conservation levels and offset EAP credits. Currently, the plan allows for unspent LIURP dollars to be spent on other low-income programs.
To assure that all dollars budgeted for LIURP are spent on weatherization and that the customer population with the greatest need is being served, LIURP services will be prioritized as follows:

1. High usage > 200 Mcf/year EAP customers
2. High usage > 200 Mcf/year Non EAP customers with balances > $750
3. < 200 Mcf/year @ 150%-200% of poverty income customers with balances > $750

LIURP Expenditure per Household

Currently, LIURP customers receive an average of $3,000 for installed weatherization measures and services. A cap is placed on expenditures per household, in order to allocate the LIURP budget among more participants. The revised plan allows for a whole house approach to usage reduction, whereby spending limits can be removed for more complete and thorough weatherization.
Program Description

Equitable’s Energy Assistance Program (EAP) is an account management program for low-income customers at or below 150% of the federal poverty level. Eligible customers are placed on an affordable budget based on a percentage of the customers’ gross annual household income. In exchange for making regular payments, EAP offers customers credits to offset bills and an arrearage forgiveness component, which is designed to eliminate pre EAP balances over a four-year period, on average.

EAP is an alternative to constant collection activity and discontinuity of service for low-income customers. The program is funded by customers and administered by the company with assistance of CBOs.

Customers who qualify will agree to pay 7%, 8%, or 10% of their gross monthly income, with the household income and family size as determinants of payment amount. Embedded in the affordable EAP payment is a $5 co-pay, which is applied to the customer’s pre-EAP balance. The average EAP budget payment under the revised plan will be $75. During their participation in the program, EAP customers will receive EAP credits when their actual monthly bill exceeds their EAP payment amount.

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

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

Eligibility Criteria

A customer qualifies for EAP under the following guidelines:

- The total gross household income is at or below 150% of poverty
- 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 customer is payment troubled (failed to maintain one or more payment arrangements) or has a termination notice
• The customer agrees to an aggregate gas pooling arrangement for low income customers and is not permitted to contract with a separate gas supplier

EAP Expenditures

Projected budgets for 2004, 2005, and 2006 are estimates only, based on an enrollment level of 10,000 customers.

<table>
<thead>
<tr>
<th>Budget</th>
<th>Administrative Costs ¹</th>
<th>EAP Credits</th>
<th>Arrears Forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$313,000</td>
<td>$8,941,000</td>
<td>$3,794,000</td>
</tr>
<tr>
<td>2005</td>
<td>$313,000</td>
<td>$8,197,000</td>
<td>$4,445,000</td>
</tr>
<tr>
<td>2006</td>
<td>$313,000</td>
<td>$13,690,000</td>
<td>$5,096,000</td>
</tr>
</tbody>
</table>

¹ Projected admin budgets, 2004-2006, based on $70 admin cost per average EAP customer

Community Based Organizations

Equitable contracts with the three CBOs listed below to assist with administration and enrollments with EAP, CARES, and LIHEAP:

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tri Valley Energy</td>
<td>Mon Valley, Homestead</td>
<td>Non profit</td>
</tr>
<tr>
<td>Goodwill Industries</td>
<td>South Side</td>
<td>Non profit</td>
</tr>
<tr>
<td>Utility Services Division</td>
<td>East Liberty</td>
<td>Profit</td>
</tr>
</tbody>
</table>

These agencies will continue to be used under the revised plan.

EAP Outreach and Intake

Customer contact representatives are trained to identify low income, payment troubled customers and refer them to EAP enrollment. The representatives generate a follow-up letter and EAP application for self-certification to each customer they refer to EAP. Included with this letter is the company’s and the CBO’s EAP telephone number with instructions for returning the completed, signed application to the company.

Community agencies also refer customers to EAP when appropriate. Equitable has developed partnerships with a number of human service and community agencies to disseminate information about Equitable’s programs and promote referrals. EAP brochures are made available to a number of these agencies for distribution to their clients.
Additionally, an information insert is included with every termination notice to inform customers of EAP and explain how to apply for enrollment. The insert shows the income guidelines and provides telephone numbers of the three CBOs under contract with Equitable as well as the company’s EAP number to initiate enrollment. Similar information is provided during the Post Termination Survey to encourage customers to enroll in EAP when service is restored.

**Intake and Auto Enrollments**

Equitable will continue to utilize CBOs and internal staff to complete telephone and in-person enrollments. However, the number of in-person office visits to CBOs will be drastically reduced due to the revised enrollment guidelines in the EAP redesign.

Customers will no longer be required to verify income or expenses, but will complete a self-certification application form listing total monthly/ yearly household income and number of persons in the household. This application serves as a binding agreement with the company, whereby the customer attests that all the information is true and accurate. If it is later determined that the application contained fraudulent information, the customer will be under penalty of removal from EAP and/or be required to pay back the discounted portion of the bill amount.

Automatic enrollments occur under the following conditions:

- Customer has received LIHEAP/Crisis within the most recent three-year period
- Senior citizens with social security as the only reported income
- Customers who are enrolled in the Duquesne Light, Allegheny Energy, or PA American Water CAPs
- Non-self employed customers with failed credit scores who are likely to be eligible for EAP

All other customers who meet the income eligibility guidelines for EAP will self certify by contacting either a CBO enrollment location or the company to provide income information over the phone. If the household income is lower than 150% of poverty guidelines, the information is entered into the Company’s billing system which calculates the appropriate payment level at 7%, 8%, or 10%. If this calculation results in an EAP budget that exceeds the normal budget for the property, the customer is deemed ineligible for EAP.

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2 Customers identified as self-employed are required to schedule an appointment for an in-person office visit to an Equitable office or CBO location for verification of income.
Upon completion of the telephone interview, the customer is sent the application and agreement form to verify, sign, and return to the company. The agreement lists the requirements for EAP participation, including the EAP budget amount and the first payment due date.

**Arrearage Forgiveness**

A customer enrolled in EAP also qualifies for the company’s arrearage forgiveness program. The EAP budget payment includes a $5 co-pay to offset the customer’s pre-EAP balance. As long as the customer remains current with their payments, the company will provide up to a 3:1 match of the co-pay until the arrears are reduced to zero. On average, the balances will be forgiven within a four-year time period.

This program revises the current Delinquency Reduction Opportunity Program which was approved by Commission order on July 18, 2002 at Docket No. R-00994784 by requiring a $5 co-pay in lieu of a suggested co-pay amount for EAP participants.

**EAP Control Features**

Equitable monitors EAP accounts on a weekly basis to ensure consistent customer payments, identify non-pay defaults, flag customers for termination, and to confirm benefits received from EAP and other Universal Services programs. The highest default level is during the month of October. Monitoring will be targeted to those customers who are susceptible for default, and will increase during the preceding month of September.

- The minimum payment for a heating account is $25/month
- Usage limits are set at 110% of the customers’ annual usage adjusted for weather. If usage is excessive, appropriate action based on individual circumstances is taken
- EAP customers with high usage are referred to LIURP, the company’s weatherization program
- The annual maximum EAP credit per heating account of $840 was waived for Equitable Gas due to high gas costs within the gas industry. However, EAP credits are managed through aggressive customer education of energy assistance funds and full expenditure of LIURP funds on high usage EAP households
- A random audit of ten percent of enrolled EAP customers will be conducted annually, to determine continued eligibility in EAP.
Default and Termination Conditions

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

- Failure to return a signed self-certification form to the CBO or Equitable’s office within two weeks of program enrollment
- Refusal to permit the meter reader to read the meter or to supply meter cards at least once every four months.
- Failure to report changes in income or family size
- Failure to re-certify for EAP once every three years and/or to meet eligibility criteria
- Failure to make two consecutive EAP payments, resulting in termination. These customers will be moved up to first priority in the company’s collection cycle
- Failure to make required EAP catch-up amount payments to avoid termination. Post termination, customers must pay all missed EAP payments for service restoration
- Failure to practice energy conservation or maintain historical usage patterns adjusted for weather
- Refusal to accept weatherization services, if eligible, offered by the company.

Non-pay Default

When customers becomes delinquent by two EAP budget payments, they are required to pay a catch-up amount to stay current in the program. Failing this, termination proceedings are initiated prior to removal from EAP. In many instances, the threat of termination prompts the customer into making their catch-up payments and prevents removal from the program.

Those customers who have been terminated and removed from EAP two or more times and want to reapply for EAP, may be required to participate in the National City Bank Low Income Customer Pilot. The pilot will consist of 250 customers over a 12-month period and will require the customers to establish a checking or savings deposit account (if they do not already have one) with National City Bank, deposit funds from one or more sources of income, and authorize Equitable to electronically withdraw the EAP payment on a designated due date. National City Bank is willing to partner with Equitable by providing free checking or savings accounts to Equitable’s low-income customers. Equitable will benefit by ensuring consistent and timely EAP payments from chronic non-pay customers, as well as reduce costs associated with collections and terminations.

Data collected during the 12-month period will be analyzed and recommendations made as to the expansion or to the discontinuance of the pilot.
EAP Projected Needs Assessment (Phase Two)

According to 2000 Census data provided by the BCS, there are 47,918 low-income customers at or below 150% of poverty within the counties where Equitable provides service. To determine the number within this group that would be payment troubled (two or more failed payment arrangements), the BCS has historically used a methodology that would suggest that 40% of the total low-income universe of customers would qualify. This results in an estimate of 19,167 as the total number of Equitable’s payment troubled customers.

Equitable’s customer database shows 19,473 customers identified as low-income and/or payment troubled, which is consistent with the Census data.

<table>
<thead>
<tr>
<th>County</th>
<th>EQT Customer Count</th>
<th>Census Household</th>
<th>Percent Customers EQT</th>
<th>Census Household Low Income</th>
<th>Estimated Low Income EQT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegheny</td>
<td>211,353</td>
<td>537,405</td>
<td>39.7 %</td>
<td>106,443</td>
<td>41,862</td>
</tr>
<tr>
<td>Armstrong</td>
<td>2,365</td>
<td>28,932</td>
<td>8.2 %</td>
<td>6,922</td>
<td>566</td>
</tr>
<tr>
<td>Butler</td>
<td>1,132</td>
<td>65,929</td>
<td>1.7 %</td>
<td>11,159</td>
<td>192</td>
</tr>
<tr>
<td>Clarion</td>
<td>227</td>
<td>16,011</td>
<td>1.4 %</td>
<td>4,247</td>
<td>60</td>
</tr>
<tr>
<td>Fayette</td>
<td>2</td>
<td>60,047</td>
<td>0.0 %</td>
<td>18,744</td>
<td>1</td>
</tr>
<tr>
<td>Greene</td>
<td>4,664</td>
<td>15,081</td>
<td>30.9 %</td>
<td>4,128</td>
<td>1,277</td>
</tr>
<tr>
<td>Indiana</td>
<td>56</td>
<td>34,098</td>
<td>0.2 %</td>
<td>9,815</td>
<td>16</td>
</tr>
<tr>
<td>Jefferson</td>
<td>14</td>
<td>18,396</td>
<td>0.1 %</td>
<td>4,285</td>
<td>3</td>
</tr>
<tr>
<td>Washington</td>
<td>12,957</td>
<td>81,129</td>
<td>16.0 %</td>
<td>15,860</td>
<td>2,533</td>
</tr>
<tr>
<td>Westmoreland</td>
<td>7,622</td>
<td>149,870</td>
<td>5.1 %</td>
<td>27,704</td>
<td>1,409</td>
</tr>
<tr>
<td>Totals</td>
<td>240,392</td>
<td>209,307</td>
<td>47,918</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Projected Enrollment Level

Equitable projects that a need exists for a total enrollment level of 15,000-19,000 customers if appropriate funding is provided for a ramp-up from the current maximum of 10,000 customers. However, Equitable expects to convert its existing CIS system to new technology, known as the “Readi System”, later this year. Due to conversion, any ramp-up that the parties agree to implement would be gradually accomplished over a three to five-year period as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment Totals @25%</th>
<th>New EAP added to base</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2004</td>
<td>10,000 base</td>
<td></td>
</tr>
<tr>
<td>January 2005</td>
<td>4,517</td>
<td>2,509</td>
</tr>
<tr>
<td>January 2006</td>
<td>5,420</td>
<td>3,011</td>
</tr>
<tr>
<td>January 2007</td>
<td>6,504</td>
<td>3,613</td>
</tr>
<tr>
<td>Total</td>
<td>11,563</td>
<td>9,133</td>
</tr>
</tbody>
</table>

¹ Projected churn rate is @ 25% annually.

EAP Expenditures

Projected budgets for 2004, 2005, and 2006 are estimates only, based on enrollment levels from the EAP Projected Enrollment Level Table, on page 13 which includes a ramp-up of participants.

<table>
<thead>
<tr>
<th>Budget</th>
<th>Administrative Costs ¹</th>
<th>EAP Credits</th>
<th>Arrears Forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$343,000</td>
<td>$10,564,000</td>
<td>$4,315,000</td>
</tr>
<tr>
<td>2005</td>
<td>$385,000</td>
<td>$11,990,000</td>
<td>$5,720,000</td>
</tr>
<tr>
<td>2006</td>
<td>$507,500</td>
<td>$18,375,000</td>
<td>$7,406,000</td>
</tr>
</tbody>
</table>

¹ Projected admin budgets, 2004-2007, based on $70 admin cost per average EAP customer
Organization Structure

Universal Service & Compliance

Tracy Geyer
Vice President, Customer Relations

Benjamin Cerrone
Director, Revenue Recovery & Compliance

Sandra Gagorik
Manager, Universal Service & Compliance

Eileen Doheny
EAP Administrator

Barbara Mullough
Supervisor, Universal Service

Barbara Gula
Compliance Specialist

Catherine Brosky
LIURP Administrator

D. Claudon/M. Vukela
Level D - Account Rep

T. Washington/M. Mercurio
Universal Service Associate

L. Rivera/R. Morrow
Level A - Account Rep - PT

Level D Account Rep (Mediation)
Level A Account Rep (EAP Monitoring)
Universal Service Associate (EAP/ Mediation)
LOW INCOME USAGE REDUCTION PROGRAM
(LIURP)

Program Description

Equitable assists eligible low-income customers in reducing energy bills through a program, which includes the installation of weatherization measures and customer conservation education. Program goals are to reduce customer usage, reduce bills, and enable customers to pay a greater percentage of their arrears.

Eligibility Criteria

- Income at or below 150% of Federal Poverty Level
- Customers who are homeowners or renters. Renters must receive landlord approval.
- EAP customers with higher than average annual gas usage at 200 Mcf or greater
- Non EAP, high usage customers with balances exceeding $750

LIURP services will be prioritized as follows:
1. High usage >200 Mcf/year EAP customers
2. High usage >200 Mcf/year Non EAP customers with balances >$750
3. < 200 Mcf/year @ 150%-200% poverty income level customers with balances >$750

LIURP Projected Needs Assessment

<table>
<thead>
<tr>
<th>County</th>
<th>EQT Customers</th>
<th>Census Estimate EQT Low Income</th>
<th>Census Estimate EQT Low Income &gt;200 MCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegheny</td>
<td>211,353</td>
<td>41,862</td>
<td>5,822</td>
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<tr>
<td>Armstrong</td>
<td>2,365</td>
<td>566</td>
<td>79</td>
</tr>
<tr>
<td>Butler</td>
<td>1,132</td>
<td>192</td>
<td>27</td>
</tr>
<tr>
<td>Clarion</td>
<td>227</td>
<td>60</td>
<td>8</td>
</tr>
<tr>
<td>Fayette</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Greene</td>
<td>4,664</td>
<td>1,277</td>
<td>178</td>
</tr>
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<td>Indiana</td>
<td>56</td>
<td>16</td>
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<td>12,957</td>
<td>2,563</td>
<td>352</td>
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<td>1,409</td>
<td>196</td>
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<td>Totals</td>
<td>240,392</td>
<td>47,918</td>
<td>6,664</td>
</tr>
</tbody>
</table>

Number of customers meeting usage requirement 6,664
Number of customers previously weatherized (1,277)
Number of customers removed (landlord/cust refused, repairs) (153)
Net number of potential LIURP 5,234

Costs to serve net potential LIURP @ $3,000/per household $17,702,000
Projected Enrollment Levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Number of Homes Weatherized</th>
<th>Budget¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>225</td>
<td>$635,732</td>
</tr>
<tr>
<td>2005</td>
<td>225</td>
<td>$635,732</td>
</tr>
<tr>
<td>2006</td>
<td>225</td>
<td>$635,732</td>
</tr>
</tbody>
</table>

¹ Based on average expenditure @ $3000/home. New program allows for expenditure > $3000, which would reduce the number of projected homes.

Community Based Organizations

Equitable contracts with three CBOs to assist with referrals of high usage EAP customers into LIURP.

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Status</th>
</tr>
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<tbody>
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</tr>
<tr>
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<td>East Liberty</td>
<td>Profit</td>
</tr>
</tbody>
</table>

These agencies will continue to be used under the revised plan.

LIURP Outreach and Intake

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

- Equitable’s web page
- Call Center representatives
- EAP representatives
- Credit and Collection representatives
- CBOs
- Inter-Utility (Duquesne Light)³
- Conservation Consultants (a local non-profit with energy conservation expertise)
- Equitable’s Monthly EAP report

³ Duquesne Light’s Smart Comfort program identifies shared customers with Equitable. Audit costs are shared between companies, which assists in reducing costs of the program.
Home Weatherization

An independent auditor inspects the customer's home for:

- Air infiltration where heat is escaping and cold is entering the home
- Safe operation and maintenance of gas water heater and furnaces
- 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
- Heating and water heating system repairs and replacements
- Minor repairs necessary for air sealing

Energy Education

At the time of the audit, the auditor also explains the weatherization program in more detail and reviews the customer’s consumption and payment history.

Behavioral changes are recommended to improve the customer’s awareness of patterns of energy use and reduce bills.

If the customer has an unusually high increase in consumption one year after weatherization, Equitable’s program administrator performs a follow up visit to inspect the home with infrared technology to:

- Check for faulty installation of weatherization measures
- Identify reasons for excessive use
- Recommend possible solutions

Organization Structure

LIURP Accountability (See Organization Chart in the EAP Section)

<table>
<thead>
<tr>
<th>Role</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice-President Customer Relations (1)</td>
<td></td>
</tr>
<tr>
<td>Director Revenue Recovery &amp; Compliance (1)</td>
<td></td>
</tr>
<tr>
<td>Manager Universal Service &amp; Compliance (1)</td>
<td></td>
</tr>
<tr>
<td>LIRUP Administrator (1)</td>
<td></td>
</tr>
</tbody>
</table>
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 and its community agencies help these customers in obtaining available energy assistance, such as LIHEAP, Crisis, and $1 Energy, and make referrals to programs or agencies for other services such as Equitable’s EAP, public assistance, food stamps, SSI, Medicaid, etc. Customers whose service has been interrupted due to house or service line leakage or malfunctioning heating equipment are assisted through the Crisis program, when available, Equitable's Hardship Repair Fund and/or referred to other agencies, plumbers, and heating contractors for repairs.

Eligibility Criteria

<table>
<thead>
<tr>
<th>Service Emergency Repairs</th>
<th>Elderly, handicapped, special needs and low-income homeowners whose service has been temporarily interrupted due to house/service line leakage or malfunctioning heating equipment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Needs Circumstances</td>
<td>Elderly, handicapped, or special needs and low-income, payment troubled customers who have extenuating circumstances, may be homebound or require special assistance or assessment and elderly customers living alone (without non-elderly responsible adults) who are in eminent danger of service loss due to non-payment or non-access. These calls are completed through CARES calls and home visits.</td>
</tr>
<tr>
<td>Home Visits</td>
<td>Home visits are generally conducted for customers who are homebound or ill and for elderly customers who do not have transportation to CBO offices. Home visits are also made at the request of customer contact and social service agency personnel who have been in contact with a particular customer and determined that the customer is in need of special assistance.</td>
</tr>
</tbody>
</table>
CARES Projected Needs Assessment and Enrollment

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

<table>
<thead>
<tr>
<th>Year</th>
<th>CARES Calls</th>
<th>Home Visits</th>
<th>Office Visits</th>
<th>Service Emergencies</th>
<th>CBO/ In House Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>203</td>
<td>55</td>
<td>1,537</td>
<td>1,135</td>
<td>828 307</td>
</tr>
<tr>
<td>2001</td>
<td>196</td>
<td>36</td>
<td>2,418</td>
<td>1,069</td>
<td>779 290</td>
</tr>
<tr>
<td>2002</td>
<td>221</td>
<td>35</td>
<td>1,318</td>
<td>691</td>
<td>521 170</td>
</tr>
<tr>
<td>Average</td>
<td>207</td>
<td>42</td>
<td>1,758</td>
<td>1,113</td>
<td>709 256</td>
</tr>
</tbody>
</table>

1 The office visits are primarily for EAP enrollment

Annual Levels of Projected CARES Enrollment

CARES Calls 207
Home Visits 42
Emergency Referrals 1,113

CARES Program Budget

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff &amp; Agencies</td>
<td>$158,866</td>
<td>$148,380</td>
<td>$102,566</td>
<td>$136,600</td>
</tr>
<tr>
<td>Community Relations</td>
<td>$ 4,318</td>
<td>$ 3,505</td>
<td>$ 2,817</td>
<td>$ 3,600</td>
</tr>
<tr>
<td>LIHEAP Outreach</td>
<td>$63,762</td>
<td>$60,448</td>
<td>$39,400</td>
<td>$35,500</td>
</tr>
<tr>
<td>Hardship Repair Fund</td>
<td>$40,977</td>
<td>$40,605</td>
<td>$55,611</td>
<td>$46,000</td>
</tr>
<tr>
<td>Misc. Supplies</td>
<td>$ 4,400</td>
<td>$ 1,637</td>
<td>$ 2,198</td>
<td>$ 5,800</td>
</tr>
<tr>
<td>Totals</td>
<td>$272,323</td>
<td>$254,575</td>
<td>$202,592</td>
<td>$227,500</td>
</tr>
</tbody>
</table>

Equitable’s CARES budget will remain at current levels of $227,500 for program years 2004, 2005, and 2006.
Community Based Organizations

Equitable contracts with the following three CBOs to assist with customer referrals and provision of services under the CARES umbrella:

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tri Valley</td>
<td>Mon Valley, Homestead</td>
<td>Non Profit</td>
</tr>
<tr>
<td>Goodwill Industries</td>
<td>Southside</td>
<td>Non Profit</td>
</tr>
<tr>
<td>Utility Services</td>
<td>East Liberty</td>
<td>Profit</td>
</tr>
</tbody>
</table>

These agencies will continue to be used under the revised plan.

CARES Outreach and Intake

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

- Customer Service Representatives
- Servicemen
- Meter Readers
- Field Personnel
- Community Agencies
- Social Service Agencies

Referrals are assigned to the CARES Administrator or one of the CBOs under contract with Equitable. The account is reviewed noting existing payment plans, payment history, receipt of energy assistance grants, pending termination activity and other pertinent information. Customers are then contacted in an effort to offer assistance. Home visits are scheduled for customers who are sick or disabled.

During the home, office visit or CARES call, the CARES representative makes a customer assessment to determine the customer’s level of need and makes referrals to the appropriate social service agency.

When gas service has been interrupted to an elderly, handicapped or low-income customer due to house or service line leakage or malfunctioning heating equipment, a service emergency referral is assigned based on designated geographic areas to the appropriate contracted CBO.

Equitable’s Universal Service staff handles all service emergency referrals received during non business hours and/or weekends. Referrals are made to Crisis if the customer is eligible and the funds are available. In those
circumstances where the customer is ineligible or the funds are not available, referrals are made to Equitable’s Hardship Repair Fund.

**Organization Structure**

**CARES Accountability (See Organization Chart in the EAP Section)**

- Vice-President Customer Relations (1)
- Director Revenue Recovery & Compliance (1)
- Manager Universal Service & Compliance (1)
- Supervisor Universal Service (1)
Hardship Repair Fund

Program Description

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 unsafe house or service lines or malfunctioning gas heating equipment replacement.

Eligibility Criteria

- Residential heat customers with service/house line leak and/or red tagged heating equipment
- Customer must be ratepayer of record
- Household income at or below 150% of poverty level. A percentage of the annual program funds will be spent on households with incomes between 151-200% of poverty.
- Must be a homeowner or renter. Renters may be eligible if their lease states they are responsible for the repairs in question. If repairs are made to a rental property, the owner must sign a release granting permission for Equitable to make the repairs.
- Should be a single dwelling unit. If multiple dwelling unit is occupied by one family, income for all occupants must be used as income determinant.
- Must be the fund of last resort. Customer must be ineligible for Crisis funds, Crisis funding must be closed, or the customer must have previously exhausted Crisis funds.

Projected Needs Assessment

The Hardship Repair Fund is a funding source to assist CARES customers. It is a part of the CARES program and budget, with total customer assistance capped to $75,000 annually.

Community Based Organizations
Outreach and Intake
Organization Structure

See Corresponding CARES Sections
DOLLAR ENERGY FUND

Program Description

The Dollar Energy Fund is a non-profit organization that provides utility bill financial assistance to customers who are on a low or fixed income. Founded in 1983, the organization currently partners with eleven utilities in Pennsylvania. Dollar Energy Fund receives donations from utility shareholders, customers, and employees.

Currently, Equitable stockholders contribute up to $200,000 annually to match customer donations. In addition, the company covers Dollar Energy administrative costs equal to 10% of the grants distributed.

During the 2003 program year, Equitable created an additional $100,000 in funding to Dollar Energy for assistance to customers between the 150%-200% income levels.

Eligibility Criteria

- Customer must be at or below 200% of federal poverty guidelines
- Customer must exhibit a sincere effort to make a payment on their energy bill (a minimum of a $100 payment within the last 90 days).
- Balance on the customer account must be at least $100 with the exception of senior citizens. Seniors can have a zero balance but not a credit balance.
- Customer must have no service during the program months October 1-February 28
- Customers, with and without service, are eligible after March 1 until the funds are depleted.

Projected Needs Assessment

See the section on EAP (Phase Two). Estimated low-income customers at or below 150% federal poverty levels in Equitable’s service territory is 47,918 customers. Of that population, 19,473 customers have been identified as payment troubled by Equitable.

Due to the unpredictability of customer donations and additional amounts from other Dollar Energy fundraising efforts, Equitable uses its historical records to project enrollment levels
Projected Enrollment Level

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Total # Grants</th>
<th>Total $</th>
<th>EQT</th>
<th>Customer</th>
<th>$1 Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>1,459</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$106,121</td>
<td>$93,879</td>
</tr>
<tr>
<td>2000-01</td>
<td>1,279</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$80,712</td>
<td>$119,288</td>
</tr>
<tr>
<td>2001-02</td>
<td>1,312</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$93,873</td>
<td>$106,127</td>
</tr>
<tr>
<td>Average</td>
<td>1,291</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$93,569</td>
<td>$106,431</td>
</tr>
</tbody>
</table>

Equitable will continue to contribute to the Dollar Energy Fund at the current funding level of $200,000, plus administrative costs equal to 10% of the grants distributed.

Community Based Organizations

Dollar Energy contracts with 74 CBOs in Equitable’s service territory to provide intake and enrollment services into the Dollar Energy grant program.

Outreach and Intake

Equitable solicits customer contributions with a check-off pledge on all utility bills issued and through its website.

Low-income customers are referred to Dollar Energy by Equitable’s customer contact and Universal Service personnel. CBOs complete applications in conjunction with their CARES responsibilities.

Dollar Energy then disperses these funds to low-income households who meet the program eligibility requirements.

Organization Structure

Dollar Energy and Energy Assistance Accountability

See CARES Section and EAP Organization Chart
Summary

Integration of Universal Service Programs

The integration of program services together with company representatives, contracted CBOs and other community agencies enables Equitable to effectively provide assistance to customers with energy related and/or special need problems. Contact center representatives are knowledgeable of all Universal Service programs and routinely refer customers to the appropriate one(s) including the following:

- EAP
- LIURP
- CARES
- LIHEAP
- Crisis
- Dollar Energy

In addition, Equitable’s Universal Service staff and contracted CBOs work closely with other community agencies to ensure all available assistance is provided to the customer.

For example:
One of the more successful program linkages is between EAP and LIURP. During EAP enrollment, Equitable’s Contact Center representatives or contracted CBOs immediately refer EAP high usage customers to LIURP for weatherization services.

Historically, Equitable’s customers receiving LIURP realize an average of 21% usage reduction and balance reduction of $800.