

# **National Fuel Gas Distribution Corporation**

## **Universal Service and Energy Conservation Plan**

**2014 – 2016**

May, 2013  
Revised March, 2015

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## **Overview**

National Fuel Gas Distribution Corporation (National Fuel), headquartered in Williamsville, New York, is a subsidiary of National Fuel Gas Company. National Fuel serves approximately 731,000 customers in western New York and northwestern Pennsylvania. The Pennsylvania Division of National Fuel, headquartered in Erie, Pennsylvania, serves approximately 216,000 customers in fourteen counties.

National Fuel has a long history of providing services for special needs customers including the low income and the elderly; commencing with its first program, The Neighbor for Neighbor Heat Fund, in November 1983. These programs now include the Low Income Usage Reduction Program (LIURP), the Low Income Residential Assistance Program (LIRA), the Customer Assistance and Referral Evaluation Services Program (CARES) and the Neighbor for Neighbor Heat Fund.

## **Plan Submission**

This is National Fuel's submission of the Universal Service and Conservation Plan, covering the period 2014 through 2016.

Pennsylvania natural gas utilities provide gas service to thousands of low-income customers, many of whom are unable to pay their bills. Low-income customers who are payment-troubled are in danger of having their utility services terminated. Customer arrearages and the process of termination of service impair cash flow and increase expenses for the utility.

A solution to the low-income customer inability-to-pay problem is to implement an affordable payment program for these customers. Many low-income programs have been developed in response to this persistent problem. These programs may require the customer to pay a percentage of their income, a percentage of their bill, or a reduced rate. The programs may include such features as: arrearage forgiveness, energy audits, weatherization, energy management education, conservation credits, assistance with obtaining Low Income Home Energy Assistance, referrals to assistance agencies, and home consultation by a caseworker.

On December 20, 1991, the Public Utility Commission approved a proposal for National Fuel to institute a pilot program for reduced rates to 1,000 low-income customers. That program was called Low Income Residential Assistance (LIRA) and was designed to encourage low-income customers to pay a greater amount toward utility bills. The reduced rate was provided to encourage payment and to reduce uncollectible account expense. The LIRA rate pilot was originally established for a 36-month period--an initial six-month start-up, a 24-month pilot program and a six-month data collection period. On July 21, 1994, the Commission allowed National Fuel to continue its LIRA rate past its three-year expiration date in order to further evaluate the program and to determine whether low-income customers actually paid a greater amount toward their bills.

Temple University independently appraised the original pilot. Temple University concluded in its final report that "the LIRA Program is a cost-effective, reasonable, and successful intervention in addressing the revenue shortfall and energy provision dilemmas presented by low-income payment-

troubled households. It is clear that National Fuel has designed a program that was relatively easy to administer, maintained customer participation, changed gas consumption behavior, and altered payment patterns as well.”

As a result, National Fuel filed a petition on May 1, 1996, to expand its Low Income Residential Assistance program from 1,000 to 5,000 participants. The expanded LIRA Program was approved on February 13, 1997. As a result of restructuring proceedings with regard to customer choice, on February 15, 2002, National Fuel filed for further expansion of the LIRA Program from 5,000 to 8,500 participants. Included in that filing were modifications to certain provisions of the program including extending the arrearage forgiveness component from 12 months to 24 months, eliminating the conservation credit, instituting a minimum payment amount and changing the methodology for determining the level of discount. The new set of discounts varies based on the customer's income, household size, available energy assistance and purchased gas cost rates. For each customer the discount is determined to meet the affordability annual bill target and the average usage by LIRA customers and is then rounded to the nearest 10 percent. Each LIRA customer receives a minimum 10 percent discount. These changes were intended to make the payments more affordable for customers and to meet the guidelines for affordability detailed in Title 52 §56.261 of the Pennsylvania Code. This petition was approved on March 28, 2002. Effective January 15, 2004, the LIRA Program was further modified to allow participants an additional 12 months to receive full arrearage forgiveness should they be able to bring the account current and make their monthly payments. On August 27, 2004 National Fuel again filed to modify the Company's LIRA Program. The filing was addressed in conjunction with the Company's request for a base rate increase filed on September 15, 2004. Both issues were resolved by a settlement approved by the PUC on March 23, 2005. At that time, the Company eliminated the cap on enrollment and modified the calculation of the percentage of discount calculation by household size to reflect the fact that household size has direct and significant impact on the total customer consumption and corresponding bill.

In August 2006, National Fuel filed with the Commission its Universal Service evaluation conducted by Melanie Popovich, Utility Business Consultant.

In May 2007, the Company submitted its Triennial filing, making the following changes. The discount calculation was modified as it became increasingly clear that the Low Income Home Energy Assistance Program (LIHEAP) assumption currently in the discount calculation significantly affected the resulting customer discount. Up to this point, the discount calculation had assumed an average LIHEAP payment based on the actual average LIHEAP payment received by all LIRA participants. Due to the nature of the LIHEAP payment schedule, this methodology could create anomalies among the LIRA participants in the discounts they received. For example, a very low income customer might receive a LIHEAP grant so much larger than the average that when combined with the resulting discount caused a credit situation on the customer account. Conversely, higher income customers might be receiving inadequate discounts because their LIHEAP payments were much smaller than the average LIHEAP payment assumed in the calculation. By this filing, the Company began to utilize the Department of Public Welfare-provided LIHEAP payment schedule in determining the participants' discounts.

The Company further modified the program to bring the minimum monthly payment to \$12 and continues to provide a minimum 10% discount to all participants.

In the 2007 filing the Company also modified the LIRA program reverification process. Participants must now reverify their status upon any household changes and periodically as required by the LIRA program staff. Previously, the process required complete written reapplication plus documentation proving income and household make up.

Subsequent to the Universal Service program evaluation in 2006, the company began to explore a more customer-friendly reverification process designed to assure the LIRA program participants are correctly receiving program services.

The company reconfigured the reverification process to a phone-based procedure whereby Company representatives telephone those customers due for reverification and request verbal confirmation of household make up and income. The Company tested this process and found it to be an easier method for determining continued eligibility for program services. Customers are pleased to avoid the paperwork burden and the Company representatives feel the information they've obtained is complete and accurate. When the representatives are unable to reach the participants by phone a letter is sent requesting that the customer call into the office to complete the process. In the event where personal contact is not successful, or in cases of questionable data, a printed reverification packet will be mailed to the customer to be completed and returned.

This methodology preserves the level of customer participation over time. The LIRA reverification process requires participants to reverify their status every two years unless their household situation changes or they report zero income, inexplicable increased consumption and/or have not received LIHEAP. As recommended by the Universal Service evaluation, those customers are required to reverify their status upon request.

In her 2006 Universal Service evaluation, Melanie Popovich recommended that the Company "revisit the budget review process and manually adjust those accounts to limit the instances whereby the timing of the review caused the monthly payments to artificially increase." The instances to which she refers are generally caused by the timing of the customers' LIHEAP payments.

In administering the LIRA program, the Company has had a long-held policy of applying the customers' LIHEAP payments to their Budget Plan accounts to further reduce their monthly payment. Because the customers' acceptance into the LIRA program and the receipt of the LIHEAP payments only occasionally coincide, customers' Budget Plan payments could change dramatically. To minimize the number of changes in participants' monthly payments, the Company restarts the Budget Plan to twelve months upon receipt of the LIHEAP payment, thus ensuring a more steady monthly payment amount. Of course, any change in customer usage may result in a change to the monthly payment amount.

Finally, the Company changed the arrearage forgiveness policy with the 2007 filing. Any customer who is shut off for non-payment previously lost their right to arrearage forgiveness, even if the participant repays their entire outstanding LIRA balance. The Company restored the opportunity for arrearage forgiveness to all participants who bring themselves current in the program. To achieve forgiveness of that arrearage, they must make their monthly payments on time and in full.

As a result of the 2006 Universal Service evaluation the Company also made two changes to the Neighbor for Neighbor Heat fund program and one change to the Low Income Usage Reduction Program (LIURP).

The Neighbor for Neighbor Heat Fund board of directors has approved and implemented changes to the eligibility requirements of the Neighbor for Neighbor grants, requiring the applicant to “have made three good payments within the last year and a fourth one within the last ninety days.” They also decided to reduce the maximum grant amount to \$150 for the non-natural gas applicants.

In 2012, the Neighbor for Neighbor Heat Fund enhanced the guidelines to include persons currently receiving unemployment benefits. The maximum grant was increased to \$400 for natural gas applicants. The grant for non-natural gas applicants was increased to \$200.

In response to a recommendation in the 2006 evaluation, the Company now only inspects approximately 25% of all jobs completed through LIURP.

In March 2013, National Fuel filed with the Commission its Universal Service evaluation conducted by Melanie Popovich, Utility Business Consultant.

Following submission of the 2012 Impact Evaluations results, BCS and National Fuel discussed potential modifications to National Fuel’s USECP. The Plan was filed shortly after the Evaluation submission.

In March 2015, National Fuel revised this Plan in accordance with the Commission’s May 22, 2014 Final Order and February 12, 2015 Order on Reconsideration.

The Company clarifies in this Revised Plan that all LIRA customers are eligible for 36 months to achieve full arrearage forgiveness for each timely in-full payment as long as there are no prior arrears. The Company currently allows arrearage forgiveness for each on time, in-full monthly payment regardless of existing arrears.

The Company further clarifies that it expects LIRA enrollment to continue at a rate of 125 customers each month through this reporting period. Although enrollment is expected to continue, it is also expected that a similar number of participants will leave the program. Accordingly, the Company anticipates the overall number of LIRA participants to remain stable.

Arrearage forgiveness accounts for a portion of the LIRA budget. Under the program, participants may stay on the LIRA program even after the pre-LIRA arrearage is fully forgiven. As more LIRA participants achieve forgiveness, the impact on the LIRA’s program’s budget is reduced.

The Company anticipates the program costs, discounts and arrearage forgiveness to stabilize at the current rates for the near future. Increased funding does not appear to be necessary at this time. The forecast takes into account the low cost of natural gas and stable level of participants.

In this revised Plan, the Company has corrected its LIURP needs assessment. The Company will transition the Emergency Pilot Fund program to standard LIURP reporting.

**The Company has also included a needs assessment for the Neighbor for Neighbor Heat Fund in this Revised Plan.**

By this Plan submission, the Company will maintain its Universal Services programs in its current form while continually looking for process improvements that will enhance enrollment and reverification of Plan participants.

# **National Fuel**

## **Low Income Residential Assistance Services**

### **Program Description**

The Low Income Residential Assistance Program (LIRA) is a discounted rate program for payment-troubled, low-income customers. The program was created to assist low-income customers who have been unable to pay their regular monthly bills and, as a result, have entered into one or more payment arrangements. The National Fuel Consumer Business Division administers LIRA. The program is intended to increase the number of payments from low-income customers, while decreasing the company's collection costs. Low-income customers are better able to manage their gas utility costs through: (1) lower rates; (2) intensive monitoring by company representatives; (3) conservation education; and (4) assistance to maximize household resources by linking customers to all available income support programs.

This program features separate discounted rates for customers with incomes less than 150% of the Federal Poverty Level. In addition to having a lower rate, the LIRA customer can obtain arrearage forgiveness over twenty-four months for unpaid balances owed the company at the time of acceptance into the program.

An Energy Management representative offers energy education for each LIRA residence; audits are provided for those customers whose usage exceeds that of the typical residential customer. A weatherization program is also provided for customers who meet the requirements for the Low Income Usage Reduction Program (LIURP). LIRA participants with usage less than 105 thousand cubic feet (MCF) per year are provided with general written energy education materials including simple tips on controlling gas usage in the home. Customers exceeding 105 MCF, but less than 130 MCF, are scheduled to have an auditor come to the residence to give specific recommendations to lower gas usage. Participants using more than 130 MCF are referred to the Low Income Usage Reduction Program where they are evaluated for inclusion in the Program. If eligible, work will be performed. If ineligible, the participant will be scheduled for an individual energy audit where residence-specific recommendations for usage reduction will be made.

Low-income customers who continue to make their monthly, reduced rate payments can avoid the threat of termination, and thus, meet their energy needs.

## **Identification Process and Eligibility Requirements**

### **Identification Process**

National Fuel provides natural gas service to approximately 200,000 residential customers in a 14-county service area in northwestern Pennsylvania. The company has identified approximately 35,000 customers as having incomes less than 150% of the federal poverty level. The source of this identification for system coding has been the customers' receipt of Low Income Home Energy Assistance (LIHEAP) grants and individual income and household expense analyses performed during the payment arrangement negotiation process.

The LIRA Program targets those payment-troubled, low-income customers who have difficulty keeping their payment arrangements and who may be in danger of having their services terminated. There are currently approximately 10,222 LIRA participants.

### **Eligibility Requirements**

In order to participate in the LIRA Program, the following requirements must be met:

1. The customer's gross household income must be equal to or less than 150% of the federal poverty level;
2. The customer must be payment troubled (i.e.: have an arrearage on the account at the time of application or at least one current, canceled, or defaulted arrangement on the account at the time of application);
3. The customer must be a heating customer.

To the extent possible, eligibility for LIRA will be determined solely by the preceding requirements. National Fuel, however, reserves the right to consider other circumstances in assessing the appropriateness of including any customer in the LIRA Program.



## **Referral Process**

A customer meeting the eligibility requirements of LIRA may be referred by the National Fuel Consumer Business Department through the use of the Customer Information System (CIS). The company representative will inform the customer of the main features of the LIRA program by informing customers of how the program will benefit them.

The representative will also explain the customer's responsibilities as a LIRA customer, including:

All adult members of the household must become ratepayers, excluding children of the ratepayers who are dependents and dependents over 65 under federal tax rules;

All household income must be verified;

Monthly payments (budget) are required to avoid termination of service;

No extensions or arrangements (to avoid termination of service) will be offered to LIRA customers;

The ratepayers must agree to receive weatherization services, if qualified.

The ratepayer must agree to apply annually for LIHEAP, if qualified.

Once the referral is made, a 30-day hold on the account is automatically established to allow the necessary time to process the referral. Referred customers are then contacted by telephone calls, letters, and/or home visits, as required, in order to further determine the appropriateness of inclusion in the LIRA Program.

Although the majority of referrals are expected to be made by the Consumer Business Department, any department may encounter customers who could benefit from the LIRA Program and who appear to be eligible. Referrals may also be made by community agencies that have been involved in the customer's situation.

## Application Process

After the LIRA referral, an individual record for the prospective LIRA customer will be created. For each referral, an application and an invitation letter will be automatically generated and readied for mailing. An informational page as well as a postage-paid return envelope are included.

Prospective LIRA customers must complete the application form and agree:

1. to be enrolled in the Budget Plan.
2. to provide satisfactory verification to prove income eligibility. In addition, an applicant must provide the name and social security numbers or other verifiable form of identification of all persons residing with the applicant. Adult residents in the household (over the age of 18), excluding children of the ratepayers who are dependents and dependents over 65 under federal tax rules, will be required to become ratepayers as a condition of participation in LIRA. In addition, applicants must have their income verified periodically and advise the company if their income or household size changes.
3. to receive the services of the Low Income Usage Reduction Program if they meet the eligibility requirements.
4. to apply annually for LIHEAP, if qualified.

The applicant is given ten days in which to complete the application and return it to the Company. In the absence of a response, a follow-up letter is mailed. If contact is still not successful, the LIRA offer is withdrawn unless subsequent special needs or circumstances are identified.

If the customer declines participation in the LIRA Program, he or she is sent a letter.

Having received a completed application, all information on the application is checked. Further contacts may be necessary in order to obtain additional information. This is done via telephone and, if unsuccessful, a letter is mailed, giving the applicant ten days to respond. Finally, with no response, the LIRA offer is withdrawn. When special needs have been identified, additional outreach may be necessary.

After income information is received and verified, it is returned to the customer. After considering the ratepayer's total income and the number of people in the household, the applicants are either accepted into LIRA or rejected. If rejected, they are notified as to the reason for the rejection.

Once approved for the LIRA Program, a representative will attempt to call the customer to review all of the LIRA Program features. This personal contact is to make certain that the customer understands the requirements of the program.

Customers are advised that they are enrolled in the LIRA Program and the due date of their first LIRA bill. They are advised of their Budget Plan amounts and are told that the Budget Plan is reviewed four times a year. The monthly payment amounts may go up or down depending upon usage and rates. They are advised to apply for LIHEAP. The importance of paying their bills by the date indicated on the bill is stressed to the customers. They will receive arrearage forgiveness for

each month that their bills are paid on time and in full. If the bills are not paid on time, there will be no arrangements or extensions offered. The account will immediately become eligible for collection action. The account will not be eligible for arrearage forgiveness in each of the months that the account is not paid on time and in full, until the account is completely up to date.

Along with an acceptance letter is a copy of the LIRA Program Features. A report is issued to Energy Management for energy audit and weatherization purposes. The account is now ready to be billed at the LIRA rate.

The LIRA Program includes separate discounted rates. Eligibility for each rate is based upon the aggregate income level of the household and the number of people in the household. The following table is an example of how the discounts are applied with rates effective e February 1, 2013:

ANNUAL INCOME	HOUSEHOLD SIZE						
	1	2	3	4	5	6	7
0	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
1,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2,000	10.0%	10.0%	20.0%	20.0%	20.0%	20.0%	20.0%
3,000	20.0%	20.0%	20.0%	30.0%	30.0%	30.0%	30.0%
4,000	30.0%	30.0%	30.0%	40.0%	40.0%	40.0%	40.0%
5,000	30.0%	30.0%	30.0%	30.0%	40.0%	40.0%	40.0%
6,000	10.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
7,000	10.0%	20.0%	30.0%	30.0%	30.0%	30.0%	30.0%
8,000	10.0%	10.0%	30.0%	30.0%	30.0%	30.0%	30.0%
9,000	10.0%	10.0%	20.0%	20.0%	30.0%	30.0%	30.0%
10,000	10.0%	10.0%	10.0%	20.0%	20.0%	20.0%	20.0%
11,000	10.0%	10.0%	10.0%	20.0%	20.0%	20.0%	20.0%
12,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
13,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
14,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
15,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
16,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
17,000	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
18,000	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
19,000	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
20,000	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
21,000	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
22,000	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
23,000	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
24,000	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
25,000	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
26,000	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
27,000	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
28,000	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
29,000	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%

ANNUAL INCOME	HOUSEHOLD SIZE						
	8	9	10	11	12	13	14
0	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
1,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2,000	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
3,000	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
4,000	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
5,000	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
6,000	30.0%	30.0%	30.0%	40.0%	40.0%	40.0%	40.0%
7,000	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
8,000	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
9,000	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
10,000	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
11,000	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
12,000	10.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
13,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
14,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
15,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
16,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
17,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
18,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
19,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
20,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
21,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
22,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
23,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
24,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
25,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
26,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
27,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
28,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
29,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

The billing system will use the following service classes for the LIRA rates:

10% Discount	Service Class 91
20% Discount	Service Class 92
30% Discount	Service Class 93
40% Discount	Service Class 94
50% Discount	Service Class 95
60% Discount	Service Class 98
70% Discount	Service Class 99
80% Discount	Service Class 90

**Reapplication for LIRA at a New Address**

When one or more LIRA customers move to a new address, it will be necessary for each of them to be identified on a new LIRA application. Reapplication is necessary in order to verify the household income and to determine each adult household member who will become responsible for paying the bills at the new address. If a ratepayer, or any of the adult members of the household, has an overdue balance from a previous account, that balance will be reflected on the first LIRA bill at the new address. If the previous account was terminated for nonpayment, the ratepayer(s) must, pay a down payment toward an arrangement covering pre-LIRA Program unforgiven balances. A customer who moves to new premises can continue with the arrearage forgiveness component of the program for the remaining months not used.

## **Account Maintenance**

Once the LIRA account is established, maintenance is critical to the success of the program. A number of functions, some one-time and others continuous, need to be performed.

### **Arrearage Forgiveness**

The LIRA customer has the potential to receive complete forgiveness of the balance owing when he or she was accepted into the LIRA Program. The balance is forgiven over 24 months in equal installments. LIRA customers receive an additional 12 months to achieve full arrearage forgiveness for a total of 36 months. Forgiveness is provided in increments of 1/24th of the preprogram arrearage for any on-time, in-full payment made by a LIRA participant. Thus, a LIRA participant can achieve complete forgiveness under the program by making 24 on-time, in-full payments within the 36 month program timeframe.

Holds are established for the preprogram arrearages. These arrearages will be shown on LIRA customers' bills. Each month the Budget Plan amount is paid on time, one twenty-fourth of the amount eligible for forgiveness is eliminated. Currently, the Company manually tracks arrearage forgiveness for each on-time and in-full monthly payment, regardless of existing arrears. However, the Company expects to implement a new Customer Information System ("CIS") later this year. As soon as practical following implementation of the new CIS, tracking of such forgiveness will be an automated process.

When a LIRA customer moves to a new address, the remaining months for arrearage forgiveness can be utilized at the new address. The hold would be placed on the new account indicating the original amount of the arrearage forgiveness and the current amount to be held or considered for forgiveness.

### **Customer Contact**

To encourage timely payments, avoid termination of service, and help ensure the opportunity to obtain forgiveness, an attempt may be made to telephone each LIRA customer approximately seven days before the bill becomes due.

### **Low Income Home Energy Assistance Program (LIHEAP)**

If LIHEAP funds are available, customers will be informed that the program is open, and reminded to name National Fuel as primary fuel provider. At that time, the representative can assess whether additional assistance is necessary to help the customer with the LIHEAP application. If the calls are unsuccessful, a notification is sent by mail.

### **Automatic Roll-In of LIHEAP**

All LIHEAP grants will be applied to the customers' LIRA program responsibility in accordance with applicable Department of Public Welfare vendor requirements. Any credit will be applied to reduce future Budget Plan payment amounts and the Budget Plan will be restarted for 12 months.

### Application of LIHEAP

LIRA participants are expected, based on LIRA eligibility, to also be eligible for a LIHEAP grant and are required to apply for such grants every year. Currently, if a LIRA participant fails to apply for or receive a LIHEAP grant, the Company allows the LIRA participant to continue to receive the benefits of the LIRA program, provided they meet all other LIRA eligibility criteria. The participant's discount calculation, however, will continue to include the LIHEAP grant in its design. The LIRA participant is responsible for appropriately applying for any LIHEAP grant.

If a LIRA household is primarily heated by natural gas, the Company expects to be listed as the primary fuel source for the LIHEAP grant. LIRA participants are responsible for best utilizing LIHEAP grants in accordance with their home energy requirements and Customer Assistance Programs. If a participant does not direct a LIHEAP grant to the Company though, the Company will allow the participant to continue to receive the same LIRA benefits and pay the same rates as those participants who have directed their payments to the Company.

### Delinquency Processing

To avoid abuses and promote payment responsibility, the LIRA Program includes the following procedures to control and handle delinquent accounts.

### Termination Process

During the period April 1 through November 30:

1. If a LIRA customer fails to pay a monthly LIRA budget billing, the Company's collection process will begin. This process includes all required regulatory notification and procedural steps. The actual termination notices mailed to LIRA customers will reflect the means for avoiding termination of service.
2. To avoid termination of service, the LIRA customer must pay the amount set forth in the termination notice prior to the scheduled termination date.
3. The delinquent LIRA participant will **not** be offered a payment arrangement or an extension to avoid termination of service.
4. Medical Certificates will be honored for LIRA customers.
5. When a customer contacts the Company and states that he or she is unable to pay the notice amount prior to the termination date, an extension beyond the termination date will not be granted.



6. Service will be terminated if the customer fails to pay the notice amount (and no certified medical condition exists).

Termination notices will not be sent from December 1 until the first cycle billing control that produces a proposed termination date of April 1 or later. Any customer who has missed any payments over the winter months will be sent a notice for termination for the missed payments. The number of missed payments should not exceed 5 months except in extenuating circumstances such as a medical certification or a complaint to the Bureau of Consumer Services.

### **Reconnection Process**

A LIRA representative will compute the amount necessary to have the service restored.

A ratepayer whose service is reconnected due to the submission of a medical certificate will not be reinstated in the LIRA Program until all requirements are met equal to those that would apply for that same customer seeking reconnection without a medical certificate. Generally, in order to have service reconnected, the LIRA customer must:

1. **pay a reconnection charge.**
2. **pay the entire arrearage** which accrued while a LIRA Program participant (including the current bill if after the due date).
3. If the account had a preprogram arrearage, they will be eligible for continued arrearage forgiveness opportunities if they completely catch up their LIRA program arrears and if they have remaining forgiveness months remaining, including the forgiveness amounts for the months that payment was missed. If they are not eligible for arrearage forgiveness:
  - a. the customer may be required to pay part or all of the arrearage prior to reconnection in accordance with 66 Pa. C.S.A. § 1407(c)(2)(i);
  - b. the Company may **negotiate a payment arrangement** regarding the preprogram arrearage; and
  - c. The duration of any negotiated payment arrangement will depend upon factors such as the size of the unpaid LIRA balance, the ability of the ratepayer to pay, the payment history of the ratepayer, and the length of time over which the balance accumulated.

All customers listed on the account are responsible for the balance accrued while a LIRA participant. The terms for reconnection will apply to each adult resident as a ratepayer, unless the resident can demonstrate to the Company's satisfaction extenuating circumstances including, but not limited to, divorce, abandonment, or spousal abuse, where the spouse has established a separate residence.

Should a LIRA customer be shut off after negotiating a payment arrangement as described in 3(b) and (c) above, he or she would be required to pay the entire arrearage owing to have service restored. No arrangement will be offered on either the missed LIRA payments or the pre-program arrearage.

### **Reconnection of Service Outside of the LIRA Program**

Any of the listed LIRA customers may apply for service outside the LIRA Program at another address. Each of the LIRA customers is responsible for the balances that accrued while a LIRA customer. Responsibility for the preprogram arrearages remains with those listed on the mortgage, deed or lease.

### **Reverification of LIRA Accounts**

Active LIRA accounts are reverified periodically to determine changes in income or household size that might affect program eligibility.

Company representatives will telephone those customers due for reverification and request verbal confirmation of household make up and income. When the representatives are unable to reach the participants by phone a letter is sent requesting that the customer call into the office to complete the process. In the event where personal contact is not successful, or in cases of questionable data, a printed reverification packet will be mailed to the customer to be completed and returned.

A reverification letter and an application are prepared and mailed to the customer. The customer is given ten days to respond, and then a letter is mailed, advising the customer to call the Company. Generally, if contact is still not successful, the customer is canceled from the program, unless special circumstances are identified, in which case a referral is made for follow up.

If the customer responds, all information is verified and checked for completeness. Additional information may be requested from the customer, in which case phone contact is attempted first, followed by a letter. The customer is given ten days to respond, after which he or she is subject to cancellation from the program. Once again, special circumstances may be taken into consideration.

Depending upon the information provided, the customer may at this point be ineligible for LIRA. The customer would be notified of the reason for his or her ineligibility.

All customer information is updated. If a customer's total household income or the number of household members has changed, the service class may be adjusted.

The LIRA reverification process will require participants to reverify their status every two years unless their household situation changes or they report zero income, inexplicable increased consumption and/or have not received LIHEAP. As recommended by the Universal Service evaluation, those customers would be required to reverify their status upon request.

### **Cancellation of a LIRA Account**

If a LIRA account is canceled for any reason, a letter is generated. The letter informs the customer of the cancellation and the reason.

A report will be generated to inform Energy Management of the cancellation. Energy Management can then eliminate the account from the lists to consider for audits or weatherization.

## **LIRA Funding Mechanism**

The LIRA Program will continue to be funded by the LIRA Discount Charge (Rider F) provided for in National Fuel's tariff. The LIRA Rate Discount will be calculated for the quarters corresponding with the updates of gas costs (February 1, May 1, August 1, and November 1) and any other time that Residential Sales Service Rate Customer Charge, Distribution Charge, Natural Gas Supply Charge, or Gas Adjustment Charge or Gas Procurement Charge changes. In addition, a charge will be included in rates to provide for the full recovery of costs in conjunction with the Company's LIRA rate discounts, program costs, forgiven pre-program arrearages and an incremental customer credit as provided for in Settlement of Docket Nos. R-00072420 and M-00072019. The first 12-month reconciliation period commenced October 1, 2007 through September 30, 2008 with the reconciliation charge effective for the one year period commencing February 1, 2009. Such reconciliation charge will be updated annually and effective each February 1. A review of the CAP Funding Reconciliation mechanism for the periods October 1, 2007 – September 30, 2008 and October 1, 2008 – September 30, 2009 is provided herein.

The calculation of the LIRA Rate Discounts is as follows.

### Step 1. Determine Percentage of Income Target.

Determine the percentage of income target payment percentage matrix for income and household size based on the BCS-related guidelines.

BCS Tier	Maximum % of Poverty	Bill Target as % of Income
I	50%	6.5%
II	100%	8.0%
III	150%	9.0%

### Step 2. Determine Annual Bill Target.

Step 2 is the determination of the annual bill target by income and household size based on: 1) the percentage of income target developed in Step 1, 2) minimum monthly payment towards natural gas bills of \$12 per month, and 3) the annual LIHEAP payment for LIRA customers through use of the LIHEAP grant schedule.

### Step 3. Determine Annual Required Discount Amount.

Step 3 determines the annual required discount amount needed in order to achieve the annual bill target included in Step 2. The required discount amount is calculated by subtracting the annual bill target in Step 2 from the annual residential bill for the average LIRA customers' annual consumption by household size category.

### Step 4. Determine Percentage Discount.

In Step 4, the percentage discount for income and household size is determined. The percentage discount is determined by dividing the required discount in Step 3 by the residential bill for average LIRA customer consumption by household size then rounding the result to the nearest 10%. The minimum discount to be provided to qualified LIRA customers is 10%.

Step 5. Determine the LIRA Discount Amount.

Step 5 calculates the LIRA discount amount by multiplying the LIRA Percentage Discount by the annual residential bill for average LIRA customer consumption by household size

Step 6. Determination of LIRA Customer Distribution.

Calculate the number of current LIRA rate participants by income category and household size.

Step 7. Calculate Projected Discounts.

In Step 7, the projected level of discounts for current LIRA rate participants is calculated by multiplying the discount amount by income category and household size by the number of current participants by income and household size

Step 8. Determination of Total Discounts for the Upcoming 12 Months.

Step 8 provides the determination of the total discounts associated with the LIRA program for the upcoming 12 months. The total discounts are equal to the sum of the monthly total projected discounts for the upcoming 12 months. The total monthly projected discount is equal to the residential bill for the average LIRA customer consumption for the month multiplied by the average discount amount multiplied by the projected number of LIRA customers for the month.

The LIRA rider will be recalculated whenever there is a change to the Residential Sales Service Rate Customer Charge, Distribution Charge, Natural Gas Supply Charge, or Gas Adjustment Charge or Gas Procurement Charge.

A summary of the variables that may change with each update of the LIRA rider include:

1. Change in residential sales rates
2. Change in the current number of LIRA participants by household size and income category
3. Percentage discounts by household size and income
4. Average LIRA customer annual and monthly volumes by household size
5. Average LIRA discount percentage
6. Total number of LIRA customers current and projected by month
7. Non-LIRA residential customer volumes
8. The LIHEAP Grant schedule

The calculation of the Reconciliation component will include the following:

1. LIRA Rate Discount: the LIRA rate discount reconciliation will be based on the previous fiscal year actual over / (under) collections determined by comparing discounts provided to in bills to LIRA customers as compared to discounts billed to Residential customers under the Rider.
2. LIRA Program Costs: the LIRA program cost reconciliation will be calculated based on the previous annual fiscal year costs to administer the LIRA program excluding Company labor and benefits less \$82,924 of net LIRA program costs embedded in base rates that became effective January 1, 2007 (Docket No. R-00061493).
3. LIRA Forgiven Pre-Program Arrearages: the LIRA Forgiven Pre-Program Arrearage reconciliation will be based on the previous annual fiscal year pre-program forgiven arrearages associated with the LIRA program less \$755,591 of LIRA pre-program arrearages embedded in base rates that became effective on January 1, 2007 (Docket No. R-00061493).
4. Incremental Customer Credit: an annual credit of \$35 per LIRA customer will be provided associated with the LIRA incremental customers. The LIRA incremental customer credit will be based on the average number of LIRA customers billed during the previous fiscal year less 11,411. If the average number of LIRA customers billed during the previous fiscal period is 11,411 or less, the credit will be \$0.

The filing to be effective February 1, 2010 and every February 1 thereafter will include a levelized rate for over/under collections for the prior twelve (12) month period by comparing projected revenues under the Rider to actual revenue amounts experienced. The annual reconciliation will be based upon actual revenues through December 31 and estimated revenues for January. Estimates for January shall be included in the following reconciliation period. The rate will be designed to recover or refund the applicable under or over recovery over the twelve (12) month period beginning February.

National fuel has complied with Paragraph II.9(b) of Docket Nos. R-00072420 and M-00072019 Settlement Document which states:

The reconciliation process approved as part of the Settlement shall be subject to further examination and review in conjunction with Distribution's next Triennial Customer Assistance Program update filing to be filed on or about 2010.

**LIRA Needs Assessment  
April 2013**

1. Total - Identified Income Level 1 Ratepayers on CIS	<b>21,659 (a)</b>
2. Total - Low Income Ratepayers Identified on CIS	<b>31,310 (b)</b>
3. Total of Low Income Ratepayers Minus Level 1 Ratepayers	<b>9,651 (c) (Lines 2-1)</b>
4. Payment Troubled LIHEAP recipients (40% of Line 3)	<b>3,860 (d)</b>
5. Total Identified Payment Troubled Ratepayers in NFG service area	<b>25,519 (e) (Lines 1+4)</b>
6. 50% of Line 5	<b>12,759 (f)</b>
7. 45% of Line 5	<b>11,483 (g)</b>

Notes:

- (a) Identified Income Level 1 ratepayers are those who have entered into payment arrangements and who are therefore considered payment-troubled. Income Level 1 ratepayers are those between 0 and 150% of the Federal Poverty Level.
- (b) “Total of Low Income Ratepayers” includes identified Level 1 ratepayers plus all those who received LIHEAP.
- (c) 9,651 represents those ratepayers who are not identified as Level 1 by National Fuel, but who received LIHEAP.
- (d) The Commission’s Investigation of Uncollectible Balances (Docket No. I-900002) found that 40% of the Commonwealth’s low-income households are payment troubled. (Pennsylvania Bulletin, Vol. 29, No. 19, May 8, 1999)
- (e) This is a total of all Level 1 ratepayers plus those who received LIHEAP who may be payment troubled (21,659 plus 3,860).
- (f) The Pennsylvania Bulletin, Volume 29, Number 19, states “. . . current participation rates for government programs such as food stamps and LIHEAP are around 50%. We would not expect every payment troubled household who is eligible for CAP to apply for enrollment.”
- (g) National Fuel has complied with the recommendation of the Universal Services Evaluator to update the LIRA needs assessment. A participation rate of 45% of the Total Identified Payment Troubled Ratepayers in our service area is appropriate based on recent experience.

Source: CIS data as of April 2013

## **LIRA Budget**

Because LIRA is a discounted rate, the LIRA budget is dependent upon a number of factors, including enrollment levels and current gas cost rates. In fiscal 2012, the company spent \$137,216 in program administration excluding company labor and associated benefits, \$1.4 million in discounts and \$392,222 in arrearage forgiveness for a total of \$1.9 million. This amount will vary in future years based upon LIRA participation rates and gas cost rates. In addition, there is no cap on the number of the participants, thus allowing for enrollment to float with the need for program services. At this point, the Company expects to continue adding 125 customers each month to the program through this reporting period. Although enrollment is expected to continue, the Company also expects a similar number of participants will leave the program due to forgiveness and eligibility changes. Accordingly, the Company anticipates the overall number of LIRA participants to remain stable.

Arrearage forgiveness accounts for a portion of the LIRA budget. Under the program, participants may stay on the LIRA program even after the pre-LIRA arrearage is fully forgiven. As more LIRA participants achieve forgiveness, the impact on the LIRA's program's budget is reduced.

The Company anticipates the program costs, discounts and arrearage forgiveness to stabilize at the current rates for the near future. Increased funding does not appear to be necessary at this time. The forecast takes into account the low cost of natural gas and the consistent level of participants.

# National Fuel

## Customer Assistance and Referral Evaluations Services

### Program Description

National Fuel developed the Customer Assistance and Referral Evaluation Services (CARES) program to assist low income, fixed income, special needs, and payment troubled customers who are experiencing **short-term financial hardships**.

The purpose of the CARES program is twofold. First, The CARES program helps address health and safety concerns relating to utility service by providing important benefits. When appropriate, the customer is temporarily protected from termination of service until attempts can be made to find financial assistance or payment arrangements. Company representatives work with selected, payment troubled customers on a personal basis in order to maximize the customer's ability to pay their utility bills. Second, the CARES program uses a case management approach to help customers with special needs. Special needs customers include those who have experienced a family crisis such as loss of income, divorce, or major illness. They may also include those who have physical or mental disabilities, low incomes, or are older adults. The CARES representatives can make payment arrangements and make referrals to specific services for each customer enrolled in the program. These referrals often result in cash assistance for the household. Referrals are also made for other services such as food, shelter, employment and medical assistance. The program provides improved access to the various forms of energy and non-energy related community-based social service agencies/programs. In recognizing and addressing the needs of these payment troubled customers, the CARES program enhances the utility's image as a partner in the community.

Enrollment in the CARES program is limited to customers with special circumstances that are temporary. CARES representatives fully recognize that the temporary nature of these needs in no way diminishes the severity of the problems these households face. Low income payment troubled customers that have long term financial needs are considered for the company's Low Income Residential Assistance (LIRA) program.



## **Identification Process & Eligibility Requirements**

### **Identification Process**

National Fuel provides gas service to approximately 216,000 residential customers in a 14 county service area in Northwestern Pennsylvania. The company has identified approximately 35,000 of their customers as having incomes less than 150% of the Federal Poverty Level. The source of this identification for system coding has been the customers' receipt of Low Income Home Energy Assistance (LIHEAP) grants, and individual income and household analysis performed during the payment arrangement negotiation process. The Company is also able to identify and code payment troubled customers by income level.

Payment troubled is defined here as customers who have difficulty paying bills and contact the Company to obtain a payment arrangement.

National Fuel's senior gas customers can be referred to the 62+ program, which is designed to address their special needs and concerns

**The CARES program targets those payment troubled customers that have a temporary inability to pay and are in danger of having service terminated.**

### **Eligibility Requirements**

In order to participate in the CARES program, the customer must have a temporary inability to pay their bill. Except under unusual circumstances, the CARES customer is a low income, senior, or special needs customer. Low income customers that have long-term financial problems should be considered for the LIRA program.

## Referral Process

A ratepayer meeting the qualifications of the CARES program may be referred from Consumer Business through the use of the Consumer Information System. The Consumer Business representatives will inform the ratepayer of the main characteristics of the CARES program by saying (for example):

CARES provides individual assistance for customers that are experiencing a temporary inability to pay the gas bill. It is designed to provide referral assistance to outside agencies for low income, senior and special needs customers.

A 30-day CARES hold is automatically placed on the account by the system to allow the Company the necessary time to process the referral.

Referred ratepayers are then contacted by Company personnel in order to further determine the best method of helping the customer. Contacts may include telephone calls, letters, and/or home visits, as required.

Although the majority of referrals are expected to be from Consumer Business, any department may encounter ratepayers who could benefit from the CARES program and who appear to be eligible. Human Service agencies within National Fuel's service territory may also contact the Company with a customer referral.

## Account Processing

After the CARES referral is received, an attempt is made to contact the customer. If the CARES representative is unable to contact the customer by phone, a letter is sent to the customer requesting that they call the Company.

The CARES representative does an in-depth confidential analysis of the customer's payment situation. This includes documentation of the customer's household income and expenses. Information is collected from the customer pertaining to his or her account. If the customer is able to pay the Budget plus an amount toward the arrears, a Budget plus arrangement is negotiated. If the customer is unable to pay a Budget plus arrangement, a CARES flat payment arrangement less than budget is created for a number of months, **not to exceed four.** Only under unusual circumstances will an account remain in the CARES program for more than four months.

When an account is removed from the CARES program, hopefully the customer's temporary financial problem has been solved. If the customer has an unpaid balance, a budget plus arrangement should be negotiated. Low Income (Less than 150% of the federal poverty level) payment troubled customers with long term payment problems should be considered for the company's LIRA program.

The CARES representative gathers pertinent information about the account to form a case history of the customer's short term problem. This case history would include all of the data from the CARES information sheet and other account data.

After the initial case information is gathered, the CARES representative will review the case to determine the best methods to follow to provide assistance to the customer. An assessment of the basic causes of the customer's bill paying problems is made and a personalized, needs-based referral and action plan is formulated and initialized to obtain assistance for the customer. Assistance includes helping the customer receive financial assistance, medical and mental health services, food, clothing, shelter, etc. Once a customer's needs have been determined, the CARES representative makes the appropriate connection or referral to agencies and programs that can provide assistance.

### **Program Requirements**

- 1) The maximum number of months that a customer should be a participant in the CARES program is four months.
- 2) If possible, the CARES customer should attempt to pay toward the account arrearage or monthly bills. The customer must cooperate with the CARES representative to obtain assistance from referral agencies.

### **Projected Enrollment**

The expected enrollment for the reporting period is not expected to exceed 50 customers per year.

### **Projected Budget**

The expenditure for the reporting period will be approximately \$16,500 each year.

## **National Fuel Conservation Measures**

### **Energy Audits**

Participants in the LIRA or CARES Programs are eligible for an energy audit. Priority will be given to conducting energy audits for those LIRA customers who have annual consumption in excess of 130 Mcf. These high usage customers will also be referred to Energy Management for consideration in the Low Income Usage Reduction Program (LIURP).

The Energy Conservation Audit is designed to provide customers with energy conservation tips, with an emphasis on things that they can do themselves. Since many of these customers are senior citizens, they are screened for eligibility for other programs. After accompanying the representative through the house, the customer receives a written summary of suggestions and a flier with energy conservation tips.

In the absence of an audit, customers will be provided with energy education materials.

## **National Fuel Low Income Usage Reduction Program (LIURP)**

Identified customers who have annual consumption in excess of 130 Mcf will be referred to the Energy Management Department for possible participation in LIURP. Identified eligible customers using less than 130 Mcf in need of furnace or water heater repair or replacement will also be referred to the Energy Management Department for possible LIURP participation.

The Low Income Usage Reduction Program is a PUC-mandated weatherization program for low-income customers. It is designed to assist low income customers in reducing their energy usage, thus reducing their bills.

Eligibility criteria include:

- high annual usage;
- substantial arrearage;
- income below 150% of federal poverty guidelines, an exception allows for 20% of the annual budget to be spent on the income level from 150-200%;
- and residency at the premises for at least one year.

Eligible customers receive:

- a heating system safety check;
- energy audit, energy education sessions;
- wall and/or attic insulation when appropriate;
- blower door-guided air sealing;
- other energy conservation measures;
- and a post inspection by a National Fuel representative.

Measures installed must be cost-effective (pay for themselves through energy savings in a specified time frame according to LIURP regulations). Consumption and payment behavior are monitored for the twelve months before and after weatherization for program evaluation by the PUC.

### **Program Budget and Projected Enrollment**

The average number of jobs completed during the last ten years is 212. Since the program's inception 4,968 customers have received services from LIURP and \$23,267,491 has been expended. The Company expects to do approximately 232 full weatherization jobs per year under this plan.

The annual program budget has been set by a rate case at \$1,300,000. National Fuel expects to continue at this funding level through this plan period. Approximately \$ 300,000 per year is allocated to the Program that repairs or replaces furnaces and water heaters for customers who may use less than the threshold amount of 130 MCF of gas in a year. Additionally, approximately \$177,000 is utilized for administrative costs.

Approximately \$800,000 will be available for weatherization jobs. At roughly \$4,400 per job, the program will accommodate about 187 jobs each year of this plan. To control the cost of the jobs, the Company bids the work among community agencies and private contractors to maintain the maximum number of jobs at the lowest prices.

# LIURP NEEDS ASSESSMENT

The following chart depicts the number of customers in National Fuel’s service area that are likely to fall below 200% of the FPL.

## PENNSYLVANIA POVERTY RATES

COUNTY	Total Pop.	Number <=150%	Percent <=150%	Number 150-200%	Percent 150-200%	Number <=200%	Percent 200%	NFG Pop.	NFG Number <=200%
Armstrong	28,713	9,676	33.70%	3,417	11.90%	13,093	45.60%	556	254
Butler	72,835	17,335	23.80%	7,429	10.20%	24,764	34.00%	2,090	711
Cameron	2,273	766	33.70%	334	14.69%	1,100	48.39%	1,328	643
Clarion	16,128	5,951	36.90%	1,871	11.60%	7,822	48.50%	3,898	1,891
Clearfield	32,288	11,688	36.20%	3,326	10.30%	15,014	46.50%	6,617	3,077
Crawford	35,028	12,890	36.80%	4,063	11.60%	16,953	48.40%	17,361	8,402
Elk	13,693	4,313	31.50%	2,136	15.60%	6,449	47.10%	10,822	5,097
Erie	110,413	39,307	35.60%	12,918	11.70%	52,225	47.30%	89,655	42,407
Forest	2,511	1,085	43.21%	359	14.30%	1,444	57.51%	892	513
Jefferson	18,561	6,886	37.10%	2,339	12.60%	9,225	49.70%	6,557	3,259
McKean	17,183	6,375	37.10%	2,079	12.10%	8,454	49.20%	5,862	2,884
Mercer	46,442	15,837	34.10%	5,852	12.60%	21,689	46.70%	26,299	12,282
Venango	22,621	8,189	36.20%	2,963	13.10%	11,152	49.30%	14,672	7,233
Warren	17,767	5,970	33.60%	2,416	13.60%	8,386	47.20%	9,805	4,628
<b>Total/Avg.</b>	<b>436,456</b>	<b>146,268</b>	<b>33.51%</b>	<b>51,502</b>	<b>11.80%</b>	<b>197,770</b>	<b>45.31%</b>	<b>196,414</b>	<b>93,279</b>

\* Low income numbers <= 150% FPL - 2010 census. 150%-200% - 20010census. Updated National Fuel population.

There are approximately 93,279 households in National Fuel’s service territory who are under 200% of the federal poverty guidelines.

A review of confirmed low income accounts indicates that approximately 27% have natural gas usage in excess of 130 MCF per year, which is the threshold for participation in National Fuel’s LIURP. Accordingly, the Company has approximately 25,185 customers below or equal to 200% FPL who meet the usage level requirement of 130MCF.

Since the program’s inception, over 4,968 homes have been weatherized, with roughly another 6,522 that have been reviewed and cancelled or rejected for various reasons including building design, and health and safety reasons, leaving approximately 13,695 homes projected for future weatherization.

A query report is created and reviewed annually to identify LIHEAP recipients that met the LIURP usage requirement as possible LIURP referrals.

## **National Fuel**

### **NEIGHBOR FOR NEIGHBOR HEAT FUND**

The Neighbor for Neighbor Heat Fund is a voluntary program designed to provide assistance to qualifying individuals who require aid to meet basic energy needs. It will provide help to prevent disconnection of utility service, to pay overdue bills, to purchase any type of heating fuel or to repair or replace heating equipment.

A Neighbor for Neighbor Advisory Board made up of individuals representing human service organizations coordinates the Neighbor for Neighbor Heat Fund. The Greater Erie Community Action Committee is the financial agency. Applications and screening are handled by designated service organizations in each county.

Neighbor for Neighbor is funded by public donations. National Fuel stockholders match every dollar up to \$100,000 for use within National Fuel's service territory.

To receive Neighbor for Neighbor funds an applicant must be:

- ◆ 55 years or older, or
- ◆ on a disabled, handicapped income or unemployment income, or
- ◆ able to demonstrate a certified medical emergency, and
- ◆ a resident in National Fuel's service territory, but not necessarily a National Fuel customer and
- ◆ have made 3 good payments within the last 12 months and a fourth one within the last 90 days.

In all cases:

- ◆ Need must be evident;
- ◆ Individual or family resources are not sufficient to meet energy needs;
- ◆ Other energy assistance programs must have been exhausted prior to applying for Neighbor for Neighbor;
- ◆ Assistance is limited to one time per calendar year; \$400 maximum, \$200 maximum for non-natural gas applicants;
- ◆ Grants are issued to the energy vendor, not to the individual.

Referrals may be made by National Fuel personnel, by involved community agencies or by self referral. To better identify individuals meeting the unemployment income eligibility requirement and increase community contact National Fuel is conducting outreach presentations at all county Career Link locations within their service territory.

### **Projected Budget**

Historically the Neighbor for Neighbor Heat Fund has received donations totaling over \$100,000 per year. The company anticipates the donations will remain at that level through the reporting period.



## Projected Enrollment

Enrollment for this reporting period is expected to be approximately 360 customers each year receiving Neighbor for Neighbor assistance.

## Needs Assessment

The Company has made steps towards developing an appropriate Needs Assessment of eligibility for the Neighbor for Neighbor Heat Fund. The Company notes, however, that it works with community-based organizations like the Greater Erie Community Action Committee (“GECAC”) to identify eligible households on a case-by-case basis. The Company further notes that eligible households do not have to be National Fuel, or even natural gas, customers.

Using Census data of households with members over the age of 62 a potential of 40,211 households in the counties within National Fuel service territory meeting the age requirement for receiving Neighbor for Neighbor funds.

A Needs Assessment based on PA Department of Labor and Industry unemployment statistics identified 12, 458 National Fuel households potentially eligible consideration for Neighbor for Neighbor assistance. The following table identifies the number of customers that could potentially meet one of the income source considerations, that of receiving unemployment compensation.

NFG Households with Members Over the Age of 62

NAME	Total Population	Population Age 62 and over	Percentage of Population over age 62	Total Households	Est. Percent of Households over age 62	NFG Households	Est. NFG Households over age 62
Armstrong County	68941	15284	22%	28713	4,245	556	122
Butler County	183862	34240	19%	72835	9,393	2090	397
Cameron County	5085	1344	26%	2273	368	1328	345
Clarion County	39988	7924	20%	16128	405	3898	780
Clearfield County	81642	17299	21%	32288	4,561	6617	1390
Crawford County	88765	18180	20%	35028	4,637	17361	3472
Elk County	31946	7251	23%	13693	2081	10822	3489
Erie County	280566	49729	18%	110413	12635	89655	16137
Forest County	7716	1732	22%	2511	327	892	196
Jefferson County	45200	9870	22%	18561	2740	6557	1442
McKean County	43450	8901	20%	17183	2213	5862	1172
Mercer County	116638	25691	22%	46442	6764	26299	5786
Venango County	54984	12039	22%	22621	3367	14672	3228
Warren County	41815	9564	23%	17767	2631	9805	2255

196414 40211

Source: Pennsylvania State Census Data (<http://pasdc.hbg.psu.edu/Data/tabid/1010/Default.aspx>)

Estimated Number of NFG Households Receiving Unemployment Benefits

<b>County</b>	<b>Total Population</b>	<b>Population Reported as Unemployed*</b>	<b>% of Population reported as unemployed*</b>	<b>Total Households</b>	<b>NFG Households</b>	<b>Est. NFG Households receiving unemployment benefits</b>
Armstrong County	68941	2300	6.9	28713	556	38
Butler County	183862	5300	5.2	72835	2090	109
Cameron County	5085	200	8.1	2273	1328	108
Clarion County	39988	1200	6.3	16128	3898	246
Clearfield County	81642	2900	7.1	32288	6617	470
Crawford County	88765	2600	6.1	35028	17361	1059
Elk County	31946	900	5.4	13693	10822	584
Erie County	280566	9000	6.4	110413	89655	5738
Forest County	7716	200	7.6	2511	892	68
Jefferson County	45200	1500	6.7	18561	6557	439
McKean County	43450	1300	6.4	17183	5862	375
Mercer County	116638	3400	6.3	46442	26299	1657
Venango County	54984	1600	6.4	22621	14672	939
Warren County	41815	1600	6.4	17767	9805	628

12458

\*PA Current Labor Force Statistics – April 2014  
 PA Department of Labor and  
 Industry

## **Outreach and Intake Efforts**

National Fuel provides the following outreach and intake efforts:

Mail and telephone solicitation

Participation in community events such as senior fairs, task forces and community assistance boards.

Biannual Universal Service meetings with local agencies within the National Fuel service area.

Training for Consumer Business staff for enrollment campaigns, compliance and universal service programs

Bill inserts and press releases provided to the public

Neighbor for Neighbor outreach with Career Link locations throughout the service territory.

LIHEAP outreach through bill inserts, media, community outreach locations, letters, and training, meetings, and information provided to community agencies and social service agencies.

Energy assistance information provided on the Company's website at [www.nationalfuelgas.com](http://www.nationalfuelgas.com)

## **Identification of Eligible Customers**

National Fuel trains staff to identify potentially eligible customers and to refer customers for all available universal service programs.

## **Integration of Programs**

National Fuel incorporates referrals into existing processes (Cold Weather Survey, collection, compliance, and contact management) and coordinates services with contracted agencies and other community agencies. Company staff coordinates and makes referrals to all universal service program components, as well as LIHEAP referrals.

## **Community Based Organizations**

National Fuel works with numerous community based organizations on various projects. The Company holds two yearly meetings, within the fourteen county service territory, with local and state agencies. The locations are rotated throughout the territory so that agencies can attend a meeting in their area periodically. These meetings allow the opportunity for National Fuel to review the aspects of the Universal Services Programs and to collect input from the involved agencies about the Programs and their reactions to them. The participant reviews have all been favorable and they will continue to be held twice each year on a rotating basis.

Following are the agencies used by each Universal Service Program.

### **LIRA Program**

The LIRA Program deals most commonly with the Department of Public Welfare, primarily through the local County Board of Assistance offices and the Social Security Administration. Interaction with other social service agencies is determined by each individual customer's needs.

### **Neighbor for Neighbor**

#### **Participating Agency List:**

#### **Clarion County**

United Way of Clarion County  
P. O. Box 207  
Clarion, PA 16421

#### **Butler/Armstrong Counties**

Butler Salvation Army  
313 West Cunningham Street  
Butler, PA 16001

#### **Clearfield/Jefferson Counties**

Central Pennsylvania Community Action, Inc. (CPCA)  
DuBois Family Service Center  
101 South Jared Street  
DuBois, PA 15801

CPCA-Clearfield  
207 East Cherry Street  
Clearfield, PA 16830

**Crawford County**

**Eastern Crawford County**

Associated Charities  
409 East Central Avenue  
Titusville, PA 16354

**Western Crawford County**

Center for Family Services  
213 Center Street  
Meadville, PA 16335

**Elk/Cameron County**

Northern Tier Community Action  
Post Office Box 389  
Emporium, PA 15834

**Erie County**

GECAC  
Greater Erie Community Action Committee  
18 West Ninth Street  
Erie, PA 16501

**McKean County**

Salvation Army  
21 Kennedy Street  
Post Office Box 314  
Bradford, PA 16701

**Mercer County**

Community Action Partnership of Mercer County  
75 South Dock Street  
Sharon, PA 16146

## **Venango County**

American Red Cross  
Allegheny Region  
1643 Allegheny Blvd.  
Post Office Box 370  
Reno, PA 16343

## **Warren/Forest Counties**

Warren/Forest Counties Economic Opportunity Council (E.O.C)  
1209 Pennsylvania Avenue West  
Post Office Box 547  
Warren, PA 16365

## **Low Income Usage Reduction Program**

### **Community Based Contractors**

#### **Greater Erie Community Action Committee (GECAC)**

18 West 9<sup>th</sup> Street  
Erie, PA 16501

#### **Community Action Partnership of Mercer County**

75 S. Dock Street  
Sharon, PA 16146

#### **Northern Tier Community Action Corp.**

P. O. Box 389  
135 West 4<sup>th</sup> Street  
Emporium, PA 15834

#### **Northwest PA Weatherization, Inc**

7940 Franklin Pike  
Meadville, PA 16335

#### **The Housing Authority of the County of Erie**

P. O. Box 38  
120 South Center Street  
Corry, PA 16407

#### **Warren/Forest Counties Economic Opportunity Council**

1209 Pennsylvania Ave  
P. O. Box 547  
Warren, PA 16365

#### **Central PA Community Action Inc.**

207 E. Cherry Street  
Clearfield, PA 16830

# CARES PROGRAM

## Community Based organizations

The following is a list of the public and private programs and referral agencies with which the CARES staff works:

1.	Agency on Aging (14 Counties), including Senior Centers
2.	Alzheimer's Association of NW PA
3.	American Red Cross
4.	Associated Charities (FEMA)
5.	Association for Retarded Citizens
6.	Booker T. Washington Center
7.	Bureau of Blindness and Visual Services
8.	Catholic Social Services
9.	Center for Family Services
10.	Central PA Community Action, Inc.
11.	Community Home Health Agencies
12.	Community Services
13.	Corry Memorial Hospital
14.	County Office of Children and Youth Agencies
15.	Crawford County Essential Coalition
16.	Department of Public Welfare
17.	Economic Opportunity Association, Inc.
18.	Emergency Management Agency
19.	Erie Center on Health and Aging
20.	Family Services
21.	Gertrude A. Barber Center
22.	Good Shepherd Center, Inc.
23.	Greater Erie Community Action Committee (GECAC)
24.	Hamot Medical Center
25.	Home Health Care Agencies
26.	Homeless Case Management Program
27.	Independent Council on Aging
28.	Inter-Church Ministries
29.	International Institute
30.	Legislators – State Representatives, Senators
31.	Love, Inc.
32.	Martin Luther King Center
33.	Mental Health Base Service Unit
34.	Mental Retardation Base Service Unit
35.	Mercy Center for Women
36.	North Central PA Office of Human Services

37.	Northwestern Legal Service
38.	Office of Children & Youth Service
39.	Office of Vocational Rehabilitation
40.	Pharmaceutical Assistance Contract for the Elderly (PACE)
41.	Property Tax/Rent Rebate Program
42.	Salvation Army
43.	Senior Centers
44.	Social Security Administration
45.	St. Martin Center
46.	St. Vincent Health Center
47.	Stairways Behavioral Health
48.	Veteran's Administration
49.	Vision & Blindness Resources
50.	Widows, Inc.
51.	YMCA – Erie County



Pennsylvania Customer Service Organizational Chart

