

UGI Penn Natural Gas, Inc

Universal Service and Energy Conservation Plan

2007-2010

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UGI Penn Natural Gas Universal Service and Energy Conservation Plan

Overview

UGI Penn Natural Gas (UGI-PNG), formerly PG Energy, Inc., serves approximately 158,000 customers in 13 counties in northeastern and central Pennsylvania.

To assist our low-income customers as well as others who may be having difficulty paying their bills, UGI-PNG has established universal service and energy conservation programs and policies that are consistent with regulatory requirements and good business practices. UGI-PNG provides customers with information on available programs and assists them in receiving assistance from community based organizations. Program information is delivered to customers via regular bill inserts and through the Company's customer service representatives when appropriate. UGI-PNG's Universal Service Programs include Customer Assistance and Referral Evaluation Services (CARES), Hardship Funds (Project Outreach), the Low Income Usage Reduction Program (LIURP) and a Customer Assistance Program (Partners Program). The Company also actively encourages payment troubled customers to apply for grants from the Low Income Home Energy Assistance Program (LIHEAP).

Differences from the previous plan

As a result of the rate case settlement Docket No: R-00061365, universal service programs and services are offered to Honesdale Gas customers. In addition, LIURP funding increased from \$360,000 to \$720,000.

Consistent with Commission Order at Docket No. P-00062219 entered August 21, 2006; the current plan period for UGI-PNG is 2007-2010. UGI-PNG's next plan will be filed on the same schedule as the next UGI Utilities, Inc. – Gas Division Universal Service Plan.

Recommendations from previous plan

Based on program experiences, a completed 6 year independent evaluation reviewed by the BCS and UGI settlement, UGI-PNG recommends several modifications to the plan that was approved at the PUC Public Meeting on August 7, 2003 regarding Docket No. M-00031711. UGI-PNG requests that these modifications be approved as permanent features of the plan.

BCS Findings and Recommendations as a result of 6 year evaluation conducted by APPRISE

Maximum CAP credits of \$1,140. The BCS recommended that in the next universal service plan filing to the Commission that UGI-PNG revise its maximum CAP credits provision to \$1,100 to reflect increases in natural gas prices and changes to the Consumer Price Index and/or apply energy assistance grants to reduce excess CAP credits to the \$1,100 limit. UGI-PNG plans to increase the maximum credit to \$1,140.

LIHEAP penalty. UGI-PNG assessed a CAP LIHEAP penalty of \$100 over five months if a customer who is eligible for LIHEAP does not apply for LIHEAP. The Evaluation found that the LIHEAP penalty is an effective mechanism to limit the costs of CAP and recommended that UGI-PNG keep this provision in its CAP design. BCS requested additional information if this feature was going to continue and recommended renaming the LIHEAP penalty- using a more positive term such as LIHEAP Responsibility Charge. However, UGI-PNG will discontinue the LIHEAP penalty feature of its Customer Assistance program per the UGI sale settlement agreement. There will be no penalties to customers for failure to direct LIHEAP grants.

Eligibility criterion of one broken payment agreement. BCS recommended that when a low-income customer calls to make a payment agreement that UGI-PNG refer a customer to its CAP program rather than establish a payment agreement. So that the eligibility criterion of payment-troubled is met, BCS recommended that receipt of a termination notice meets the criterion of payment-troubled. UGI-PNG will modify its program materials to reflect this terminology change and communicate this change for agency and employee referrals.

Removal from CAP after Arrearages are Forgiven. UGI-PNG removes the customer from CAP after forgiving any pre-program CAP arrearages. Under this circumstance, if a graduate calls to request reenrollment in CAP because they cannot pay the full tariffed rate, Company staff informs the customer that once they have a new arrearage, they may call to reenroll in CAP. The Evaluation recommended that UGI-PNG allow customers whose arrearages have been retired to remain in the program rather than forcing customers to miss payments to reenroll in the program. The BCS recommended that UGI-PNG implement this recommendation. UGI-PNG will modify its computer program for CAP to allow a customer to remain in CAP if still income-eligible but has retired their arrearages. UGI-PNG will modify its program materials to reflect this terminology change and communicate this change for agency and employee referrals.

Survey results. The Evaluation showed two important findings: 1) Most customers did not apply for CAP because they did not know about it. 2) Customers understood their two most important responsibilities in CAP: 89% of customers knew they had to pay each monthly bill and 85% of customers knew they must report changes of incomes to UGI-PNG. UGI-PNG should continue to reinforce these two important responsibilities for continued enrollment in CAP and improve and reinforce call center staff training to inform and refer customers to CAP. Upon approval of this three year plan, UGI-PNG will conduct employee and agency training to communicate this change as well as others.

LIURP for CAP customers

Highest-usage CAP recipients should not be allowed to continue to receive CAP services if they refuse to accept LIURP services, as long as there are no extenuating circumstances. Enforcement of the existing provision through the CAP default provisions should occur and UGI-PNG should be proactive in the recruitment for LIURP for the group of the highest-usage CAP recipients. Although all customers referred to CAP are reviewed for LIURP, to implement this recommendation UGI-PNG will:

- request reports showing consumption in ccf's for targeting high usage CAP customers
- implement a process to remove high usage CAP customers from CAP if they do not agree to accept LIURP services.
- Implement further outreach for high usage CAP customers that do not respond to LIURP referral.

In order to avoid duplication, there are several areas where one response was provided. Those areas include, integration, outreach, identification of eligible customers, staffing and community based organizations.

Integration

An integral part of UGI-PNG's plan is the coordination of all Universal Service Programs both within the Company and through external agencies. Company employees receive training on referral and outreach to encourage customers to apply for assistance. In addition, area agencies are encouraged to refer customers to these programs. An in-house brochure summarizing UGI-PNG's Universal Service Programs is also prepared which is distributed to agencies and Company employees. Having one department that handles these referrals makes it easy for employees to know who to call when a customer needs help. It also helps when agencies call with referrals. Including universal service information with existing Company processes such as the Cold Weather Survey, compliance and collection activities provides an opportunity to increase awareness of these programs. UGI-PNG staffs a department and a dedicated 800 number for Universal Service Programs to better coordinate the services for low-income customers. Referrals received through the dedicated 800 number are screened to determine eligibility for available internal and external assistance programs including, but not limited to, CAP, LIURP, LIHEAP, CARES, and Hardship Funds. LIHEAP plays a critical role in all of UGI-PNG's universal services programs. Integration of LIHEAP with all of these programs is necessary due to the funding source this federal program provides for low-income customers.

Outreach

In addition to the program integration in order to promote awareness and increase enrollment, UGI-PNG sponsors and participates in a variety of community outreach events and activities to support all of its Universal Service Programs. UGI-PNG's universal service staff serves or participates on various task forces, committees, and boards within the communities we serve. UGI-PNG communication and enhancement of activities supporting Universal Service Programs can include the following: bill inserts, bill messages, website, newsletters, on-hold telephone messages, mail and phone solicitations and training. LIHEAP outreach which can include information pertaining to Universal Service programs includes: news releases, public service announcements, community outreach sites/presentations and newspaper ads. In addition, employee awareness regarding LIHEAP takes place as part of the annual LIHEAP outreach campaign.

Identification & referral of low-income customers

UGI-PNG staff is trained to insure that eligible customers are referred to all appropriate Universal Service Programs in order to provide the greatest benefit to the customer. Referral sources include PUC call center, UGI-PNG employees, social agencies, and the customer themselves.

Staff structure for Universal Service Programs is as follows:

UGI-PNG's programs are administered by company employees and community agencies.

- Vice President – Operations
 - Manager – Customer Accounting Services
 - Manager – Outreach Services and Compliance
 - Coordinator – Outreach Services
 - Outreach Specialists (2 full-time and 1 part-time)
 - Contracted agencies to assist in the administration of the CAP program (6)
 - Contracted agencies to assist in the administration of the Hardship Fund (8)
 - Contracted agencies to assist in the administration of the LIURP program (4)

Listed below are the community-based organizations UGI-PNG utilizes in the administration of its Universal Service Programs.

LIURP

Commission on Economic Opportunity
165 Amber Lane
Wilkes-Barre, PA 18702

SEDA-COG
RR#1, Box 372
Timberhaven RD1
Lewisburg, PA 17837

Scranton/Lackawanna Human Development Agency
321 Spruce St
Scranton, PA 18503

Wayne County Redevelopment Authority
218 Willow Ave
Honesdale, PA 18431

CAP

Commission on Economic Opportunity
165 Amber Lane
Wilkes-Barre, PA 18702

Scranton/Lackawanna Human Development Agency
321 Spruce St.
Scranton, PA 18503

Human Services of Columbia County
702 Sawmill Road.
Bloomsburg, PA 17815

Social Service Assistance Program – S.T.E.P., Inc.
2138 Lincoln Avenue
Williamsport, PA 17701

Union-Snyder Office of Human Resources
315 North Water Street
PO Box 396
Selinsgrove, PA 17870

TREHAB
1225 Main St
Honesdale, PA 18431

Hardship Fund – Project Outreach

Commission on Economic Opportunity
165 Amber Lane
Wilkes-Barre, PA 18702

Columbia County Human Services
702 Sawmill Road, Suite 101
Bloomsburg, PA 17815

Salvation Army
500 South Washington Avenue
Scranton, PA 18505

Northumberland County Adult Services
370 Market Street
Sunbury, PA 17801

Lycoming/Clinton Counties Commission for Community Action (STEP)
2138 Lincoln Street
Williamsport, PA 17701

Union/Snyder Office of Human Resources
Suite 10
713 Bridge Street
Selinsgrove, PA 17870

Danville Area Chapter American Red Cross
410 West Mahoning Street
Danville, PA 17821

TREHAB
1225 Main St
Honesdale, PA 18431

Needs Assessment

The number of identified low-income customers reflects census data currently available and information obtained from the Company's Customer Information System. UGI-PNG's Universal Service Reporting Requirements report which was submitted April 1, 2007 provided much of the data for this needs assessment.

1. The number of identified low-income customers (use a 12 month average):

The average number of identified low-income customers reported for the 2006 Universal Service Reporting Requirements report was 24,208.

2. An estimate of low-income customers based on census data

The estimated number of low-income customers reported for the 2006 Universal Service Reporting Requirements report was 29,689.

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

Reporting all customers whose incomes are below 150% of the poverty guidelines who have payment agreements, the 12 month average of residential accounts past due 30 days on agreements for confirmed low-income customers as reported in the Universal Services Reporting Requirements report for 2006 was 1,523 customers. Including the 12 month average of customers who have failed to maintain one or more payment agreement in a one-year period based on this report was an additional 684. A total of 2,207 customers were identified as low-income and payment troubled.

4. An estimate of potentially payment troubled, low-income customers
(Subtract Number 1 from Number 2)

UGI-PNG compared the data obtained from its customer information system to census data. The number of identified low-income customers is based on data from the Company's customer information system and was previously reported as 24,208. The number of customers estimated by census data to be low-income is 29,689. The census figures suggest that UGI-PNG's service territory has 5,481 more low-income, payment troubled customers than Company data indicates; however, demographics should be considered.

5. The number of customers who still need LIURP services and the cost to serve that number

As a result of the rate case settlement Docket No: R-00061365, LIURP funding has been established at \$720,000.

UGI-PNG identified the number of customers that meet the LIURP eligibility criteria, excluding those customers who have already received weatherization services. According to data from UGI-PNG's customer information system, 5,193 customers meet the LIURP eligibility criteria. Since the program's inception, 2,886 have already received weatherization services and 4,174 accounts have been reviewed and determined ineligible. Therefore, 2,307 customers could be weatherized if their circumstances do not change. That is, they do not move or they continue to have high energy usage, etc. Based on UGI-PNG's experience, the average cost per job since 2002 has been \$2,511. We estimate it would cost \$5,792,877 to weatherize the potentially eligible households of 2,307 identified at this point in time.

6. The enrollment size of CAP to serve all eligible customers

Enrollment size determined through the rate case settlement Docket No: R-00061365.

This is a summary of UGI-PNG's projected budget and enrollment for the Company's Universal Service Programs. Additional explanations for some of these projections are noted in each specific program section.

<i>Projected Budget</i>			
	2007/08	2009	2010
LIURP *	\$720,000	\$720,000	\$720,000
CARES	<\$100,000	<\$100,000	<\$100,000
Hardship Funds	\$45,000	\$45,000	\$45,000
CAP *	\$2,000,000	\$2,000,000	\$2,000,000
<i>Projected Enrollments</i>			
	2007/08	2009	2010
LIURP	250-260	250-260	250-260
CARES	<50	<50	<50
Hardship Funds	515	515	515
CAP *	5,000	5,000	5,000

* projections based on rate case settlement Docket No: R-00061365

Plan contents for Universal Service Programs.

Following are program descriptions, including eligibility criteria, projected enrollment levels, budget, plans to use community-based organizations, and steps to identify and refer low-income customers for the programs.

CARES

Program description

The UGI-PNG CARES program was developed as part of the Company's efforts to achieve the objective of offering assistance to customers with special needs. Assistance is obtained through Company programs and the established network of social agencies throughout the Company's service territory. It is a personalized program that is designed to help a select group of customers whose special circumstances are primarily temporary. The circumstance may be the customer needs help paying their bill or requires assistance from a social agency. For non-payment troubled CARES customers, our goal is to refer the customer to agencies that could assist them. For payment-troubled CARES customers, our goal is to secure energy assistance in order to maintain utility service and other human needs or social assistance. The intent of the program is to assist customers facing a temporary crisis situation.

Each participating customer is assigned a CARES representative. This representative is the customer's personal contact with the Company. The Representative acquaints the participant with the various social services available, assists the customer in filling out applications for these services, and makes arrangements for agency personnel to visit homebound clients. The referred services consist of Company programs and those offered by government or private agencies. In addition to social service referrals, the customer's account is coded to eliminate late payment charges and termination notices (as long as regular payments are made). The customer's bill paying ability is reviewed. If necessary, the CARES representative establishes affordable payment arrangements for the UGI-PNG account(s) or refers the customer to UGI-PNG's Partners Program.

CARES representatives monitor their accounts monthly or more frequently as the need exists. Every account is checked to make sure payments are made. If a payment was missed, a follow-up contact is made.

Eligibility criteria

Eligibility criterion for the UGI-PNG CARES Program is classified as special needs of a temporary nature. Customer participation is not limited to specified income limits. The classification of special needs encompasses many categories. Examples of special needs include the following:

- Residential gas heating customer
- Senior citizens who express a need for assistance with their heating bills or other problems
- Customers with physical or mental disabilities, temporary or permanent
- A customer going through a temporary personal or financial crisis that causes an unexpected decrease in income and financial/personal difficulty

Projected enrollment levels

A five year average for CARES enrollment is 32 accounts. It is expected that the number of customers who are accepted into CARES will continue to decline as customers are accepted into the CAP program. Due to the growth of the CAP program and the payment benefits the program offers, the primary focus of the CARES program remains on temporary crisis situations. Although the eligibility criteria focuses on short-term circumstances, there are instances where customers are enrolled in the program and may never experience an improvement in circumstances.

Program budget

The program budget for the CARES program as reported for 2006 in the Universal Service Reporting Requirements report was \$82,848. LIHEAP outreach costs are a component of this amount. This budget is forecasted to increase slightly each year 2007-2010.

Plans to use community-based organizations

The CARES program at UGI-PNG is administered internally. CARES representatives' network with a variety of agencies throughout the Company's service territory in order to stay informed of available programs and better serve low-income customer needs.

Outreach and intake efforts

CARES representatives' promote Universal Service Programs by maintaining contact with a variety of community service organizations throughout the Company service territory. Refer to pages 4 through 5. In addition, UGI-PNG maintains an in-house "Directory of Agencies" pamphlet which lists the most commonly used social agencies broken down by county within the Company's service territory. It includes information such as address, telephone number, and services provided by each agency. It serves as a useful tool in referring customers to non-utility assistance programs such as food banks, legal services, and credit counseling.

Identification & referral of low-income customers

Refer to pages 4 through 5. In addition, customers who file a medical certificate are also reviewed for this program. Referrals to the CARES program can be made at any time throughout the year. Home visits are completed on accounts as determined by the judgment of the CARES representative.

HARDSHIP FUND – PROJECT OUTREACH

Program description

Project Outreach is UGI-PNG's response to a community-wide need to assist those who require help in paying their utility bills. Project Outreach is designed to assist UGI-PNG customers and customers of other energy service vendors who are on fixed or low-income, unemployed, disabled, elderly, or faced with some financial hardship.

Eligibility criteria

To qualify for Project Outreach Fund assistance, applicants must meet the following criteria:

- The applicants must reside in UGI-PNG's service territory.
- The applicants must have an outstanding balance on their energy and/or UGI-PNG bill.
- Applicants must provide adequate information to demonstrate inability to pay their energy bill. Necessary information includes evidence of income and expenses of all members of the household.
- Income guidelines for the program are set at 200% of poverty. These guidelines are updated annually.
- In addition to the income guidelines, extenuating circumstances are considered. These circumstances include, but are not limited to, serious injury or illness to the head of a household, death of the head of a household, or any other significant catastrophic event.
- The customer can only receive one grant per program year – the maximum grant per program year is \$200.

Projected enrollment levels

For the 2005-2006 program year, 618 customers received a Project Outreach grant. A five year average reflects 515 customers received an annual grant through the Project Outreach fund. This average is the projected enrollment levels for 2007-2010; however, participation level is limited by the amount of donations received from customers, employees and others. UGI-PNG will continue to look for ways to increase donations to serve as many households as possible.

Program budget

Annually, UGI-PNG makes an initial contribution of \$25,000 to the program and matches up to an additional \$20,000 through contributions received from employee fund raisers, vendors, and concerned citizens. Employee fund raising efforts and customer generosity play a significant role in this budget and, therefore, the Company makes a genuine effort to increase contributions from all funding sources. Over the past 5 years, an average of \$71,547 was disbursed per program year. The Company expects to maintain the same funding level for 2007-2010.

Plans to use community-based organizations

UGI-PNG contracts with eight (8) community-based organizations to assist in the administration of this program and plans to continue to use these organizations. These agencies work closely with the Company and are encouraged to refer eligible customers to CAP, CARES and LIURP as well. Refer to page 5 for the list of CBOs.

Outreach and intake effort.

Refer to pages 4 through 5.

Identification & referral of low-income customers

Customers who call the dedicated 800 number for Universal Service Programs are reviewed for this program if eligible. In addition, customer contact representatives in the Collections Department refer income-eligible customers to Project Outreach when reviewing accounts for payment agreements.

LOW INCOME USAGE REDUCTION PROGRAM - LIURP

Program description

UGI-PNG's Weatherization Program is offered to qualified customers who use natural gas for heating their homes. Program services are provided free of charge. Energy saving measures for eligible customers may include window and baseboard caulking, door and window weather-stripping, door sweeps and thresholds, replacement of broken windows, attic and sidewall insulation, storm windows, duct and pipe insulation, ventilation, water conservation devices, furnace replacements if certain conditions exist, and energy education.

The primary goals of LIURP are to assist low-income residential customers to conserve energy and reduce their energy bills. LIURP places priority on the highest energy users who offer the greatest opportunities for bill reductions. When feasible, the program targets customers with payment problems.

Eligibility criteria

To qualify for LIURP assistance, applicants must meet the following criteria:

- Be a residential customer of UGI-PNG for one year.
- Have natural gas heating and meet specified consumption levels currently set at a minimum of 1500 ccfs for customers in the Company's northern and central operating divisions, which includes the Wilkes-Barre and Scranton areas, and 1300 ccfs for customers in the Company's southern operating division, which includes the Williamsport area.
- The program is available to both homeowners and renters. Renters can qualify with written permission from landlords.
- Meet income guidelines at 150% of poverty. Guidelines are updated annually.
- Special needs customers can receive services up to 200% of poverty. In 1998, the regulations were modified to permit companies to spend up to 20% of their annual LIURP budgets on customers with incomes between 150% and 200% of the federal poverty level.
- Program measures follow applicable payback periods.

Projected enrollment levels

Since the program's inception in 1988 a total of 2,886 homes have received LIURP services with program costs of \$6,081,311. Based on increased program funding, the projected number of jobs completed annually may range between 250-260 jobs based on historical cost of job data.

Program budget

Annual funding levels have been established through rate case settlement Docket No: R-00061365. The Company agreed to fund this program at \$720,000 a year and expects to continue the same funding level from 2007-2010, unless a rate case filing is submitted within this time frame and affects program funding. Any unspent funds will be carried over to the next year.

Plans to use community-based organizations

UGI-PNG contracts with four (4) community-based organizations to assist in the administration of this program and plans to continue to use these organizations. These agencies work closely with the Company and are encouraged to refer eligible customers to CAP, CARES and Project Outreach as well. Refer to page 5 for the list of CBOs.

Outreach and intake efforts

Customers who call the dedicated 800 number for Universal Service Programs are reviewed for this program. In addition, referrals are also accepted from Company representatives, as well as from community-based organizations.

Identification & referral of low-income customers

Customers who call the dedicated 800 number for Universal Service Programs are reviewed for this program if eligible and all customers referred to CAP are reviewed for LIURP. LIURP benefits CAP customers by reducing future consumption and shortfall and produces some cost savings relative to agency income verification for LIURP. Based on the number of referrals in process, from time to time customer mailings are requested to solicit potentially eligible customers. Customer mailings are based on program eligibility criteria and generally target a specific level of arrears in an attempt to prioritize referrals.

CUSTOMER ASSISTANCE PROGRAM (CAP) – UGI-PNG PARTNERS PROGRAM

Program Description

UGI-PNG has developed a CAP called UGI-PNG's Partners Program targeted to low-income, payment-troubled customers. Potentially eligible customers will be identified by UGI-PNG through the Company's tracking system, employee referrals, and government and social agency referrals. Potential participants will receive an explanation of the program outlining the goals and benefits of program compliance, along with their responsibilities as program participants. If a potential participant agrees to the program conditions, UGI-PNG or the Community Based Organization (CBO) will initiate the enrollment process. If accepted, each participant will be required to pay a set monthly payment for gas service. The set payment is based upon a percentage of the participant's income as it relates to the Federal Poverty Guidelines. In addition to the set monthly payment, an additional amount each month (depending upon income level) will be required to be paid against any pre-program arrearage. While the customer is actively enrolled, UGI-PNG will waive all late payment charges for active participants and reduce any pre-program arrearage by the set monthly amount of arrearage payments received. The Company will supplement the required arrearage reduction payments with a bonus forgiveness of up to \$60 per year and match dollar-for-dollar any additional payment the participant makes toward pre-program arrearage reduction, not to exceed \$250 annually. Participant's consumption, conservation efforts and payment habits will be closely monitored. Compliance with the program's conditions should result in development of good payment habits as well as significant or complete reduction in the participant's pre-program arrearages. Conversely, lack of conservation efforts or poor payment habits may result in dismissal from the program. In addition, an annual process that reestablishes a participant's eligibility will be performed to ensure proper participation.

Eligibility criteria

The following eligibility criteria will be used by UGI-PNG to identify potential CAP participants:

- The applicant is a residential low-income, payment-troubled customer who uses natural gas for heat. Low-income, payment troubled is defined as a customer who has received a termination notice.
- Household income is verified at or below 150% of the federal poverty income guidelines.
- UGI-PNG will accept automatic enrollment of any low-income, payment troubled customer who has defaulted on a Budget Plus agreement and who has received a LIHEAP payment within the past year, subject to income verification and the receipt of CAP education within ninety days of enrollment.
- UGI-PNG will accept a low-income, payment troubled customer's current participation in an electric CAP program as verification of income, if UGI-PNG is satisfied that the electric distribution company (EDC) verifies income. UGI-PNG will work with EDCs in its service territory to identify UGI-PNG customers that have been enrolled in EDC CAP programs.

Monthly Payment

The participant's required monthly payment will be comprised of two components: percentage of income payment and the mandatory pre-program arrearage reduction payment.

Percentage of Income Payment

Total payment for natural gas home energy under a percentage of income plan is determined based upon a scheduled percentage of the participant's annual gross income. The participant's household gross income and family size place the family at a particular poverty level based on Federal poverty income guidelines.

The percentage of income (portion) of the payment to be paid for service will be determined on a sliding scale basis broken down into three categories:

Level 1	0-50% poverty guidelines	7% gross monthly income
Level 2	51-100% poverty guidelines	8% gross monthly income
Level 3	101-150% poverty guidelines	9% gross monthly income

The minimum CAP participant payment for a gas heating account will be \$25 a month, which is an acceptable range, outlined in the CAP Policy Statement. A minimum payment term is one of several control features outlined in the CAP Policy Statement, which limit program costs. UGI-PNG will follow the CAP Policy Statement regarding exemptions of a household from a CAP control feature.

Pre-Program Arrearage Reduction Payment

In addition to the percentage of income payment for service, the participant must agree to pay an additional amount per month, which will be applied to the customer's pre-program arrearage. This amount will be determined on a sliding scale basis broken down into three categories:

Level	poverty guidelines	
Level 1	0-50% poverty guidelines	\$5.00 per month
Level 2	51-100% poverty guidelines	\$7.00 per month
Level 3	101-150% poverty guidelines	\$9.00 per month

This required payment to reduce pre-program arrears will be supplemented by UGI-PNG with an additional bonus, \$5.00 arrearage forgiveness, each month when the customer's payment is received in full and on time.

CAP Credit

CAP credit, previously called billing deficiency or shortfall, is the difference between the normal billed amount for service and the amount paid for service under the CAP. The annual maximum CAP credits per gas heating participant should not exceed \$1,140. For customers who will exceed a maximum credit of \$1,140 annually, the excess amount will be apportioned to the monthly CAP amount. LIHEAP cash grants received will be applied to billing shortfall and may not be substituted for monthly payment unless warranted by extenuating circumstances, which must be verified. Any LIHEAP crisis or other available energy assistance funds will be applied to past due payments. Exceptions regarding grant application process will be made based on individual needs.

Projected enrollment levels

Enrollment size was determined through the rate case settlement Docket No: R-00061365.

Program budget

Program funding will be derived from:

- Payments from CAP participants
- LIHEAP grants and other energy assistance grants
- Operations and maintenance expense reductions
- Potential recovery of excess costs from other ratepayers

Identification and referral

Identifying potentially eligible customers will be UGI-PNG's responsibility through contact as well as targeted program announcements. Referrals may also be made from other sources, such as Company personnel (e.g., collectors, servicemen, etc.) from their contacts in the field. Potential referrals may also be made from social service agencies, appropriate government agencies, or other sources from within the community. Refer to pages 4 through 5.

Plans to use community-based organizations

UGI-PNG or CBO will serve as an administering agency for the program. UGI-PNG currently contracts with six (6) community-based organizations to assist in the administration of this program. UGI-PNG will continue to utilize the services of locally based CBO's to administer and/or assist in programs such as Project Outreach, LIHEAP, LIURP, and other outreach efforts to the extent that these programs are outsourced by UGI-PNG today, except where a CBO is unable or unwilling to provide the programs and services or where a CBO's performance is not acceptable to UGI-PNG after a review process with an opportunity to remediate the program deficiencies. Refer to page 5 for the list of CBOs.

Outreach and intake efforts

All referrals must come through UGI-PNG for screening either as a Company-approved participant or to be forwarded for processing by the CBO.

UGI-PNG or the CBO will schedule appointments with potential participants to complete program acceptance.

Company-approved participants will be processed through UGI-PNG. This category includes customers on fixed income such as Social Security (SS) only or Supplemental Social Security Income (SSI) only. In addition to fixed income, the receipt of LIHEAP generally determines a Company approved participant; however, the Company may have these customers processed through a CAP agency as well. Participants will receive a program explanation outlining the goals and benefits of program compliance, along with their responsibilities as program participants. If a potential participant agrees to the program conditions, the Company will initiate the application process. The category of non-Company-approved participants includes customers with wages. This category of participants will be processed through a CBO. Participants will receive a program explanation outlining the goals and benefits of program compliance, along with their responsibilities as program participants. If a potential participant agrees to the program conditions, the CBO will initiate the application process with a formal application.

For potential participants that are referred to the CBO for the enrollment process, a referral code is noted on the customer's account and a letter is sent explaining what agency in their area to call for an appointment. This referral letter will allow the customer ten days to call the community-based organization to make an appointment. If the Company does not receive verification from the agency that an appointment has been scheduled within the ten days, a second letter will be issued. The second referral letter will allow the customer an additional five days to make their appointment and indicate another referral may not be issued if the customer

does not follow through with the initial referral. If the pending CAP customer does not comply with this fifteen day referral process the referral code will be removed and the customer will be returned to the collection process.

Application

After the eligibility screening by UGI-PNG, either UGI-PNG or the CBO will complete program acceptance. Income verification will be completed at the time of application and intake will comply with the CAP Policy Statement regarding verification.

If the customer agrees to participate, a CAP agreement will be completed to include the customer's monthly payment amount, based on percentage of income.

During the application process, UGI-PNG or the CBO will provide a complete and thorough explanation of CAP components to the program participants stressing the benefits of compliance and consequences of non-compliance. The bill information format and importance of energy conservation will be explained in order for the customer to fully understand the billing material and key concepts from the beginning of their participation in the program. As defined by the CAP Policy Statement, limits on consumption should be set at a percentage of a participant's historical average usage. The recommended level of 110% will be followed and adjustments in consumption shall be made for extreme weather conditions through the use of weather-normalization techniques. In addition, participants who historically use high amounts of energy will be targeted for special treatment. This special treatment will include counseling, evaluation, recommended lifestyle adjustments, weatherizing, etc. Although all customers referred to CAP are reviewed for LIURP, additional steps will be implemented based on evaluation recommendations pertaining to high-usage CAP customers.

To participate in CAP, the customer agrees to several conditions including the following:

1. Make a monthly payment to the utility based on percentage of income. If income changes before the time of recertification or during program participation then the monthly payment may change based on new verified reported income as long as the payments are current.
2. Apply for Low Income Home Energy Assistance (LIHEAP) if eligible and any other energy assistance programs available and designate at least one of these payments to UGI-PNG.
3. Fully cooperate with the CBO and Company including active participation in consumption and bill payment counseling.
4. Make a commitment to maintain or reduce energy consumption wherever practical.
5. Apply for and accept available weatherization and energy usage reduction services.
6. Acknowledge that making partial or late payments or failure to follow all stipulations of the agreement will result in collection actions, removal from CAP, and loss of program benefits if service termination occurs.
7. Acknowledge that program compliance can result in specific arrearage forgiveness.
8. Acknowledge that high-usage customers, who fail to abide by established consumption limits during any two months after receiving program counseling, energy education counseling and energy education evaluation, will be subject to removal from CAP. These customers will be given LIURP review first; however, highest-usage CAP recipients will not be allowed to continue to receive CAP services if they refuse to accept LIURP services.
9. Pay shortfall greater than \$1,140 annually.
10. Acknowledge the annual process that reestablishes a participant's eligibility which is performed to ensure proper participation. Participant must comply with annual

recertification prior to the anniversary date of their entry in CAP and provide income evidence for continued program eligibility.

11. Agree to participate in other requirements resulting from program modifications made by the Company and approved by the PPUC.

Acceptance

UGI-PNG will notify qualified applicants of their acceptance into CAP through a letter. New participants will be considered for LIURP. A CAP participant, if already a recipient of weatherization under UGI-PNG's program, will be re-evaluated.

Denial of Eligibility

An applicant determined ineligible would receive written notification from UGI-PNG specifying the reason(s) for ineligibility. If the applicant is not satisfied with the determination of eligibility, UGI-PNG will use utility company dispute procedures in accordance with Chapter 56.151 and 56.152. The applicant may also appeal the denial of eligibility to the Bureau of Consumer Services in accordance with Chapter 56.161-56.165, relating to informal complaint procedures. Notice of right to appeal will be provided with the written notification of ineligibility.

Recertification

An annual recertification process prior to the anniversary date of their entry in CAP must be performed to ensure proper participation and re-establish a participant's eligibility.

UGI-PNG will perform the recertification process for Company-approved participants. Customers enrolled in-house will be directed to call and re-apply over the phone. It is necessary for all customers to complete this process as CAP is a percent of income program and customers on fixed income annually receive a COLA (cost of living adjustment) which may affect their monthly payment. If a Company-approved participant receives LIHEAP then current proof of the grant will serve as verification at the time of recertification. Income verification will take place every two years for Company-approved participants that receive SS only or SSI only and receipt of LIHEAP. Those customers who fail to recertify will be dismissed from the program. UGI-PNG may perform the annual recertification process for non-Company-approved participants if they receive LIHEAP. If no current proof of receipt of a LIHEAP grant is provided then income eligibility will be performed by the CBO. The CBO will recertify the participant as eligible under the income guidelines by submitting current income documentation to the Company. Those customers who fail to recertify will be dismissed from the program.

Appropriate changes in the percentage of income payment will be made in accordance with income guidelines and payment percentages effective at the time of recertification. If income at the time of recertification dictates a change in the monthly payment, the new amount will be used for future monthly payments. Participants, who after recertification are deemed ineligible, will be notified of the reason they are no longer eligible for CAP.

Incentives

CAP provides an arrearage forgiveness provision to help eliminate pre-program arrearages in four ways:

- First, the customer must pay a mandatory \$5.00, \$7.00, or \$9.00 amount as a portion of the total monthly bill toward reducing the pre-program arrearages.
- Second, the Company will supplement the required pre-program arrearage payments with a bonus forgiveness of another \$5.00 each month when the payment is received in full and on time up to a total of \$60.00 per year.
- Third, if a participant's annual CAP payment for current service exceeds the dollar value of their actual energy use for the year, the excess payment will be applied to their pre-program

arrearage and UGI-PNG will match these payments by forgiving an equal amount of the pre-program arrearage. Annually, UGI-PNG will match a maximum of \$150. In the event, that the pre-program arrearage is paid in full, excess payments will be refunded to the participant less any LIHEAP amount paid for that season. All excess payment adjustments will be made annually.

- Fourth, the participant may pay an additional amount, over and above their required monthly payment, toward reducing their pre-program arrearage and UGI-PNG will match this additional payment by forgiving an equal amount of the pre-program arrearage, not to exceed \$250 annually. In effect, for every extra dollar that a participant pays toward reducing their pre-program arrearage, UGI-PNG will match it by forgiving another dollar. This method encourages participants to apply any extra household funds against their pre-program arrearage since it allows a faster and easier reduction in their arrearage.

Default Provisions

Noncompliance with any of the following CAP requirements will result in dismissal from the program. Each CAP participant must:

1. Make scheduled payments.

If the CAP participant fails to make one full payment on time, they will be considered in default. Five days after a missed full payment, UGI-PNG will issue a warning letter stating payment is overdue and the amount needed to remain in compliance. The warning letter will inform the participant of the consequences of defaulting from CAP. The letter will clearly state if the participant does not comply with program guidelines then collection activities will be initiated which may lead to termination of service for the account. The consequences for non payment will be loss of service. If payment is not received within five days from the date of the letter, a 10-day termination notice will be issued and collection activities will ensue. If a customer's service is terminated, the customer is removed from CAP resulting in a loss of program benefits. At this point, the account is no longer considered a CAP customer and will fall under Company collection processes. If the customer still meets the eligibility criteria after service is restored the Company or CBO can re-enroll in CAP. An active customer enrolled as of December 1 will remain in CAP during the winter moratorium period (December-March). The customer will be required to catch up on missed CAP payments. If payments due are not paid in full by April 1st, the customer will be targeted for termination which can result in removal from CAP and loss of program benefits. A full payment of the missed CAP payments will stop the termination process at any time while customer is enrolled in CAP.

2. Abide by consumption limits.

High-usage customers who fail to abide by established consumption limits during any two months after receiving program counseling, energy education counseling, and energy education evaluation will be subject to removal from CAP. These customers will be given LIURP review first; however, highest-usage CAP recipients will not be allowed to continue to receive CAP services if they refuse to accept LIURP services.

3. Allow meter readings.

CAP participants must allow the Company access for meter readings or provide a customer read at least once every two months. If a participant fails to allow the meter to be read for four consecutive months, the Company will attempt to install an encoder receiver transmitter (ERT), a device used to obtain the actual meter readings. If the customer does not allow access to install the ERT, they will be dismissed from CAP.

4. Provide accurate and household size information.

All income or household size information must be accurate. The customer must notify the Company or CBO of any changes in household income or size within 30 days or risk being automatically dismissed from the program. If income changes before the time of recertification or during program participation the monthly payment may change based on new verified

reported income as long as the payments are current. Failure to report changes in income or household size will result in program dismissal.

5. Participate in consumption and bill payment counseling activities including consumer education.

CAP participants must agree to apply for and actively participate in training and services designed to reduce energy consumption and promote good bill payment habits and which are offered by the CBO.

6. Recertify before the anniversary date of the CAP enrollment.

The CAP participant must comply with annual recertification prior to the anniversary date of their entry in CAP and provide appropriate information to recertify for continued program eligibility and participation.

7. Agree to program modifications.

Since modifications and additions to the program may be necessary, any participant unwilling to agree to these changes will return to normal billing and collection activities.

Energy Assistance

If eligible, the CAP participant must apply for LIHEAP and designate one LIHEAP grant to UGI-PNG. Customers will also be reviewed for other assistance grants. Any LIHEAP crisis, UGI-PNG hardship grants or other available energy assistance funds can be applied to the participant's past due payments; however, as outlined in the CAP Policy Statement, LIHEAP may not be substituted for a participant's monthly payment unless warranted by extenuating circumstances which must be verified. Failure to apply for LIHEAP will result in program dismissal.

Program Dismissal

Participants in danger of removal from CAP shall be contacted indicating:

- The program requirement for which the participant is in non compliance and corrective action that must be taken
- The date by which corrective action must be taken
- The total account balance due at time of default
- The statement of consequences which will result from removal from the program. (Return to collection process, resumption of late payment charges, possible service termination, etc.)
- The participant should contact the CBO or UGI-PNG

If corrective action is not taken by the specified date, UGI-PNG will send a letter to the participant indicating that they have been removed from CAP. The notice of removal will clearly indicate the reason for the action and the right to appeal the decision. These participants will not be required to pay late fees for bills incurred during participation and all arrearages forgiven will stand.

Reinstatement

Customers who default and are subsequently removed from CAP will be referred to UGI-PNG's Collections Department for further action. If the reason for dismissal from the program was a result of termination of service, the customer will be required to make payments according to Company collection processes. If the reason for dismissal was not missed payments, the customer may apply for reinstatement and will be required to meet all general eligibility criteria (income eligibility, etc.). Any arrearage forgiveness that the customer was eligible for will remain forgiven by the Company.

Conclusion

UGI-PNG's Universal Service Programs are designed to address customer needs and meet the requirements of 66 Pa. C.S.A §2203(8) and 52 Pa Code Chapter 62. UGI-PNG respectfully requests that the Commission approve the previously described changes to the CAP and also approve this updated Universal Service and Energy Conservation Plan.