



# **PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**SECOND BIENNIAL REPORT TO THE  
GENERAL ASSEMBLY AND THE GOVERNOR  
PURSUANT TO SECTION 1415**

**IMPLEMENTATION OF CHAPTER 14**

**DEC. 14, 2008**

# Table of Contents

Introduction .....	1
Section I – Degree to Which the Requirements of Chapter 14 Have Been Successfully Implemented.....	2
Section II – Residential Collections .....	7
Section III – Level of Access to Utility Service.....	22
Section IV – Effect on the Level of Consumer Complaints and Payment Arrangement Requests Filed and Adjudicated with the Commission.....	33
Conclusion .....	37

## Tables

Table 1 – 2005 Infractions.....	3
Table 2 – 2006 Infractions.....	3
Table 3 – 2007 Infractions.....	4
Table 4 – Annual Residential Billings – Electric .....	11
Table 5 – Annual Residential Billings – Gas .....	11
Table 6 – Percentage of Customers in Debt – Active Accounts – Electric.....	12
Table 7 – Percentage of Customers in Debt – Active Accounts – Gas .....	12
Table 8 – Percentage of Billings in Debt – Electric .....	14
Table 9 – Percentage of Billings in Debt – Gas .....	14
Table 10 – Weighted Arrearage – Active Accounts – Electric .....	16
Table 11 – Weighted Arrearage – Active Accounts – Gas .....	16
Table 12 – Percentage of Gross Residential Write-Offs Ratio – Electric .....	18
Table 13 – Percentage of Gross Residential Write-Offs Ratio – Gas .....	18
Table 14 – Total Universal Service Program Costs – Electric.....	20
Table 15 – Total Universal Service Program Costs – Gas .....	20
Table 16 – Summary of Collections Measures – Percent Change 2002-04 and Percent Change 2004-07 – Electric and Gas .....	21
Table 17 – Terminations – Electric .....	23
Table 18 – Terminations – Gas .....	23
Table 19 – Termination Rate – Electric .....	25
Table 20 – Termination Rate – Gas.....	25
Table 21 – Reconnections – Electric .....	27
Table 22 – Reconnections – Gas .....	27
Table 23 – Reconnect Ratio – Electric .....	28
Table 24 – Reconnect Ratio – Gas .....	28
Table 25 – 2006-07 Cold Weather Survey Results – Electric.....	30
Table 26 – 2006-07 Cold Weather Survey Results – Gas .....	31
Table 27 – Consumer Complaints .....	34
Table 28 – Payment Arrangement Requests .....	34
Table 29 – Non-CAP Customers Turned Away by Call Center Because of Ineligibility.....	35
Table 30 – CAP Customers Turned Away by Call Center Because of Ineligibility .....	35
Table 31 – Payment Agreement Requests Dismissed Without a Decision.....	36
Table 32 – Complaints From Customers With a Protection From Abuse (PFA) Order .....	36

## Appendices

Appendix 1 – Collections Data Variables .....	42
Appendix 2 – When is an Account Considered to be Overdue? .....	44
Appendix 3 – When Does an Account Move from Active to Inactive Status? .....	45
Appendix 4 – Gross Residential Write-Offs – Electric .....	46
Appendix 5 – Gross Residential Write-Offs – Gas .....	46
Appendix 6 – Number of Customers in Debt – Active Accounts – Electric .....	47
Appendix 7 – Number of Customers in Debt – Active Accounts – Gas .....	47
Appendix 8 – Dollars in Debt – Active Accounts – Electric .....	48
Appendix 9 – Dollars in Debt – Active Accounts – Gas .....	48
Appendix 10 – Average Arrearage – Active Accounts – Electric .....	49
Appendix 11 – Average Arrearage – Active Accounts – Gas .....	49
Appendix 12 – Annual Collections Operating Expenses – Electric .....	50
Appendix 13 – Annual Collections Operating Expenses – Gas .....	50
Appendix 14 – 2007 Collections Operating Expenses as a Percentage of Residential Billings – Electric .....	51
Appendix 15 – 2007 Collections Operating Expenses as a Percentage of Residential Billings – Gas .....	51
Appendix 16 – 2007 Universal Service Program Costs as a Percentage of Residential Billings – Electric .....	52
Appendix 17 – 2007 Universal Service Program Costs as a Percentage of Residential Billings – Gas .....	52
Appendix 18 – Annual Total CAP Costs – Electric .....	53
Appendix 19 – Annual Total CAP Costs – Gas .....	53
Appendix 20 – Annual Total LIURP Costs – Electric .....	54
Appendix 21 – Annual Total LIURP Costs – Gas .....	54
Appendix 22 – Summary of 2007 Collections and Universal Service Program Costs – Electric .....	55
Appendix 23 – Summary of 2007 Collections and Universal Service Program Costs – Gas .....	55
Appendix 24 – 2007 Collections Costs as a Percentage of Billings – Electric .....	56
Appendix 25 – 2007 Collections Costs as a Percentage of Billings – Gas .....	56
Appendix 26 – 2007 Individual Expense Categories as a Percentage of Billings – Electric ....	57
Appendix 27 – 2007 Individual Expense Categories as a Percentage of Billings – Gas .....	57
Appendix 28 – Monthly Average Bill: Heating vs. Non-Heating Accounts – 2002-07 – Electric .....	58
Appendix 29 – Monthly Average Bill: Heating vs. Non-Heating Accounts – 2002-07 – Gas .....	58
Appendix 30 – Inactive Accounts .....	59
Appendix 31 – Security Deposits on Hand .....	60

# INTRODUCTION

On Nov. 30, 2004, Gov. Edward G. Rendell signed into law Senate Bill 677, also known as Act 201, the Responsible Utility Consumer Protection Act. The Act went into effect on Dec. 14, 2004, and amended Title 66 by adding Chapter 14 (66 Pa. C.S. §§ 1401-1418) (*Responsible Utility Customer Protection Act*). Chapter 14 is applicable to electric distribution companies, water distribution companies and larger natural gas distribution companies (those having annual operating income in excess of \$6 million).

Chapter 14 requires the Public Utility Commission (PUC) to report to the General Assembly and the Governor every two years (§ 1415). The first report was due no later than Dec. 14, 2006, and the final report is due in December 2014. The reports are to review the implementation of the provisions of Chapter 14 and include, but are not limited to:

1. The degree to which the Chapter's requirements have been successfully implemented.
2. The effect upon the cash working capital or cash flow, uncollectible levels and collections of the affected public utilities.
3. The level of access to utility services by residential customers including low-income customers.
4. The effect upon the level of consumer complaints and mediations filed with and adjudicated by the Commission. (Mediations are currently known as payment arrangement requests under § 1415.)

**(Note:** These four areas serve as the basis for the sections in this report.)

Chapter 14 directs public utilities affected by this Chapter to provide data, as required by this Commission, to complete the reports. The PUC's report also may contain recommendations to the Governor and the General Assembly about legislative or other changes which the Commission deems appropriate.

Chapter 14 includes the Philadelphia Gas Works (PGW), a city natural gas distribution operation, within the category of natural gas distribution utilities. The category specifically excludes natural gas distribution utilities with operational revenues of less than \$6 million per year except where the public utility voluntarily petitions the Commission to be included or where the public utility seeks to provide natural gas supply services to retail gas customers outside its service territory. Natural gas distribution utilities that are not connected to an interstate gas pipeline are similarly excluded from the provisions of Chapter 14 under § 1403.

## REPORT SECTIONS

### ***Section I - Degree to Which the Requirements of Chapter 14 Have Been Successfully Implemented***

In this report, the Commission will provide a summary of the Chapter 14 implementation process by both the Commission and the utilities. We also will include a report on the deficiencies in the implementation of Chapter 14 by utilities, as determined through formal and informal actions before the Commission.

While the Commission has addressed and resolved numerous issues involving the application of Chapter 14 provisions, the Commission must still amend its regulations found in 52 Pa. Code, Chapter 56 (Chapter 56) to comply with the provisions of Chapter 14. An advance notice of proposed rulemaking was published in the *Pennsylvania Bulletin* on Dec. 16, 2006<sup>1</sup>. Twenty-two sets of comments were received from the industry, consumer groups and the statutory advocates. After carefully reviewing and considering the comments, Commission staff drafted proposed revised Chapter 56 regulations, that will make the regulations consistent with the mandates of Chapter 14. The Commission will also use this opportunity to address other issues with Chapter 56 including regulatory updates needed due to technological advances such as electronic billing and payments, e-mail and the Internet. By Order entered Sept. 26, 2008<sup>2</sup>, the Commission initiated a proposed rulemaking which invites interested parties to comment on these important regulations. In promulgating these regulations, the Commission will strive to balance the needs of both consumers and utilities and protect the public interest. It is anticipated that this rulemaking will be published in the *Pennsylvania Bulletin* during the first quarter of 2009.

To further facilitate implementation of the Act, Commission staff met with utility companies to address specific concerns and questions. Commission staff provided informal written guidance to the utility companies relating to areas of particular concern, such as winter termination rules and the annual change in the federal poverty guidelines.

The BCS informal compliance process has also facilitated the implementation of the Act by giving utilities specific examples of possible infractions of Chapter 14. The informal compliance process uses consumer complaints to identify, document and notify utilities of possible infractions. A utility that receives notification of a possible infraction has an opportunity to refute the allegation. The utility can use the information to identify and voluntarily correct deficiencies in its customer service operations. Corrective actions may include modifying a computer program; revising the text of a notice, bill, letter or company procedure; or providing additional staff training to ensure the proper use of a procedure. The notification process also allows utilities to receive written clarifications of Chapter 14 and Commission regulations and policies. This is an informal process intended to address compliance deficiencies in a quick, non-punitive manner.

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<sup>1</sup> Advance Notice of Proposed Rulemaking, Order entered Dec. 4, 2006, at Docket No. L-00060182.

<sup>2</sup> Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Provisions of 66 Pa. C.S., Chapter 14; General Review of Regulations, L-00060182.

Upon review of informal complaints filed, the Commissions Bureau of Consumer Services (BCS) recorded the following possible infractions of Chapter 14:

**Table 1 – 2005 Infractions**

<b>2005</b>				
<b>Section of Chapter 14</b>	<b>Electric Utilities</b>	<b>Gas Utilities</b>	<b>Water Utilities</b>	<b>Total</b>
§ 1403 Definitions	2	5	1	8
§ 1404 Credit and Deposits	10	11		21
§ 1405 Payment Agreements		1		1
§ 1406(a) Authorized Termination	14	32	4	50
§ 1406(b) Notice of Termination	9	6	5	20
§ 1406(c) Grounds for Immediate Termination	1	2		3
§ 1406(e) Winter Termination		1		1
§ 1406 Medical Certificates	1	1		2
§ 1407(a) Reconnection Fee		1		1
§ 1407(b) Reconnection of Service – Timing	11	14		25
§ 1407(c) Reconnection – Payment to Restore Service		1	4	5
§ 1407(d)(e) Payment of Outstanding Balance at Premise	2	2		4
<b>Total</b>	<b>50</b>	<b>77</b>	<b>14</b>	<b>141</b>

**Table 2 – 2006 Infractions**

<b>2006</b>				
<b>Section of Chapter 14</b>	<b>Electric Utilities</b>	<b>Gas Utilities</b>	<b>Water Utilities</b>	<b>Total</b>
§ 1403 Definitions	4	13	1	18
§ 1404 Credit and Deposits	2	14		16
§ 1406(a) Authorized Termination	5	25		34
§ 1406(b) Notice of Termination	9	2	4	13
§ 1406(c) Grounds for Immediate Termination			2	1
§ 1406 Medical Certificates		1	1	1
§ 1407(a) Reconnection Fee		2		2
§ 1407(b) Reconnection of Service – Timing	5	13		18
§ 1407(c) Reconnection – Payment to Restore Service	1	3	1	5
§ 1407(d)(e) Payment of Outstanding Balance at Premise	2	11	1	14
<b>Total</b>	<b>28</b>	<b>84</b>	<b>10</b>	<b>122</b>

**Table 3 – 2007 Infractions**

<b>2007</b>				
<b>Section of Chapter 14</b>	<b>Electric Utilities</b>	<b>Gas Utilities</b>	<b>Water Utilities</b>	<b>Total</b>
§ 1403 Definitions	4	5		9
§ 1404 Credit and Deposits	6	25		31
§ 1405 Payment Agreements		1	1	2
§ 1406(a) Authorized Termination	7	29	9	45
§ 1406(b) Notice of Termination	4	6	6	16
§ 1406(c) Grounds for Immediate Termination		1	2	3
§ 1407(a) Reconnection Fee	1			1
§ 1407(b) Reconnection of Service – Timing	3	13		16
§ 1407(c) Reconnection – Payment to Restore Service	1	2		3
§ 1407(d)(e) Payment of Outstanding Balance at Premise	5	12	2	19
§ 1417 Nonapplicability - Protection From Abuse	1	1		2
<b>Total</b>	<b>32</b>	<b>95</b>	<b>20</b>	<b>147</b>

### **Formal Commission Actions**

At the formal level, the Commission’s Law Bureau Prosecutory Staff (pursuant to 66 Pa. C.S. §§ 331(a), 506 and 52 Pa. Code § 3.113) conducted informal investigations into alleged infractions of Chapter 14. These informal investigations resulted in the Commission’s approval of settlement agreements reached between companies and prosecutory staff. Generally, it can take nine months or longer to bring an informal investigation to settlement. In all of the settlements, each company denied any wrongdoing. However, each company agreed in its settlement agreement to make a financial contribution in lieu of a civil penalty.

The following four settlements were reported in the *First Biennial Report to the General Assembly and the Governor Pursuant to Section 1415*:

- PECO Energy (PECO) contributed \$90,015 to provide a \$15 credit on the bills of customers who received erroneous termination notices from the company.<sup>1</sup>
- Pennsylvania Electric Corp. (Penelec) contributed \$250,000 for the company’s Consumer Assistance Program (CAP) and \$100,000 for the Dollar Energy Fund.

<sup>1</sup> Pennsylvania Public Utility Commission Prosecutory Staff v. PECO Energy Company, Public Meeting of Dec. 1, 2005. M-00051904

The informal investigations centered on improper terminations of electric service on May 11, 2005, in Hastings, Cambria County, and June 27, 2005, in Erie. Following the Hastings termination, four fatalities resulted from a May 14, 2005, fire.<sup>1</sup>

- PPL Utilities, Inc. (PPL) contributed \$175,000 for the company's Hardship Fund. According to PUC's Prosecutory Staff, PPL violated provisions of Chapter 14 by terminating service to customers in March 2005. Some of these customers were low-income customers whose service should not have been terminated in the winter.<sup>2</sup>
- Allegheny Power (Allegheny) contributed \$175,000 for the Dollar Energy Fund. According to PUC's Prosecutory Staff, Allegheny violated provisions of Chapter 14 of the Public Utility Code by terminating service to a customer in State College on May 17, 2005, without first providing sufficient notice of the termination to the customer. A resident of the home was subsequently found dead on July 4, 2005.<sup>3</sup>

Since the First Biennial Report, the Commission has acted on the following two settlements that involve violations of Chapter 14:

- On June 24, 2008, PUC approved a settlement agreement that ended an informal investigation into allegations that PECO Energy Company (PECO) violated portions of Chapter 14 of the Public Utility Code. During the last week of March and the month of April 2007, while PECO was converting to a new information and management system, the company's outside vendor did not properly code about 20,000 residential customer accounts. On June 20, 2007, the Commission's Law Bureau Prosecutory Staff initiated an informal investigation alleging that because of the coding error, PECO failed to provide the required 72-hour advanced notice of termination to approximately 2,000 accounts and failed to restore service within 24 hours to accounts that had been terminated in error. PECO identified the problem on April 27, 2007, and responded immediately to correct the error. As a result, 17,613 accounts were not terminated. In the following weeks, the remaining affected accounts were reinstated following termination, and these accounts were entitled to a refund under the settlement. The Settlement stipulated that PECO had to pay approximately \$206,800 in civil penalties and refund payments. The utility also agreed to implement procedures intended to avoid similar problems in the future. (Docket number M-00072051)

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<sup>1</sup> Law Bureau Prosecutory Staff Informal Investigation of the Pennsylvania Electric Company Service Terminations in Hastings and Erie, Pennsylvania. Public Meeting of Dec. 15, 2005. M-00051906.

<sup>2</sup> Law Bureau Prosecutory Staff Informal Investigation of the PPL Electric Utilities Corporation Residential Service Terminations. Public Meeting of Aug. 17, 2006. M-00061942.

<sup>3</sup> Settlement Agreement Between Law Bureau Prosecutory Staff and West Penn Power Co., t/d/b/a Allegheny Power, Public Meeting of Oct. 19, 2006. M-00061952.



- On Nov. 13, 2008, the Commission tentatively accepted and issued for comment a proposed settlement in which PPL Electric Utilities (PPL) agreed to contribute \$300,000 to a low-income program to settle an informal investigation into an electric termination that preceded a fatal fire in Steelton, Dauphin County. PPL terminated service to the residence involved on Nov. 2, 2007. A fire at the home the following day was allegedly started by a lit candle that touched a wall. Two children died in the fire. Commission Prosecutory Staff contended that PPL violated certain sections of Chapter 14 of the state's Public Utility Code and Chapter 56 of the Commission's regulations. In addition to the contribution, the settlement also requires the utility to revise its practices to bring them into full compliance with Chapters 14 and 56. This includes developing updated call scripts and increase training for its customer service representatives; establishing procedures to assist customers seeking payment arrangements including information about medical certificates; and enhancing procedures when they handle calls from customers whose service is terminated on Fridays. (Docket number M-2008-2057562)

## ***Section II - Residential Collections***

The effect of Chapter 14 on cash working capital or cash flow, uncollectible levels and residential collections of the affected utilities is outlined in this report. The Commission also sought comments from the industry and interested parties on collections data issues associated with reporting requirements including the following:

- Applicability of the reporting requirements;
- Content of the list of collections data variables to be included under the reporting requirements;
- Frequency of utility reporting under the requirements;
- Due dates for the utility reporting under the requirements;
- Establishment of the Collaborative Process Working Group;
- Transfer of historical data from the Commission to the utilities;
- Link between the Chapter 56 rulemaking and the Collections Reporting Requirements; and
- Process for making collections data available to the public.

### **Applicability**

#### **Larger Utilities**

The Commission established that larger utilities - those electric, gas and water distribution utilities with annual operating revenues greater than or equal to \$200 million are subject to full reporting pursuant to § 1415. The electric distribution utilities subject to the Chapter 14 evaluation collections reporting requirements include: Allegheny, Duquesne Light Co. (Duquesne), Metropolitan Edison (Met-Ed), PECO, Penelec, Pennsylvania Power Co. (Penn Power) and PPL.

The natural gas distribution utilities include: Columbia Gas of Pennsylvania (Columbia), Dominion Peoples (Dominion), Equitable Gas (Equitable), National Fuel Gas Distribution Corp. (NFG), PECO, UGI Penn Natural, PGW and UGI-Gas.

The water distribution utilities include: Aqua Pennsylvania Southeast (Aqua Pennsylvania) and Pennsylvania-American Water Co. (PA-American).

#### **Smaller Utilities**

The Commission established that smaller utilities covered by Chapter 14 are required to report only a limited number of residential collections data variables beginning with 2007 data. This abbreviated list of collections variables includes the number of residential customers, annual residential billings, annual gross residential write-offs, the number of terminations and the number of reconnections.

## **Establishment of the List of Collections Data Variables**

In the Tentative Order<sup>1</sup>, the Commission established 54 proposed collections data variables for inclusion in these reporting requirements. The Commission received extensive input on those proposed variables and suggested additional variables. The Final Order<sup>2</sup> included 27 collections data variables as interim guidelines, which will remain until the revisions to the Chapter 56 regulations are finalized.

In 2007, the following enhancements to the collections data include: new data regarding inactive accounts in arrears; more comprehensive termination data; new data regarding security deposits; and a breakdown of reconnection data by both the reason for the reconnection and by the income level of the customer's household. The complete list of collections data variables appears in Appendix 1.

## **Number of Years to be Included in the Second Biennial Report**

The historical reporting period for the residential collections data in the Commission's Second Biennial Report is 2002-07. Under Commission regulations at 52 Pa. Code § 56.202 Record Maintenance, utilities are required to maintain a minimum of four years written or recorded disputes and complaints. The water industry was excluded from this reporting until the industry fell under existing reporting requirements for 2007 data due on or before April 1, 2008.

## **Frequency of Utility Reporting**

The Commission's Interim Guidelines require utilities to report data on an annual basis. This reporting frequency is sufficient.

## **Utility Reporting Due Dates**

The Commission set Sept. 1, 2006, as the initial reporting deadline. For subsequent reporting, we established April 1 as the due date for the previous year's information (i.e. 2006 data is due April 1, 2007). The annual reporting will continue through April 1, 2014, which will cover the year 2013. The Final Order also set utility reporting due dates which are reflected in the Interim Guidelines.

## **Link between the Chapter 56 Rulemaking and the Collections Reporting Requirements**

The Commission has issued a Notice of Proposed Rulemaking (L -00060182). Until the Chapter 56 rulemaking is complete, the Commission will follow the Interim Guidelines for the collections data reporting requirements. In the Chapter 56 rulemaking, the Commission will revise § 56.231 to incorporate these Interim Guidelines.

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<sup>1</sup> Biennial Report to the General Assembly and Governor Pursuant to Section 1415 Tentative Order at Docket No. M-00041802F0003, entered March 22, 2006.

<sup>2</sup> Biennial Report to the General Assembly and Governor Pursuant to Section 1415 Final Order at Docket No. M-00041802F0003, entered July 24, 2006.

The Interim Guidelines enable the Commission to comply with the requirements for the Residential Collections Data while the Chapter 56 Rulemaking is completed.

### **Making Collections Data Available to the Public**

The Commission received comments asking that collections data be made available on the PUC Web site [www.puc.state.pa.us](http://www.puc.state.pa.us). The Commission agreed and placed the initial historical data submission covering the period 2002-05 on its Web site in December 2006. The Commission continues to post annual data submissions to the PUC Web site by May 31 of each year.

### **Residential Collections Data 2002–07**

All residential collections data tables presented in this report are based on data previously submitted to the Commission by the affected companies and subsequently validated by the companies. The validation process was set forth in the Commission's Final Order at Docket No. M-00041802F0003. The historical data set for this report covers 2002-07.

### **Treatment of Electric and Gas Industry Totals and Averages**

All electric and gas industry totals shown throughout the tables in this report are based on industry totals and do not represent an average of the company scores. This rule applies to all tables, regardless of whether the table shows total lines that are simple additions or whether the table shows totals that are derived from calculated variables. Gas industry totals exclude PGW since we do not have PGW data prior to the implementation of Chapter 14. PGW is shown separately.

### **Overview of the Collections Process**

The collections process begins when a customer does not pay his/her bill in full and on time. Active account balances are those accounts with service still on. The number of active accounts in debt and the corresponding dollars in debt are included in this report.

Inactive account balances are those accounts that have been terminated or discontinued but not yet written-off by the company. Inactive account balances will ultimately either be paid by the customer or written off as uncollectible by the company. Our Collections Reporting Interim Guidelines require utility reporting of inactive accounts beginning with 2007 data. (See Appendix 30). Write-offs are accounts that the company determines to be uncollectible.

Companies move accounts from inactive status to write-offs on differing timelines, varying from two months to one year following termination or discontinuance, according to individual company accounting strategies. Collections Operating Expenses represent the costs to the company for pursuing the dollars that are owed by customers. Universal Service

Programs costs reflect the costs associated with those programs that serve as alternative collections devices for low-income customers. Security Deposits on Hand represent a cash asset for utilities and these dollars are treated as an offset to collections costs in the calculation of a company's Distribution Charges (See Appendix 31).

### **Collections Performance Measures and Data**

The Commission believes that specific collections performance measures such as the percent of customers in debt, the percent of billings in debt, the weighted arrearage and the percent of billings written off provide a comprehensive picture of collections performance. These primary collections measures appear in Section II along with annual residential billings and annual Universal Service Program costs. Billings are included because they are used to calculate the percentage of billings in debt and the percentage of billings written off. In addition, the amount of billings shows the magnitude of the dollars involved in residential collections. Universal Service costs are included because Universal Service Programs provide the safety net for low-income customers and, as such, represent a significant part of the utilities' overall collections strategy.

Other collections data appear in the appendices of this report. While the Commission views this data as secondary to the performance measures presented in Section II, the Commission considers the data important enough to include. In all cases, the additional data presented in the appendices offers significant supporting and summary data. The Commission's goal is to provide a comprehensive view of collections performance and the appendices allow us to do so. The appendices include: the dollars in gross write-offs; the number of active accounts in debt; the total dollars in debt for active accounts; average arrearages; annual utility collections operating expenses; collections costs as a percentage of billings; Universal Service Program costs as a percentage of billings; Customer Assistance Program (CAP) Costs; Low-Income Usage Reduction Program (LIURP) costs; summaries of select collections and Universal Service costs; monthly average bills; the number of accounts and dollars in debt for inactive accounts; and the number of accounts and total dollars in security deposits on hand.

Definitions for each collections performance measure and data variable are provided prior to all data tables in Section II and in the various appendices that provide additional supporting collections data.

### **Collections Trend Analysis of Pre-Chapter 14 Data versus Post-Chapter 14 Data**

The data presented in Tables 4-24 illustrate the Pre-Chapter 14 versus Post-Chapter 14 collections trends. These tables show collections data from 2002-04 for the pre-Chapter 14 period and data from 2004-07 for the post-Chapter 14 period. The line graphs in this section present collections data from 2002 to 2007. Subsequent Biennial Reports will provide multi-year data to show a longer post-Chapter 14 trend line.

The annual residential billings shown below represent the cumulative amount of the residential billings for calendar years 2002-07. This includes normal tariff billings and late payment fees.

**Table 4 – Annual Residential Billings – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$446,155,530	\$461,441,708	\$547,374,217	3.4	18.6
Duquesne	\$335,199,000	\$314,096,238	\$451,564,521	-6.3	43.8
GPU*	\$794,398,727				
Met-Ed		\$459,899,488	\$556,775,006	3.5***	21.1
PECO**	\$1,801,779,619	\$1,957,092,865	\$2,453,497,423	8.6	25.4
Penelec		\$375,076,999	\$451,605,105	0.5***	20.4
Penn Power	\$136,838,297	\$139,365,836	\$174,449,198	1.8	25.2
PPL	\$1,066,109,848	\$1,119,311,100	\$1,383,051,077	5.0	23.6
<b>Total</b>	<b>\$4,580,481,021</b>	<b>\$4,826,284,234</b>	<b>\$6,018,316,547</b>	<b>5.4</b>	<b>24.7</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO's billings include electric and gas.

\*\*\*Percent change from 2003-04.

**Table 5 – Annual Residential Billings – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$188,343,042	\$334,443,294	\$402,803,625	77.6	20.4
Dominion	\$181,078,432	\$290,778,050	\$286,731,554	60.6	-1.4
Equitable	\$217,196,523	\$283,893,176	\$302,131,240	30.7	6.4
NFG	\$184,074,895	\$244,711,222	\$262,091,560	32.9	7.1
UGI-Gas	\$232,474,943	\$260,933,261	\$333,604,769	12.2	27.9
UGI Penn Natural	\$149,164,424	\$184,696,814	\$220,805,764	23.8	19.6
<b>Total</b>	<b>\$1,152,332,259</b>	<b>\$1,599,455,817</b>	<b>\$1,808,168,512</b>	<b>38.8</b>	<b>13.0</b>
PGW*		\$572,312,071	\$622,743,570		8.8

\*PGW did not come under reporting requirements until 2004.

The percentage of customers in debt is calculated by dividing the number of customers in debt by the total number of residential customers. A company with a low percentage of its residential customers in debt will experience better cash flow than one with a higher percentage of its residential customers in debt<sup>1</sup>.

**Table 6 – Percentage of Customers in Debt – Active Accounts – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	18.68	17.54	16.07	-6.1	-8.4
Duquesne	15.85	11.78	9.50	-25.7	-19.4
GPU*	20.52				
Met-Ed		18.79	18.82	-3.9***	0.2
PECO**	21.96	22.06	23.26	0.5	5.4
Penelec		19.88	19.63	-3.5***	-1.3
Penn Power	21.44	19.23	19.18	-10.3	-0.3
PPL	15.62	15.97	17.28	2.2	8.2
<b>Total</b>	<b>19.04</b>	<b>18.26</b>	<b>18.47</b>	<b>-4.1</b>	<b>1.2</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO statistics include electric and gas.

\*\*\*Percent change from 2003-04.

The percentage of customers in debt for the electric industry declined by 4.1% in the pre-Chapter 14 period from 2002-04 but has since increased by 1.2% in the post-Chapter 14 period from 2004-07.

**Table 7 – Percentage of Customers in Debt – Active Accounts – Gas**

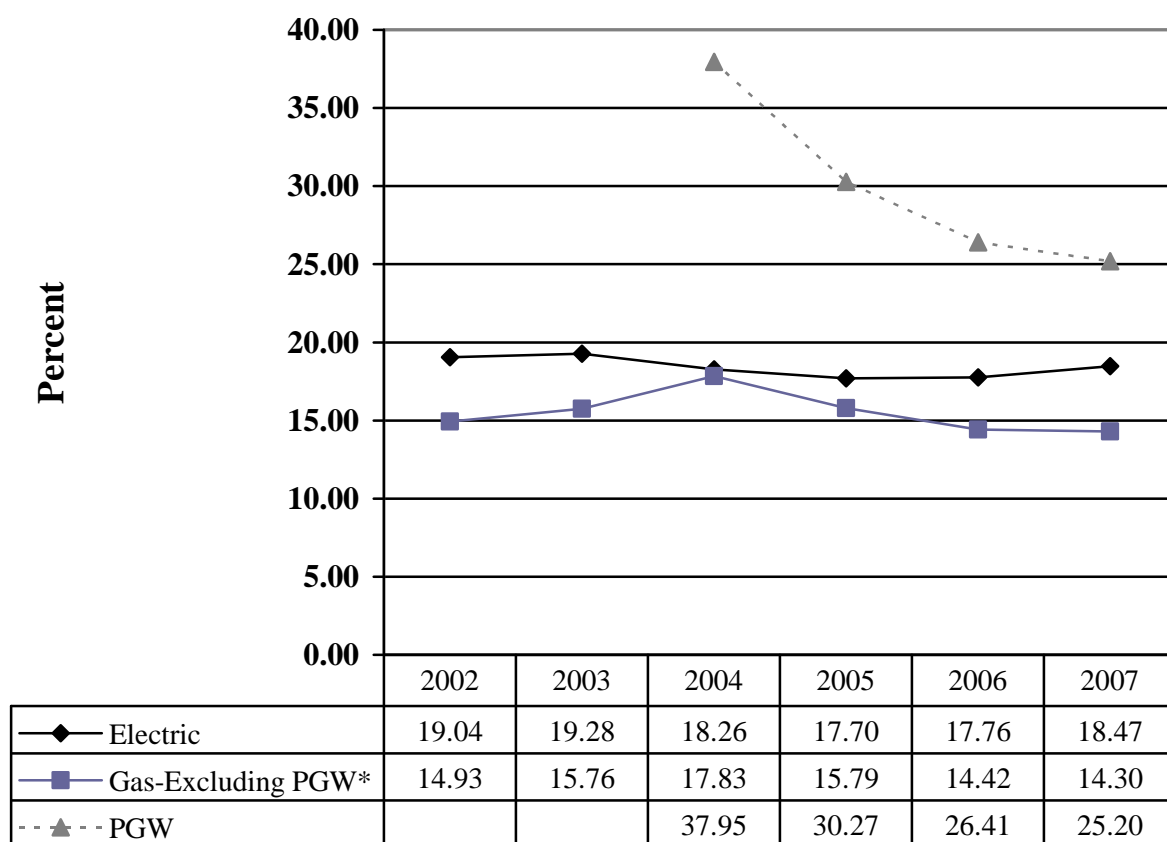
<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	10.44	14.14	12.85	35.4	-9.1
Dominion	18.10	18.03	14.61	-0.4	-19.0
Equitable	16.99	27.44	13.43	61.5	-51.1
NFG	15.03	16.54	12.09	10.0	-26.9
UGI-Gas	14.15	15.22	16.61	7.6	9.1
UGI Penn Natural	16.66	17.52	17.14	5.2	-2.2
<b>Total</b>	<b>14.93</b>	<b>17.83</b>	<b>14.30</b>	<b>19.4</b>	<b>-19.8</b>
PGW*		37.95	25.20		-33.6

\*PGW did not come under reporting requirements until 2004.

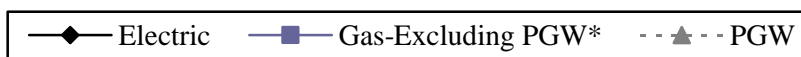
The percentage of customer in debt for the gas industry, excluding PGW, increased by 19.4% in the pre-Chapter 14 period from 2002-04 and declined by 19.8% in the post-Chapter 14 period from 2004-07. PGW's improvement since the passage of Chapter 14 was even more dramatic than its industry peers as the percent of customers in debt declined by 33.6% from 2004-07.

<sup>1</sup> These are customers with utility account arrearages.

## Percentage of Customers in Debt - Active Accounts



\*PGW did not come under reporting requirements until 2004





The percentage of billings in debt is calculated by dividing the total annual billings by the total monthly average dollars in debt. This calculated variable provides another way to measure the extent of customer debt. In the two tables that follow, the higher the percentage, the greater the potential collections risk.

**Table 8 – Percentage of Billings in Debt – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	3.81	3.38	2.01	-11.3	-40.5
Duquesne	11.75	7.13	3.41	-39.3	-52.2
GPU*	5.74				
Met-Ed		5.44	5.05	-2.9***	-7.2
PECO**	4.92	4.92	5.77	0.0	17.3
Penelec		6.62	5.79	3.0***	-12.5
Penn Power	3.90	5.76	5.29	47.7	-8.2
PPL	4.58	5.15	5.87	12.4	14.0
<b>Total</b>	<b>5.34</b>	<b>5.17</b>	<b>5.20</b>	<b>-3.2</b>	<b>0.6</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO statistics include electric and gas.

\*\*\*Percent change from 2003-04.

The percentage of billings in debt was improving for the electric industry prior to the passage of Chapter 14 as evidenced by the 3.2% decrease from 2002-04. However, since the passage of Chapter 14, the electric industry showed a slight increase of 0.6%.

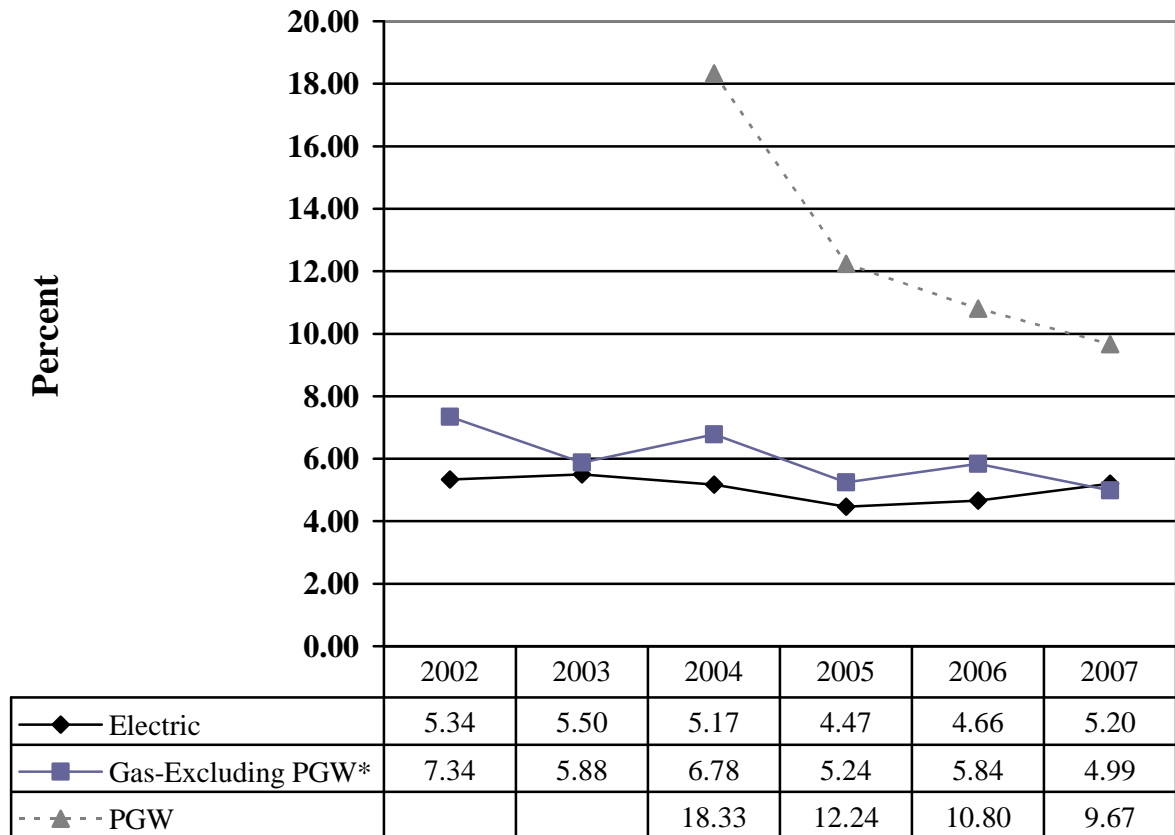
**Table 9 – Percentage of Billings in Debt – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	5.61	4.78	3.73	-14.8	-22.0
Dominion	21.99	14.48	12.92	-34.2	-10.8
Equitable	8.5	9.44	4.19	11.1	-56.6
NFG	3.09	3.54	2.45	14.6	-30.8
UGI-Gas	2.17	3.04	3.48	40.1	14.5
UGI Penn Natural	3.38	3.76	3.41	11.2	-9.3
<b>Total</b>	<b>7.34</b>	<b>6.78</b>	<b>4.99</b>	<b>-7.6</b>	<b>-26.4</b>
PGW*		18.33	9.67		-47.2

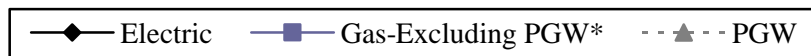
\*PGW did not come under reporting requirements until 2004.

The percentage of billings in debt decreased by 7.6% for the gas industry, excluding PGW, prior to the passage of Chapter 14 from 2002-04 and showed a more dramatic increase of 26.4% since 2004. PGW showed even more dramatic improvement since the passage of Chapter 14, based on the 47.2% decrease in the percentage of billings in debt.

## Percentage of Billings in Debt



\*PGW did not come under reporting requirements until 2004



The weighted arrearage is calculated by dividing the average arrearage by the average bill. It represents the number of average bills in an average arrearage. The higher the number the greater the collections risk.

**Table 10 – Weighted Arrearage – Active Accounts – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	2.48	2.33	1.51	-6.0	-35.2
Duquesne	8.81	7.29	4.42	-17.3	-39.4
GPU*	3.35				
Met-Ed		3.17	3.21	-7.6***	1.3
PECO**	2.46	3.63	4.06	47.6	11.8
Penelec		3.99	3.51	18.8***	-11.8
Penn Power	3.53	3.16	3.31	-10.5	4.7
PPL	3.58	3.96	4.12	10.6	4.0
<b>Total</b>	<b>3.77</b>	<b>3.80</b>	<b>3.91</b>	<b>0.8</b>	<b>2.9</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO statistics include electric and gas.

\*\*\*Percent change from 2003-04.

From 2002 to 2004, the weighted arrearage for the electric industry was nearly stable. It worsened slightly after the passage of Chapter 14, as reflected by the 2.9% increase from 2004-07.

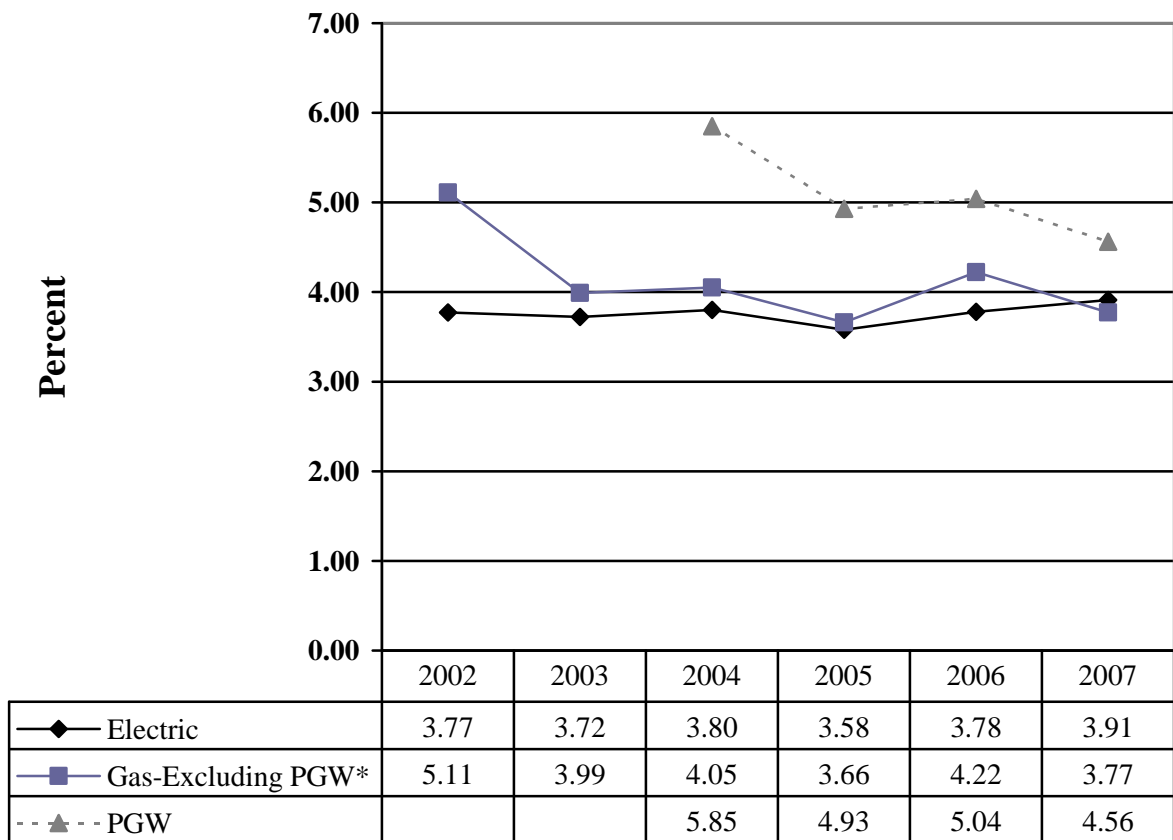
**Table 11 – Weighted Arrearage – Active Accounts – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	4.73	3.48	3.36	-26.4	-3.4
Dominion	10.15	7.21	7.64	-29.0	6.0
Equitable	5.32	3.84	3.36	-27.8	-12.5
NFG	2.50	2.63	2.44	5.2	-7.2
UGI-Gas	2.20	2.33	2.53	5.9	8.6
UGI Penn Natural	2.46	2.61	2.48	6.1	-5.0
<b>Total</b>	<b>5.11</b>	<b>4.05</b>	<b>3.77</b>	<b>-20.7</b>	<b>-6.9</b>
PGW*		5.85	4.56		-22.1

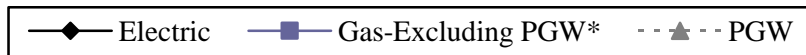
\*PGW did not come under reporting requirements until 2004.

The weighted arrearage for the gas industry, excluding PGW, improved significantly, decreasing by 20.7% from 2002-04. The gas industry showed less improvement following the passage of Chapter 14 as the decline measured 6.9% from 2004-07. PGW's weighted arrearage improved more dramatically than that of its industry peers since the passage of Chapter 14 as the weighted arrearage declined by 22.1% from 2004-07.

### Weighted Arrearage - Active Accounts



\*PGW did not come under reporting requirements until 2004



The gross residential write-off ratio is the percentage of billings written off as uncollectible. The percentage of residential billings written off as uncollectible is the most commonly used long-term measure of collections system performance. This measure is calculated by dividing the annual total gross dollars written off for residential accounts by the annual total dollars of residential billings. This measure offers an equitable basis for comparison.

**Table 12 – Percentage of Gross Residential Write-Offs Ratio – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	1.74	1.86	1.09	6.9	-41.4
Duquesne	5.19	3.15	1.15	-39.3	-63.5
GPU*	2.49				
Met-Ed		2.11	1.93	17.2***	-8.5
PECO**	2.31	2.12	2.24	-8.2	5.7
Penelec		2.33	2.07	7.9***	-11.2
Penn Power	1.35	1.69	1.74	25.2	3.0
PPL	1.51	1.99	1.68	31.8	-15.6
<b>Total</b>	<b>2.28</b>	<b>2.14</b>	<b>1.87</b>	<b>-6.1</b>	<b>-12.6</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO statistics include electric and gas.

\*\*\*Percent change from 2003-04.

The percentage of gross residential write-offs ratio for the electric industry declined by 6.1% prior to the passage of Chapter 14. The residential write-offs ratio continued to decline after the passage of Chapter 14, as indicated by the 12.6% decrease from 2004-07.

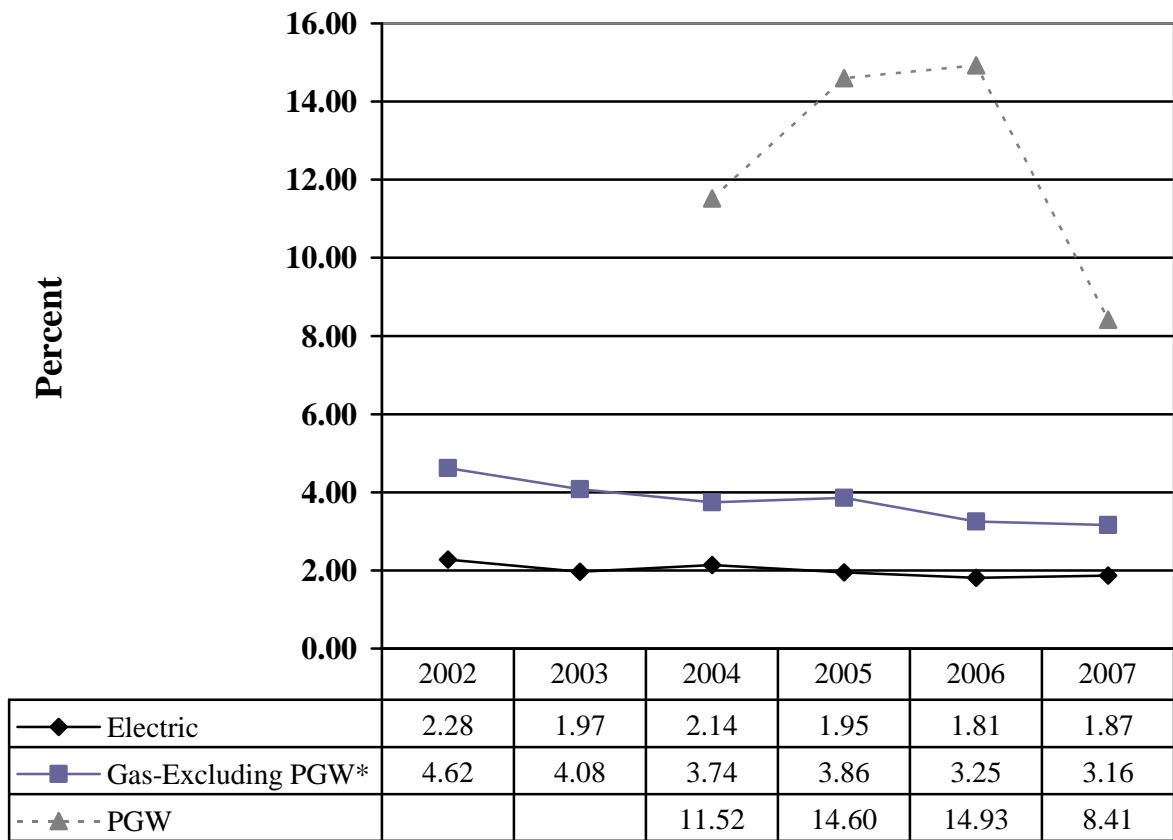
**Table 13 – Percentage of Gross Residential Write-Offs Ratio – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	3.87	4.81	2.61	24.3	-45.7
Dominion	7.70	4.79	3.86	-37.8	-19.4
Equitable	7.44	4.19	3.73	-43.7	-11.0
NFG	3.61	2.45	3.17	-32.1	29.4
UGI-Gas	2.56	2.60	2.93	1.6	12.7
UGI Penn Natural	2.17	2.79	2.81	28.6	0.7
<b>Total</b>	<b>4.62</b>	<b>3.74</b>	<b>3.16</b>	<b>-19.0</b>	<b>-15.5</b>
PGW*		11.52	8.41		-27.0

\*PGW did not come under reporting requirements until 2004.

The percentage of gross residential write-offs ratio for the gas industry declined by 19.0% prior to the passage of Chapter 14 and continued to decline after the passage of Chapter 14, as indicated by the 15.5% decrease from 2004-07. PGW did even better than its industry peers following the passage of Chapter 14 as indicated by the decline of 27.0%.

## Percentage of Gross Residential Write-Off Ratio



\*PGW did not come under reporting requirements until 2004



Universal Service programs are targeted to low-income customers and include the Customer Assistance Program (CAP), the LIURP, Customer Assistance and Referral Evaluation Services (CARES) and Hardship Funds. Universal Service Programs offer an alternative collections strategy for low-income customers aimed at making bills more affordable. Customers who participate in CAP are removed from mainstream collections data and are tracked under Universal Service Program Costs, consistent with the Commission's treatment of such costs for ratemaking purposes.

**Table 14 – Total Universal Service Program Costs – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$5,464,748	\$7,109,745	\$10,275,264	30.1	44.5
Duquesne	\$7,740,834	\$6,396,250	\$13,027,031	-17.4	103.7
Met-Ed	\$1,834,425	\$6,732,082	\$9,995,788	267.0	48.5
PECO*	\$66,179,850	\$86,109,904	\$100,361,093	30.1	16.5
Penelec	\$1,673,680	\$8,613,479	\$12,739,954	414.6	47.9
Penn Power	\$2,516,197	\$2,360,195	\$3,182,635	-6.2	34.8
PPL	\$16,235,685	\$20,334,191	\$27,672,369	25.2	36.1
<b>Total</b>	<b>\$101,645,419</b>	<b>\$137,655,846</b>	<b>\$177,254,134</b>	<b>35.4</b>	<b>28.8</b>

\*Electric and gas combined.

Spending on Universal Service programs increased dramatically prior to the passage of Chapter 14 and this trend continued after the passage of Chapter 14 as the electric companies continued to expand the safety net for low-income customers.

**Table 15 – Total Universal Service Program Costs – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$10,408,791	\$16,344,747	\$24,816,225	57.0	51.8
Dominion	\$2,214,685	\$6,221,196	\$23,570,907	180.9	278.9
Equitable	\$3,984,823	\$6,596,751	\$12,506,073	65.5	89.6
NFG	\$3,098,569	\$5,833,965	\$7,884,198	88.3	35.1
UGI-Gas	\$1,097,623	\$2,615,634	\$5,075,209	138.3	94.0
UGI Penn Natural	\$703,200	\$1,051,530	\$1,604,466	49.5	52.6
<b>Total</b>	<b>\$21,507,691</b>	<b>\$38,663,823</b>	<b>\$75,457,078</b>	<b>79.8</b>	<b>95.2</b>
PGW*		\$60,157,456	\$108,308,951		80.0

\*PGW did not come under reporting requirements until 2004.

Spending on Universal Service programs increased prior to the passage of Chapter 14 and this trend continued even more dramatically after the passage of Chapter 14 as gas companies expanded the safety net for low-income customers during the era of rising gas prices since 2002.

The following table is a summary of various significant collections data variables and collections data performance measures that appear in Section II, Section III and in various appendices in this report. For both the electric and gas industries, the pre-Chapter 14 trend is shown in the columns indicating the change from 2002-04 and the post-Chapter 14 analysis is shown in the columns indicating the change from 2004-07.

**Table 16 – Summary of Collections Measures – Percent Change 2002-04 and Percent Change 2004-07**

<b>Collections Measure</b>	<b>Electric Industry 2002-04</b>	<b>Electric Industry 2004-07</b>	<b>Gas Industry 2002-04*</b>	<b>Gas Industry 2004-07*</b>	<b>PGW 2004-07</b>
Billings	5.4	24.7	38.8	13.0	8.1
Gross Write-Offs Ratio	-6.1	-12.6	-19.0	-15.5	-27.0
Percent of Billings in Debt	-3.2	0.6	-7.6	-26.4	-47.2
Percent of Customers in Debt**	-4.1	1.2	19.4	-19.8	-33.6
Weighted Arrearage	0.8	2.9	-20.7	-6.9	-22.1
Universal Service Programs Costs	35.4	28.8	79.8	95.2	80.0

\*Excludes PGW – PGW did not come under reporting requirements until 2004.

\*\*See Appendix 2 for the explanation of variability among the companies for reporting when they consider an account to be overdue and see Appendix 3 for the explanation of variability of when they move an account from active status to inactive status following a termination or discontinuance of service.



### ***Section III - Level of Access to Utility Service***

This report also is designed to measure the impact of Chapter 14 on access to utility services by residential customers, including low-income customers.

The Commission receives monthly termination and reconnection data from the electric and natural gas distribution companies and limited information on terminated households through the annual Cold Weather Survey (CWS). The CWS data gathering is conducted by the electric and natural gas distribution companies annually during the fall months. The utilities survey residential properties where heat-related service was terminated during the calendar year and not reconnected. Survey results are reported to the Commission and categorized according to income status. The CWS does not provide any indication as to how long the household has been without utility service. A further limitation of the CWS is that customers whose service was terminated in a prior year will not be in the pool of customers to be surveyed in the current year.

Termination of utility service is the most serious consequence of customer nonpayment. The termination of utility service is a last resort when customers fail to meet their payment obligations.

**Table 17 – Terminations – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	8,777	12,007	21,689	36.8	80.6
Duquesne	9,307	10,694	22,624	14.9	111.6
GPU*	9,268				
Met-Ed		4,506	15,432	26.9***	242.5
PECO**	46,040	55,098	53,729	19.7	-2.5
Penelec		5,881	14,061	12.1***	139.1
Penn Power	1,483	1,446	4,598	-2.5	218.0
PPL	7,736	9,061	25,873	17.1	185.5
<b>Total</b>	<b>82,611</b>	<b>98,693</b>	<b>158,006</b>	<b>19.5</b>	<b>60.1</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO statistics include gas and electric.

\*\*\*Percent change from 2003-04.

Terminations for the electric industry were on the rise prior to the passage of Chapter 14. For example, terminations increased by 19.5% from 2002-04. Since 2004, terminations have reached record levels, increasing 60.1 % during the period from 2004 to 2007.

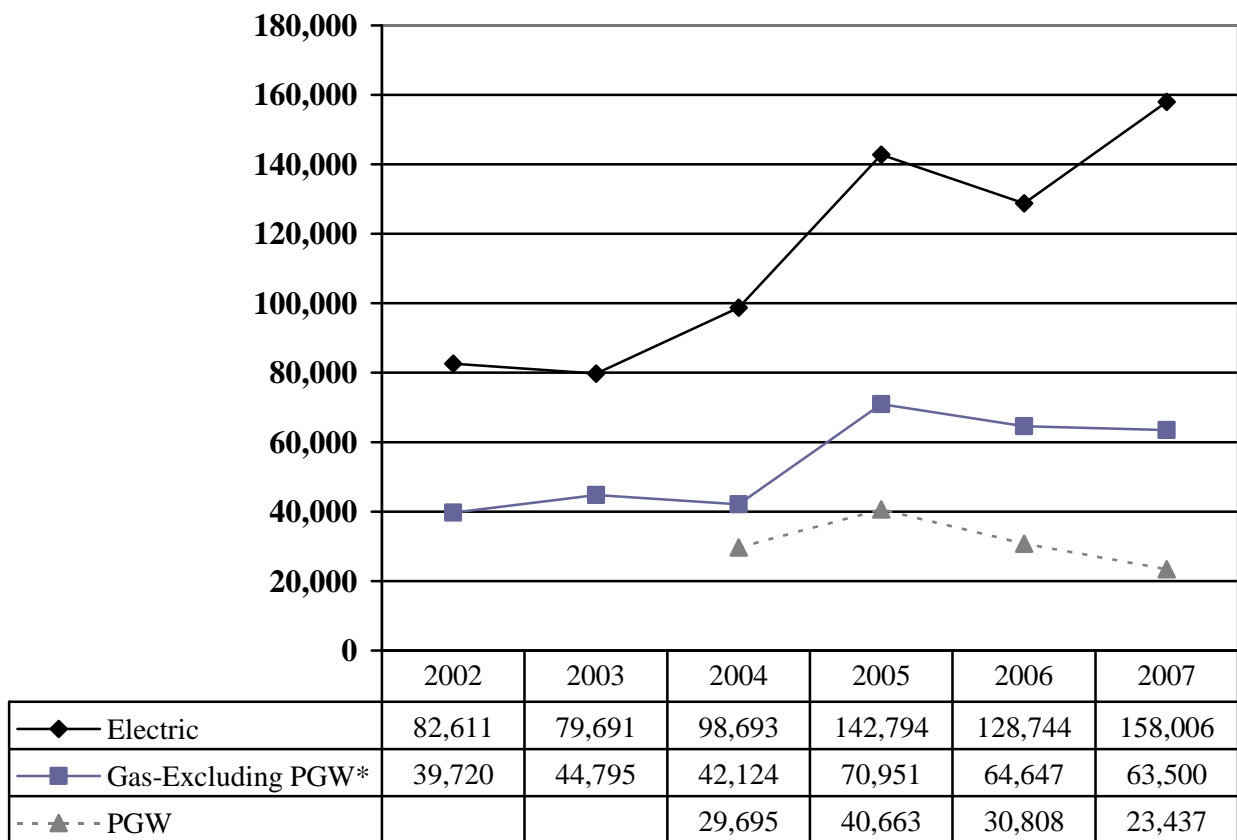
**Table 18 – Terminations – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	5,832	7,545	12,825	29.4	70.0
Dominion	5,131	6,054	5,302	18.0	-12.4
Equitable	11,012	7,023	12,593	-36.2	79.3
NFG	5,880	7,422	11,138	26.2	50.1
UGI-Gas	7,824	8,911	14,577	13.9	63.6
UGI Penn Natural	4,041	5,169	7,065	27.9	36.7
<b>Total</b>	<b>39,720</b>	<b>42,124</b>	<b>63,500</b>	<b>6.1</b>	<b>50.7</b>
PGW*		29,695	23,437		-21.1

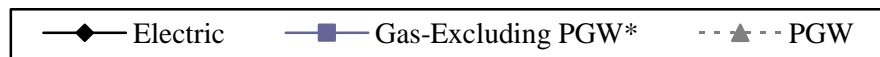
\*PGW did not come under reporting requirements until 2004.

Terminations for the gas industry, excluding PGW rose to record levels since the passage of Chapter 14, with an overall increase of 50.7% from 2004-07. This followed a period of a more modest increase of 6.1% from 2002-04. Interestingly, PGW has shown a 21.1% reduction in terminations since 2004, while also showing improvement across the board for the residential collections performance measures presented in this report.

## Terminations



\*PGW did not come under reporting requirements until 2004



The termination rate is calculated by dividing the number of terminations by the number of customers.

**Table 19 – Termination Rate – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	1.48	2.00	3.55	35.1	77.5
Duquesne	1.77	2.03	4.31	14.7	112.3
GPU*	0.98				
Met-Ed		0.98	3.22	24.1**	228.6
PECO	3.32	3.95	3.82	19.0	-3.3
Penelec		1.17	2.78	12.5**	137.6
Penn Power	1.10	1.05	3.30	-4.5	214.3
PPL	0.68	0.78	2.16	14.7	176.9
<b>Total</b>	<b>1.75</b>	<b>2.06</b>	<b>3.25</b>	<b>17.7</b>	<b>57.8</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*Percent change from 2003-04.

Terminations for the electric industry have risen to record high levels since the passage of Chapter 14, increasing from 2.06 to 3.25 from 2004-07. Overall, the termination rate has increased by 86% from 2002-07.

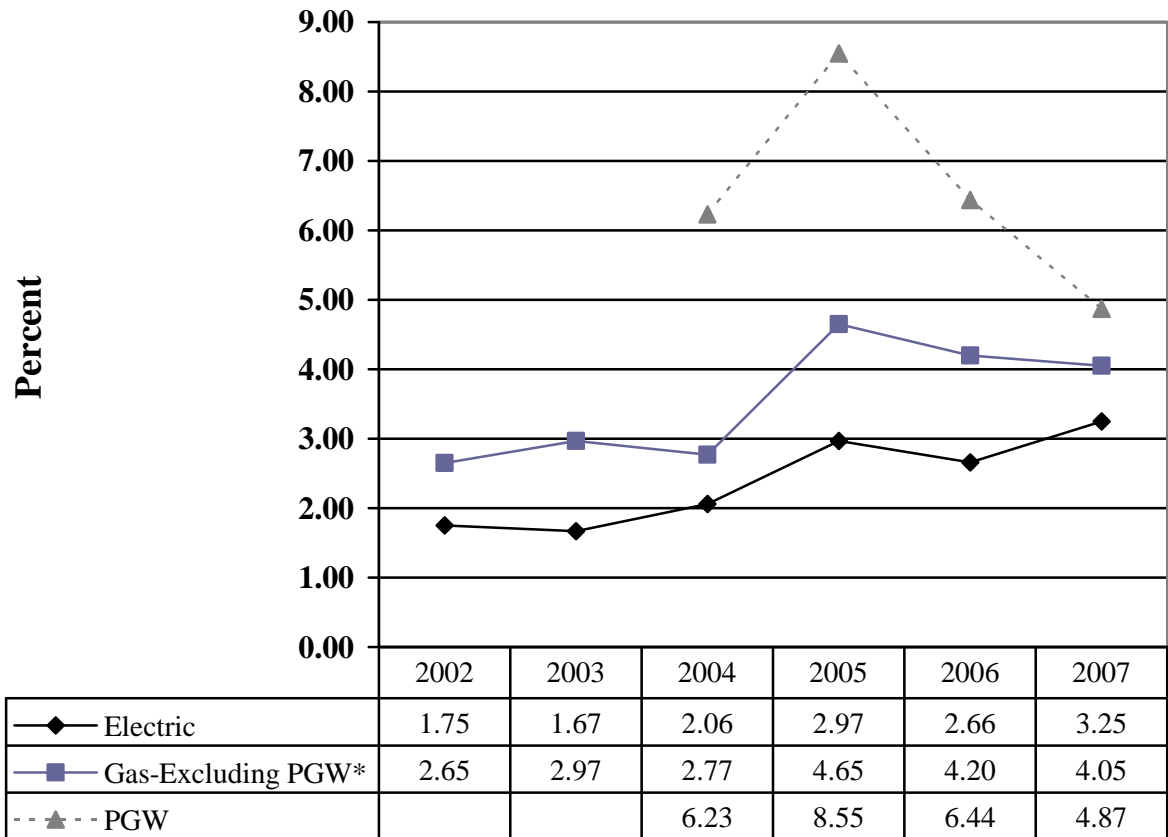
**Table 20 – Termination Rate – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	1.67	2.11	3.48	26.3	64.9
Dominion	1.59	1.87	1.63	17.6	-12.8
Equitable	4.66	3.00	5.28	-35.6	76.0
NFG	3.01	3.81	5.62	26.6	47.5
UGI-Gas	3.06	3.30	4.96	7.8	50.3
UGI Penn Natural	2.91	3.69	4.95	26.8	34.1
<b>Total</b>	<b>2.65</b>	<b>2.77</b>	<b>4.05</b>	<b>4.5</b>	<b>46.2</b>
PGW*		6.23	4.87		-21.8

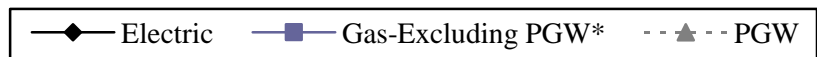
\*PGW did not come under reporting requirements until 2004.

The termination rate for the gas industry, excluding PGW, has risen to record high levels since the passage of Chapter 14, going from 2.77 in 2004 to 4.05 in 2007. In contrast, PGW reported a decrease in the termination rate from 6.23 in 2004 to 4.87 in 2007, while showing improvement in overall collections performance under Chapter 14.

## Termination Rate



\*PGW did not come under reporting requirements until 2004



Reconnection of service occurs when a customer pays his/her debt in full or makes a significant up-front payment and agrees to a payment agreement for the balance owed to the company.

**Table 21 – Reconnections – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	4,176	6,084	14,184	45.7	133.1
Duquesne	4,461	6,182	16,360	38.6	164.6
GPU*	3,205				
Met-Ed		1,953	12,457	43.7**	537.8
PECO	30,118	35,469	36,468	17.8	2.8
Penelec		2,558	10,162	36.9**	297.3
Penn Power	550	589	3,740	7.1	535.0
PPL	3,742	3,681	18,595	-1.6	405.2
<b>Total</b>	<b>46,252</b>	<b>56,516</b>	<b>111,966</b>	<b>22.2</b>	<b>98.1</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*Percent change from 2003-04.

Reconnections for the electric industry were on the rise prior to the passage of Chapter 14, by 45.7%. Since 2004, electric reconnections have increased dramatically, 98.1% from 2004-07.

**Table 22 – Reconnections – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	4,670	2,797	7,489	-40.1	167.8
Dominion	2,384	2,320	2,380	-2.7	2.6
Equitable	4,225	1,964	9,393	-53.5	378.3
NFG	2,923	3,304	7,234	13.0	118.9
UGI-Gas	6,235	2,819	9,182	-54.8	225.7
UGI Penn Natural	2,495	3,131	3,716	25.5	18.7
<b>Total</b>	<b>22,932</b>	<b>16,335</b>	<b>39,394</b>	<b>-28.8</b>	<b>141.2</b>
PGW		24,937	22,247		-10.8
<b>Total w/PGW</b>		<b>41,272</b>	<b>61,641</b>		<b>49.4</b>

As with terminations, reconnections for the gas industry, excluding PGW rose to record levels since the passage of Chapter 14, with an overall increase of 141.2% from 2004-07. However, PGW was the only gas company to show decrease (10.8%) in reconnections during this same period.

Reconnect ratio is calculated by dividing the number of reconnections by the number of terminations in a calendar year.

**Table 23 – Reconnect Ratio – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	47.6	50.7	65.4	6.5	29.0
Duquesne	47.9	57.8	72.3	20.7	25.1
GPU*	34.6				
Met-Ed		43.3	80.7	13.1**	86.4
PECO	65.4	64.4	67.9	-1.5	5.4
Penelec		43.5	72.3	22.2**	66.2
Penn Power	37.1	40.7	81.3	9.7	99.8
PPL	48.4	40.6	71.9	-16.1	77.1
<b>Total</b>	<b>56.0</b>	<b>57.3</b>	<b>70.9</b>	<b>2.3</b>	<b>23.7</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*Percent change from 2003-04.

The electric industry's reconnect ratio showed little improvement, 2.3% prior to the passage of Chapter 14. The overall reconnection ratio for the electric industry improved with a 23.7% increase from 2004-07.

**Table 24 – Reconnect Ratio – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	80.1	37.1	58.4	-53.7	57.4
Dominion	46.5	38.3	44.9	-17.6	17.2
Equitable	38.4	28.0	74.6	-27.1	166.4
NFG	49.7	44.5	65.0	-10.5	46.1
UGI-Gas	79.7	31.6	63.0	-60.4	99.4
UGI Penn Natural	61.7	60.6	52.6	-1.8	-13.2
<b>Total</b>	<b>57.7</b>	<b>38.8</b>	<b>62.0</b>	<b>-32.8</b>	<b>59.8</b>
PGW		84.0	94.9		13.0
<b>Total w/PGW</b>		<b>57.5</b>	<b>70.9</b>		<b>23.3</b>

Prior to the passage Chapter 14, the gas industry's reconnection ratio excluding PGW, deteriorated by 32.8% from 2002-04. The reconnection ratio for the gas industry, excluding PGW rose nearly 60% since the passage of Chapter 14. PGW's reconnection ratio also improved 13% during this period.

## **Cold Weather Survey (CWS)**

In accordance with 52 Pa. Code § 56.100(4) and § 56.100(5), all utilities subject to this Chapter are required to survey those premises where heat-related service, including any landlord-ratepayer accounts, has been terminated during the year.

Every December, the PUC releases its cold weather survey results, which assess the number of households without heat-related service entering the winter months. As part of the survey, the PUC requires natural gas and electric utilities to check residential properties where service has been shut off. Contact is attempted through both telephone calls and in-person visits to the homes. In the pre-Chapter 14 period of 2001-2004, there was an average of 12,049 households who entered the winter heating season without heat-related utility service. This number peaked in 2005 at 17,400 households. Although the number declined to 13,762 in 2007, it continues to exceed the pre-Chapter 14 levels.

Homes using potentially unsafe heating sources also are counted because the home is not relying on a central heating system. According to the National Fire Protection Association, potentially unsafe sources of heat include kerosene heaters, kitchen stoves or ovens, electric space heaters, fireplaces and connecting extension cords to neighbors' homes. According to the 2007 survey, there were 3,095 residences using potentially unsafe heating sources, bringing the total homes not using a central heating system to 16,857. The total number of homes not using a central heating system continues to be considerably higher than the pre-Chapter 14 average of 14,992.

The 2007 survey results also show that as of Dec. 15, 2007:

- 3,815 residential households remain without electric service; 11,468 residences where service was terminated now appear to be vacant; and 77 households are heating with potentially unsafe heating sources. The total electric residences without safe heating are 3,892.
- 9,947 residential households that heat with natural gas are without service; 5,826 residences where service was terminated now appear to be vacant; and 3,018 households are heating with potentially unsafe heating sources. The total natural gas residences without safe heating are 12,965.
- PGW reported that 5,552 households that heat with natural gas are without service - the highest number of all utilities. About 7,043 or 42% of the total off accounts that have no service live in the Philadelphia area.

The Commission urges customers to call their utility and the PUC for help in getting their service restored.

The CWS Charts show the number of residential properties without service for each of the major, regulated electric and natural gas distribution companies in the Commonwealth. In the charts, pre-Chapter 14 is shown as the average of the years 2001-2004. The years 2006 and 2007, as shown in Tables 25 and 26, represent the two most recent years of available data.



**Table 25**  
**4-Year Average 2001-2004, 2006, & 2007 Cold Weather Survey Results – Electric**

Survey Outcome	Allegheny	Duquesne	Met-Ed <sup>1</sup>	PECO <sup>2</sup>	Penelec <sup>1</sup>	Penn Power	PPL	UGI-Electric	Total	% Change from Avg. of 2001-04 to 2006	% Change from Avg. of 2001-04 to 2007	% Change 2006-07
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**Total Vacant Residences**

<b>Avg. of 2001-04</b>	1,415	1,201	466	2,823	372	319	1,312	88	7,995			
<b>2006</b>	2,023	1,477	579	1,958	882	440	1,649	155	9,163	15%		
<b>2007</b>	2,154	1,499	1,064	1,586	1,361	663	2,947	194	11,468		43%	25%

**Total Households Using Potentially Unsafe Heating Sources<sup>3</sup>**

<b>Avg. of 2001-04</b>	30	13	9	41	10	3	6	5	115			
<b>2006</b>	39	0	17	29	19	2	4	4	114	-1%		
<b>2007</b>	28	0	9	13	23	0	1	3	77		-33%	-32%

**Total Households Without Service After Completion of the Survey**  
**(Excludes Households Using Potentially Unsafe Heating Sources, Other Central Heating Sources and Vacant)**

<b>Avg. of 2001-04</b>	61	704	59	2,165	33	2	282	1	3,306			
<b>2006</b>	126	788	124	1,485	188	69	43	2	2,825	-15%		
<b>2007</b>	132	999	448	1,478	534	195	10	19	3,815		15%	35%

**Total Households Without a Central Heating Source Due to Termination of Utility Service**  
**(Includes Households Using Potentially Unsafe Heating Sources and Excludes Other Central Heating Sources and Vacant Residences)**

<b>Avg. of 2001-04</b>	91	717	68	2,205	43	5	288	6	3,421			
<b>2006</b>	165	788	141	1,514	207	71	47	6	2,939	-14%		
<b>2007</b>	160	999	457	1,491	557	195	11	22	3,892		14%	32%

<sup>1</sup> Beginning 2003, Met-Ed and Penelec reported data separately. The average is for 2003-05.

<sup>2</sup> PECO statistics include electric and gas.

<sup>3</sup> Potentially Unsafe Heating Sources include kerosene heaters, electric space heaters, oil-filled space heaters, fireplaces, kitchen stoves or ovens, and use of extension cords to neighbor's service.

**Table 26**  
**4-Year Average, 2006 & 2007 Cold Weather Survey Results – Gas**

Survey Outcome	Columbia	Dominion	Equitable	NFG	PGW <sup>1</sup>	UGI Central Penn <sup>2</sup>	T.W. Phillips	UGI-Gas	UGI Penn Natural	Total	% Change from Avg. of 2001-04 to 2006	% Change from Avg. of 2001-04 to 2007	% Change 2006-07
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**Total Vacant Residences**

<b>Avg. of 2001-04</b>	679	533	675	734	1,487	210	157	551	356	5,381			
<b>2006</b>	778	738	953	1,077	2,542	201	219	658	616	7,782	45%		
<b>2007</b>	885	579	721	866	1,200	190	135	593	657	5,826		8%	-25%

**Total Households Using Potentially Unsafe Heating Sources<sup>3</sup>**

<b>Avg. of 2001-04</b>	192	234	519	291	1,051	97	73	274	100	2,828			
<b>2006</b>	299	131	386	855	870	207	117	394	321	3,580	27%		
<b>2007</b>	224	65	240	563	601	232	82	423	588	3,018		7%	-16%

**Total Households Without Service After Completion of the Survey**  
**(Excludes Households Using Potentially Unsafe Heating Sources, Other Central Heating Sources and Vacant)**

<b>Avg. of 2001-04</b>	833	595	1,443	319	4,483	114	86	868	3	8,743			
<b>2006</b>	1,092	595	1,044	629	8,428	87	193	1,155	3	13,226	51%		
<b>2007</b>	955	780	1,310	510	4,951	113	170	943	215	9,947		14%	-25%

**Total Households Without a Central Heating Source Due to Termination of Utility Service**  
**(Includes Households Using Potentially Unsafe Heating Sources and Excludes Other Central Heating Sources and Vacant Residences)**

<b>Avg. of 2001-04</b>	1,025	828	1,962	610	5,534	211	159	1,141	103	11,571			
<b>2006</b>	1,391	726	1,430	1,484	9,298	294	310	1,549	324	16,806	45%		
<b>2007</b>	1,179	845	1,550	1,073	5,552	345	252	1,366	803	12,965		12%	-23%

<sup>1</sup> PGW did not come under reporting requirements until 2004.

<sup>2</sup> Because of mergers with other companies, the PUC began reporting data for UGI Central Penn in 2003.

<sup>3</sup> Potentially Unsafe Heating Sources include kerosene heaters, electric space heaters, oil-filled space heaters, fireplaces, kitchen stoves or ovens, and use of extension cords to neighbor's service.

## **Media Reported Incidents Related to Lack of Utility Service**

When alerted to a possible utility-related tragedy, historically through media reports<sup>1</sup>, the Commission investigates the incident by contacting the utilities involved, and, if necessary, health and safety officials in the municipality. If it appears that a lack of utility service was involved, staff initiates a preliminary investigation into possible compliance issues. If possible compliance issues are identified, staff refers the matter to the appropriate bureau for possible enforcement action. The Commission tracks the incidents as well as subsequent informal and formal investigations and settlements or other outcomes.

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<sup>1</sup> Because this information has historically come from media sources, the Commission may not have a comprehensive listing of all such incidents. To help address the shortcomings in this data, the Commission has proposed revising the Chapter 56 regulations to include a requirement that directs utilities to report to the Commission anytime they become aware of a death at a residence lacking utility service.

#### ***Section IV - Effect on the Level of Consumer Complaints and Payment Arrangement Requests Filed and Adjudicated with the Commission***

The Commission measures the effect of Chapter 14 on the level of consumer complaints and payment arrangement requests filed with and adjudicated by the Commission.

Generally, customer contacts to the BCS fall into three basic categories: consumer complaints, requests for payment arrangements and inquiries. BCS classifies contacts regarding complaints about utilities' actions - including those related to billing, service delivery and repairs - as consumer complaints. Contacts involving payment negotiations for unpaid utility service are regarded as PARs. Consumer complaints and PARs are often collectively referred to as informal complaints. Inquiries include information requests and opinions from consumers, most of which do not require investigation by BCS.

## **Consumer Complaints**

The following represents the number of residential consumer complaints to the BCS from 2002-08.

**Table 27 – Consumer Complaints**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>
Electric	4,680	5,194	5,330	4,720	4,212	5,106	4,036
Gas	4,346	5,313	5,992	6,200	5,912	4,666	3,303
Water	1,064	1,230	1,189	1,298	1,104	1,261	937
<b>Totals</b>	<b>10,090</b>	<b>11,737</b>	<b>12,511</b>	<b>12,218</b>	<b>11,228</b>	<b>11,033</b>	<b>8,276</b>

\*The 2008 data is based on data as of Oct. 10, 2008. It is included in this report because it provides the most current and comprehensive data as possible.

## **Payment Arrangement Requests (PARs)**

PARs primarily include contacts to the BCS or to utilities involving requests for payment terms in one of the following situations:

- Termination of service is pending;
- Service has been terminated and the customer needs payment terms to have service restored; and
- The customer wants to retire an arrearage.

The table below represents the number of PARs to BCS from 2002-08.

**Table 28 – Payment Arrangement Requests**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>
Electric	41,735	50,015	45,758	29,636	25,048	28,173	31,535
Gas	29,612	36,435	40,378	24,059	18,271	16,112	13,619
Water	3,073	4,021	3,805	4,977	3,499	4,171	3,175
<b>Totals</b>	<b>74,420</b>	<b>90,471</b>	<b>89,941</b>	<b>58,672</b>	<b>46,818</b>	<b>48,456</b>	<b>48,329</b>

\*The 2008 data is based on data as of Oct. 10, 2008. It is included in this report because it provides the most current and comprehensive data as possible.

## **Number of Non-Cap Customers Denied a Payment Arrangement By The Commission**

Beginning in 2005, BCS started tracking the number of customers who called the Commission's termination hotline seeking assistance to avoid termination, but were turned away because the customer was not eligible for assistance. Section 1405(d) of Chapter 14 prohibits the Commission from establishing a second payment agreement if the customer has defaulted on a previous payment agreement. The only permitted exception is if the customer has experienced a change in income since the previous agreement as defined in Section 1403 definitions: "A decrease in household income of 20% or more if the customer's household income level exceeds 200% of the federal poverty level or a decrease in household income of 10% or more if the customer's household income level is 200% or less of the federal poverty level."

The table below represents the number of customers turned away by the Commission because it was determined that the customer was not eligible for a payment arrangement per the above mentioned section of Chapter 14. These customers are not participating in the utility's CAP.

**Table 29**

<b>Non-CAP Customers Turned Away by Call Center Because of Ineligibility</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>	<b>TOTALS</b>
Service is on	23,326	6,812	6,888	4,678	<b>41,704</b>
Service is off	4,760	523	191	194	<b>5,668</b>
<b>Totals</b>	<b>28,086</b>	<b>7,335</b>	<b>7,079</b>	<b>4,872</b>	<b>47,372</b>

\*The 2008 data is based on data as of Oct. 10, 2008. It is included in this report because it provides the most current and comprehensive data possible.

In addition to the above noted restrictions, Section 1405(c) forbids the Commission from establishing a payment agreement for customers who participate in a utility's CAP. The table below represents the number of customers turned away by the Commission because it was determined the customer was not eligible for a payment arrangement because they were a participant in the utility's CAP.

**Table 30**

<b>CAP Customers Turned Away by Call Center Because of Ineligibility</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>	<b>TOTALS</b>
CAP Customers	5,403	5,240	7,114	6,387	<b>24,144</b>

\*The 2008 data is based on data as of Oct. 10, 2008. It is included in this report because it provides the most current and comprehensive data possible.

### **Payment Agreement Requests Dismissed Without a Decision**

In addition to those already described as ineligible for PUC payment agreement, occasions also exist where a PAR will be opened with the BCS but will be subsequently dismissed because the customer is not eligible for a new payment agreement. This is usually for the reasons previously discussed, namely the customer has previously defaulted on a payment agreement and is not eligible for a second.

The table below represents the number of customers that had their BCS case dismissed because it was determined they were not eligible for a subsequent payment agreement.

**Table 31**

<b>Payment Agreement Requests Dismissed Without a Decision</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>	<b>Total</b>
Cases Dismissed	14,225	7,328	6,005	4,031	<b>31,589</b>

\*The 2008 data is based on data as of Oct. 10, 2008. It is included in this report because it provides the most current and comprehensive data possible.

### **Customers Under a Protection From Abuse (PFA) Order Who Received a Payment Agreement from the PUC**

Section 1417 of Chapter 14 specifies that the chapter "...shall not apply to victims under a PFA Order as provided by 23 Pa. C.S. Ch. 61 (relating to protection from abuse)." In May 2005, the BCS modified its complaint tracking system to allow the tracking of complaints that involved customers with PFA orders. The table below represents the number of such complaints.

**Table 32**

<b>Complaints From Customers With PFA Order</b>					
	<b>2005*</b>	<b>2006</b>	<b>2007</b>	<b>2008**</b>	<b>Total</b>
Number of Complaints	2	21	14	8	<b>45</b>

\*The Bureau of Consumer Services only started tracking PFA cases in mid-2005.

\*\*The 2008 data is based on data as of Oct. 10, 2008. It is included in this report because it provides the most current and comprehensive data possible.

## CONCLUSION

In the First Biennial Report to the General Assembly and the Governor Pursuant to Section 1415 submitted on Dec. 14, 2006, we concluded that a comprehensive evaluation of the impact of Chapter 14 was premature. The findings from the second report are presented below.

### **Section I – The degree to which the Chapter’s requirements have been successfully implemented**

Chapter 14 has been in effect for four years and the Commission’s goals remain unchanged. The Commission has taken steps to implement Chapter 14 in a manner that will allow it to achieve the policy goals of increasing utility account collections and eliminating the subsidization of bad debt costs by paying customers. Most notably, the Commission has issued a proposed rulemaking to update the provisions of the Chapter 56 regulations consistent with the mandates of Chapter 14. On a daily basis, the Commission works to implement Chapter 14 as fairly as possible and to ensure that service remains available to all customers on reasonable terms and conditions.

The number of informally verified infractions found by the Commission relative to the electric, gas and water industries, as shown in Tables 1 through 3, in addition to the formal settlements resulting from informal investigations of the Commission’s Prosecutory Staff, demonstrate that not all utilities have fully integrated Chapter 14 into their standard operating procedures. The Commission is concerned that failure of utilities to fully implement Chapter 14 leads to unlawful or erroneous terminations, which present serious issues of health and safety for both the individuals directly involved and the surrounding community. The Commission takes such matters seriously and works to address these issues with utilities on a case-by-case basis.

### **Section II – The effect upon the cash working capital or cash flow, uncollectible levels and collections of the affected public utilities**

The overall collections performance for the electric industry has shown some deterioration since the passage of Chapter 14, offsetting the improvements shown in the pre-Chapter 14 period from 2002-04. Specifically, the 24.7% increase in residential revenues since 2004 has been offset by an increasing percentage of customers who owe an increasing amount of money. On the positive side, despite the dramatic increase of 60.1% in the number of terminations since the passage of Chapter 14, electric reconnections have increased dramatically, 98.1% from 2004-07. In addition, the gross residential write-offs ratio declined by 12.6 % from 2004-07. The electric industry has also expanded CAP spending by 28.8% since the passage of Chapter 14.

The overall collections performance for the gas industry improved from 2004-07. This improvement reflects the continuation of a trend that had already begun in the pre-Chapter 14 period from 2002-04. During the post-Chapter 14 period, the percentage of customers in debt declined by 26.4% while the number of customers owing money also declined. The gross



residential write-offs ratio declined by 15.5% since the passage of Chapter 14, despite the dramatic increase of 50.7% in the number of terminations from 2004-07. Significantly, the gas industry has expanded CAP spending by 95.2% since 2004.

Overall, the analysis of the various collections data shows a dramatic pattern of improvement for PGW since the passage of Chapter 14. PGW has outperformed its peer companies in terms of the magnitude of this improvement. Fewer customers owe money to PGW while the amount of debt has also declined since 2004. Significantly, PGW stands out for decreasing the number of terminations by 21.1% while improving collections performance since the passage of Chapter 14, including a 27.0% decrease in its gross residential write-offs ratio. However, PGW was the only utility to show a decrease (10.8%) in reconnections since the passage of Chapter 14.

As shown above, it is clear that the impact on residential collections has become more developed since our initial report. The increase in the enrollment and amount spent on CAP since the passage of Chapter 14 appears to be making a noteworthy contribution to the overall collections trend line. The major electric and natural gas distribution companies increased CAP spending from \$208,411,933 in 2004 to \$330,367,936 in 2007. The corresponding year-end CAP enrollments increased from 305,303 in 2004 to 396,732 in 2007. The collections data presented in this report do not include CAP accounts, consistent with the Commission's historical treatment of CAP accounts. For ratemaking purposes, CAP costs are recovered as a Universal Service Program Expense and not as a collections expense. The net effect in the growth of the CAP programs is that these customer arrearages are removed from the amount of current arrearages. While we commend the utilities for expanding the CAP program, we want to be clear about its impact on the collections data reported herein.

It does not appear that the electric industry's strategy of terminating a record high number of customers since the passage of Chapter 14 has been successful. Looking ahead, the Commission is quite concerned about the collections performance of the electric industry as rate caps are lifted for PPL on Dec. 31, 2009, and for Met-Ed, Penelec and Allegheny on Dec. 31, 2010. The early projections for rate increases are cause for concern when combined with diminishing purchasing power for customers in our current economic climate. These factors may make it more challenging and difficult for the electric industry to manage its collections performance and costs.

### **Section III – The level of access to utility services by residential customers including low-income customers**

As for access to utility service, the Cold Weather Survey data is the most important indicator followed by the number of terminations. Terminations increased by 60% for the electric industry and by 21% for the gas industry from 2004-07. This pattern has continued into 2008. The companies reported that as of Dec. 15, 2007, there were 13,762 households who entered the winter season without heat-related service. An additional 3,095 residences were using potentially unsafe heating sources bringing the total number of homes not using a central heating system to 16,857. This number is considerably higher than the pre-Chapter 14 average from 2001-04 of 14,992. These results show that more Pennsylvania households face

potential dangers from lack of essential utility service since the passage of Chapter 14. Meanwhile, the Commission turned away 71,516 customers seeking PARs who were deemed ineligible under Chapter 14 since its passage.

Low-income households who are placed into a CAP program and successfully manage to pay their CAP bills represent the success of the safety net that is in place for our poorest households. However, there are low-income households who are payment-troubled and have not yet been placed into a CAP program. In fairness to the companies, this is a diminishing, but still significant, number of such households since the passage of Chapter 14. Consequently, there is still room for CAP programs to grow. For CAP customers who fail to meet their obligations under CAP, there is no recourse other than to pay their arrearages and current balances in order to maintain utility service. This is arguably a losing proposition for them. In the Commission's opinion, these customers are at the greatest risk because they are out of options.

#### **Section IV – The effect upon the level of consumer complaints and mediations filed with and adjudicated by the Commission (Mediations are currently known as payment arrangement requests under § 1415)**

Chapter 14 has had the greatest impact on the number of PARs. PARs decreased 35% in the year following the enactment of Chapter 14 and the Commission turned away over 33,000 callers due to the restrictions on its ability to grant payment agreements. Since the passage of Chapter 14, the Commission has turned away 71,516 customers seeking PARs. Consumer complaint volume has declined by 12% from 2004-07 while PARs declined by 46% over this time.

The Commission opened 58,672 PAR cases in 2005, but dismissed 14,225 because of Chapter 14 restrictions. The total number of PARs continued to decrease in 2006. However, only 7,335 of these cases were dismissed because in late 2005 the Commission revised its interpretation of Section 1405(d) to permit the issuance of at least one payment arrangement for all customers, including those whose service was terminated. While the Commission continues to issue payment terms for customers whose service has been terminated, this authority is exercised judiciously and only in instances where the customer has made a good-faith effort to pay the bill. The number of PARs handled by the Commission has increased in subsequent years, but remains significantly below pre-Chapter 14 levels.

#### **Recommendations**

At this time, the Commission has no consensus recommended amendments to suggest. The Commission will continue to evaluate what, if any legislative amendments may be necessary to further promote the goals of the Act and the public interest and communicate them to the Governor and General Assembly in the Third Biennial Report.

Although not specifically mandated by Chapter 14, the Commission respectfully requests continued support for the federally funded Low-Income Home Energy Assistance Program (LIHEAP) by lobbying our Congress to maintain the current level of assistance.

Additionally, we ask the General Assembly to consider introducing legislation directing additional state dollars to assist our low-income households in Pennsylvania, above the already earmarked \$10 million per year that is spread over the next four years. As for this \$10 million, we ask that an energy emergency be declared releasing these funds for the current winter heating season.

Financial support is necessary because the declining economy is creating a “new poor” as diminishing purchasing power for consumers combines with higher utility costs. We have yet to feel the full extent of these costs since rate caps have yet to expire for over 80% of the electric industry’s residential customer base. The vast majority of these customers have incomes that exceed our current threshold for safety net programs like CAP.

Pennsylvania utilities currently spend over \$350 million on safety net programs and the residential rate base bears this financial burden. Although this funding source is a significant and, in our opinion, cost-effective method of assisting low-income households in Pennsylvania, it is arguably inadequate as we face projected higher energy prices.

It is likely that additional thousands of utility customers will face unaffordable utility bills in the years ahead. Given the continuing trend of higher levels of service terminations under Chapter 14, the economy and the prospect of higher utility prices, greater numbers of Pennsylvania households may be faced with the risk of losing essential utility services in the coming years. Additional funding and support for safety net program is critical to ensure that all Pennsylvania households receive essential utility services.

### **Target Dates for Future Biennial Reports**

The Commission will issue its third biennial report by Dec. 14, 2010, and will include data from 2008-2009. Through the issuance of the Biennial Report, the Commission will keep the General Assembly and Governor abreast of the implementation of Chapter 14. Following the 2010 Report, subsequent Biennial Reports will then be sent to the General Assembly and the Governor by Dec. 14, 2012 and 2014. In recognition of the sunset of Chapter 14 on Dec. 14, 2014, the Commission may target an earlier release date of the final biennial report so that it is available for the legislature to use in its decision-making on whether to allow Chapter 14 to sunset, to modify it, or to continue it without change.

## **APPENDICES**

## **Appendix 1 – Collections Data Variables**

Collections data variables include the total:

1. Number of residential customers;
2. Dollar amount of annual collections operating expenses;
3. Dollar amount of annual residential billings;
4. Dollar amount of gross residential write-offs;
5. Number of active residential accounts in arrears and not on a payment agreement;
6. Dollar amount in arrears for active residential accounts in arrears and not on a payment agreement;
7. Number of active residential accounts in arrears and on a payment agreement;
8. Dollar amount in arrears for active residential accounts in arrears and on a payment agreement;
9. Number of inactive residential accounts in arrears;
10. Dollar amount in arrears for inactive residential accounts in arrears;
11. Number of terminations for non-payment as defined at § 1406(a)(1) or § 1406(a)(2) or § 1406(a)(3);  
  
Number of terminations for other reasons including failure to permit access, unauthorized use of service, fraud, meter tampering and safety as defined at § 1406(a)(4), § 1406(c)(1)(i), § 1406(c)(1)(ii), § 1406(c)(1)(iii) and § 1406(c)(1)(iv);
12. Number of reconnections for customer payment by income level;
13. Number of reconnections for medical certification by income level;
14. Number of reconnections for reasons other than customer payment or medical certification;
15. Number of applicants that are billed a security deposit;

16. Dollar amount of security deposits billed to applicants;
17. Number of customers that are billed a security deposit;
18. Dollar amount of security deposits billed to customers;
19. Number of security deposits on-hand;
20. Dollar amount of security deposits on-hand;
21. Dollar amount of actual LIURP spending for the previous year;
22. Dollar amount of CAP administrative costs for the previous year;
23. Dollar amount of CAP credits for the previous year;
24. Dollar amount of CAP pre-program arrearage forgiveness for the previous year;
25. Dollar amount of Customer Assistance and Referral Evaluation Services (CARES) program costs for the previous year; and
26. Dollar amount of hardship fund administrative costs assessed to ratepayers for the year just completed.

The Commission's Bureau of Consumer Services has advocated that the bill due date is equal to day zero, the starting point for determining when an account should be considered overdue, and this position is clarified in the Collections Data Dictionary filed at the Docket M-00041802F0003. The table below shows the individual company variations for the historical data set presented in this report and applies to all tables that show overdue customers or overdue dollars.

## **Appendix 2 – When is an Account Considered to be Overdue?**

<b>Company</b>	<b>When is Day Zero (0)</b>	<b>How Many Days Overdue</b>	<b>Days of Variance from BCS Interpretation</b>
Allegheny	Bill Due Date	10 Days	20 Days Sooner
Duquesne	Bill Due Date	30 Days	0 Days
Met-Ed and Penelec	Bill Due Date	30 Days	0 Days
PECO-Electric	Bill Transmittal Date	30 Days	20 Days Sooner
Penn Power	Bill Due Date	30 Days	0 Days
PPL	Bill Transmittal Date	60 Days	10 Days Later
Columbia	Bill Due Date	30 Days	0 Days
Dominion	Bill Transmittal Date	30 Days	20 Days Sooner
Equitable	Bill Due Date	30 Days	0 Days
NFG	Bill Rendition Date*	60 Days	9 Days Later
PECO-Gas	Bill Transmittal Date	30 Days	20 Days Sooner
PGW	Bill Transmittal Date	30 Days	20 Days Sooner
UGI-Gas	Bill Due Date	30 Days	0 Days
UGI Penn Natural	Bill Due Date	30 Days	0 Days

\*Bill Rendition Date is one day prior to the Bill Transmittal Date.

After an account is terminated or discontinued, it is no longer considered to be an active account. These accounts then become “inactive” accounts. Ultimately, these accounts are either paid or written-off according to each company’s accounting or write-off procedures. We will begin to quantify the number of inactive accounts and corresponding arrearages beginning with 2007 collections data due to be reported to the Commission in 2008.

### **Appendix 3 – When Does an Account Move from Active to Inactive Status?**

<b>Company</b>	<b>After an Account is Terminated</b>	<b>After an Account is Discontinued</b>
Allegheny	10 Days after Termination Date	0 to 1 Day after Final Bill Transmittal Date
Duquesne	7 Days after Termination Date	3 to 5 Days after Discontinuance
Met-Ed and Penelec	10 Days after Termination Date	Same Day as Discontinuance
PECO-Electric	30 to 32 Days after Termination Date	Same Day as Discontinuance
Penn Power	10 Days after Termination Date	Same Day as Discontinuance
PPL	5 to 8 Days after Termination Date	Bill Transmittal Date
Columbia	5 to 7 Days after Termination Date	Same Day as Discontinuance
Dominion	10 Days after Termination Date	10 Days after Discontinuance
Equitable	3 Days after Termination Date	3 Days after Discontinuance
NFG	Same Day as Termination Date	Same Day as Discontinuance
PECO-Gas	30 to 32 Days after Termination Date	Same Day as Discontinuance
PGW	0 to 30 Days after Termination Date	0 to 1 Day after Final Bill Transmittal Date
UGI-Gas	Same Day as Termination Date	Same Day as Discontinuance
UGI Penn Natural	0 to 15 Days after Termination Date	0 to 1 Day after the Final Bill Transmittal Date



Gross Residential Write-Offs that are reported below represent the cumulative total dollar amount written off as of the end of the calendar year. CAP Preprogram Arrearage Forgiveness is excluded.

#### Appendix 4 – Gross Residential Write-Offs – Electric

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$7,772,522	\$8,571,821	\$5,951,335	10.3	-30.6
Duquesne	\$17,390,593	\$9,909,654	\$5,171,219	-43.0	-47.8
GPU*	\$19,772,525				
Met-Ed		\$9,690,456	\$10,749,694	21.1***	10.9
PECO**	\$41,668,666	\$41,562,593	\$55,042,062	-0.3	32.4
Penelec		\$8,748,857	\$9,328,168	8.7***	6.6
Penn Power	\$1,844,651	\$2,361,062	\$3,027,132	28.0	28.2
PPL	\$16,149,965	\$22,326,252	\$23,284,516	38.2	4.3
<b>Total</b>	<b>\$104,598,922</b>	<b>\$103,170,695</b>	<b>\$112,554,126</b>	<b>-1.4</b>	<b>9.1</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO write-offs include electric and gas.

\*\*\*Percent change from 2003-04.

#### Appendix 5 – Gross Residential Write-Offs – Gas

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$7,285,213	\$16,079,652	\$10,505,925	120.7	-34.7
Dominion	\$13,941,290	\$13,926,284	\$11,069,703	-0.1	-20.5
Equitable	\$16,153,080	\$11,908,952	\$11,270,907	-26.3	-5.4
NFG	\$6,644,662	\$6,001,579	\$8,320,871	-9.7	38.6
UGI-Gas	\$5,949,289	\$6,790,705	\$9,767,598	14.1	43.8
UGI Penn Natural	\$3,235,694	\$5,157,851	\$6,198,446	59.4	20.2
<b>Total</b>	<b>\$53,209,228</b>	<b>\$59,865,023</b>	<b>\$57,133,450</b>	<b>12.5</b>	<b>-4.6</b>
PGW*		\$65,949,043	\$52,392,930		-20.6
<b>Total w/PGW</b>		<b>\$125,814,066</b>	<b>\$109,526,380</b>		<b>-12.9</b>

\*PGW did not come under reporting requirements until 2004.

The number of customers in debt as reported below is a combination of customers in arrears who are on a payment agreement with customers in arrears who are not on a payment agreement. We consider these customers to represent active accounts, i.e., accounts that have not been either discontinued or terminated (the service is still on).

#### **Appendix 6 – Number of Customers in Debt – Active Accounts – Electric**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	111,052	105,331	98,215	-5.2	-6.8
Duquesne	83,376	61,960	49,799	-25.7	-19.6
GPU*	194,607				
Met-Ed		86,297	90,217	-2.4***	4.5
PECO**	304,325	307,602	327,346	1.1	6.4
Penelec		100,221	99,151	-3.3***	-1.1
Penn Power	28,943	26,442	26,753	-8.6	1.2
PPL	177,723	185,375	206,966	4.3	11.6
<b>Total</b>	<b>900,026</b>	<b>873,228</b>	<b>898,447</b>	<b>-3.0</b>	<b>2.9</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO statistics include electric and gas.

\*\*\*Percent change from 2003-04.

#### **Appendix 7 – Number of Customers in Debt – Active Accounts – Gas**

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	36,396	50,485	47,274	38.7	-6.4
Dominion	58,298	58,319	47,658	0.0	-18.3
Equitable	40,177	64,152	32,007	59.7	-50.1
NFG	29,337	32,266	23,935	10.0	-25.8
UGI-Gas	36,113	41,142	48,773	13.9	18.5
UGI Penn Natural	23,137	24,524	24,454	6.0	-0.3
<b>Total</b>	<b>223,458</b>	<b>270,888</b>	<b>224,101</b>	<b>21.2</b>	<b>-17.3</b>
PGW*		180,908	121,335		-32.9
<b>Total w/PGW</b>		<b>451,796</b>	<b>345,436</b>		<b>-23.5</b>

\*PGW did not come under reporting requirements until 2004.

The total amount of money in debt has an impact on a company's expenses. The specific expense category is called Cash-Working-Capital and is part of a company's distribution charge.

#### Appendix 8 – Dollars in Debt – Active Accounts – Electric

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$16,994,925	\$15,613,294	\$11,000,827	-8.1	-29.5
Duquesne	\$39,381,306	\$22,386,725	\$15,647,727	-43.2	-30.1
GPU*	\$45,600,237				
Met-Ed		\$24,996,155	\$28,116,879	0.4***	12.5
PECO**	\$88,648,050	\$96,191,303	\$141,578,061	8.5	47.2
Penelec		\$24,821,329	\$26,135,992	3.4***	5.3
Penn Power	\$5,339,438	\$8,023,260	\$9,221,929	50.3	14.9
PPL	\$48,804,828	\$57,647,458	\$81,192,011	18.1	40.8
<b>Total</b>	<b>\$244,768,784</b>	<b>\$249,679,524</b>	<b>\$312,893,426</b>	<b>2.0</b>	<b>25.3</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO dollars in debt include electric and gas.

\*\*\*Percent change from 2003-04.

#### Appendix 9 – Dollars in Debt – Active Accounts – Gas

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$10,573,365	\$15,990,488	\$15,042,071	51.2	-5.9
Dominion	\$39,827,219	\$42,105,099	\$37,045,039	5.7	-12.0
Equitable	\$18,457,221	\$26,808,380	\$12,663,147	45.2	-52.8
NFG	\$5,679,036	\$8,664,869	\$6,410,084	52.6	-26.0
UGI-Gas	\$5,036,542	\$7,927,107	\$11,596,233	57.4	46.3
UGI Penn Natural	\$5,040,940	\$6,952,897	\$7,519,359	37.9	8.1
<b>Total</b>	<b>\$84,614,323</b>	<b>\$108,448,840</b>	<b>\$90,275,933</b>	<b>28.2</b>	<b>-16.8</b>
PGW*		\$104,917,102	\$60,206,779		-42.6
<b>Total w/PGW</b>		<b>\$213,365,942</b>	<b>\$150,482,712</b>		<b>-29.5</b>

\*PGW did not come under reporting requirements until 2004.

Average arrearage is calculated by dividing the total dollars in debt by the number of customers in debt. Larger average arrearages may take more time for customers to pay off and, as such, pose more of an uncollectible risk than smaller arrearages.

#### Appendix 10 – Average Arrearage – Active Accounts – Electric

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$153.04	\$148.23	\$112.01	-3.1	-24.4%
Duquesne	\$472.33	\$361.31	\$314.22	-23.5	-13.0%
GPU*	\$234.32				
Met-Ed		\$289.65	\$311.66	2.9***	7.6%
PECO**	\$291.29	\$312.71	\$432.50	7.4	38.3%
Penelec		\$247.67	\$263.60	7.0***	6.4%
Penn Power	\$184.48	\$303.43	\$344.71	64.5	13.6%
PPL	\$274.61	\$310.98	\$392.30	13.2	26.1%
<b>Total</b>	<b>\$271.96</b>	<b>\$285.93</b>	<b>\$348.26</b>	<b>5.1</b>	<b>21.8%</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*\*PECO arrearages include electric and gas.

\*\*Percent change from 2003-04.

#### Appendix 11 – Average Arrearage – Active Accounts – Gas

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$290.51	\$316.74	\$318.19	9.0	0.5
Dominion	\$683.17	\$721.98	\$777.31	5.7	7.7
Equitable	\$459.40	\$417.89	\$395.64	-9.0	-5.3
NFG	\$193.58	\$268.54	\$267.81	38.7	-0.3
UGI-Gas	\$139.47	\$192.68	\$237.76	38.2	23.4
UGI Penn Natural	\$217.87	\$283.51	\$307.49	30.1	8.5
<b>Total</b>	<b>\$378.66</b>	<b>\$400.35</b>	<b>\$402.84</b>	<b>5.7</b>	<b>0.6</b>
PGW*		\$579.95	\$496.20		-14.4
<b>Total w/PGW</b>		<b>\$472.26</b>	<b>\$435.63</b>		<b>-7.8</b>

\*PGW did not come under reporting requirements until 2004.

Annual collections operating expenses include administrative expenses associated with termination activity, field visits, negotiation of payment arrangements, budget counseling, investigation and resolution of informal and formal complaints associated with payment arrangements, the securing and maintenance of security deposits, the tracking of delinquent accounts, collection agencies' expenses, litigation expenses other than those already included, dunning expenses and winter survey expenses.

### Appendix 12 – Annual Collections Operating Expenses – Electric

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$14,287,272	\$14,313,568	\$14,498,093	0.2	1.3
Duquesne	\$28,100,000	\$16,164,612	\$12,707,668	-42.5	-21.4
GPU*	\$26,489,856				
Met-Ed		\$13,567,289	\$14,428,576	21.7***	6.3
PECO**	\$31,173,745	\$9,576,151	\$7,130,283	-69.3	-25.5
Penelec		\$13,526,387	\$13,385,070	11.2***	-1.0
Penn Power	\$2,529,787	\$3,619,639	\$4,280,996	43.1	17.3
PPL	\$3,372,022	\$4,878,365	\$9,947,961	44.7	103.9
<b>Total</b>	<b>\$105,952,682</b>	<b>\$75,646,011</b>	<b>\$76,378,647</b>	<b>-28.6</b>	<b>1.0</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO collections operating expenses include electric and gas.

\*\*\*Percent change from 2003-04.

### Appendix 13 – Annual Collections Operating Expenses – Gas

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$1,523,315	\$2,463,992	\$3,636,146	61.8	47.6
Dominion	\$1,963,339	\$3,224,084	\$1,927,923	64.2	-40.2
Equitable	\$3,817,120	\$3,950,187	\$3,739,605	3.5	-5.3
NFG	Not Available	\$1,154,535	\$945,881	-1.0*	-18.1
UGI-Gas	\$3,108,658	\$3,349,562	\$2,877,793	7.7	-14.1
UGI Penn Natural	\$1,967,380	\$2,403,614	\$2,837,916	22.2	18.1
<b>Total</b>	<b>\$12,379,812</b>	<b>\$16,545,974</b>	<b>\$15,965,264</b>	<b>33.7</b>	<b>-3.5</b>
PGW**		\$10,102,014	\$9,694,140		-4.0
<b>Total w/PGW</b>		<b>\$26,647,988</b>	<b>\$25,659,404</b>		<b>-3.7</b>

\*Percent change from 2003-04.

\*\*PGW did not come under reporting requirements until 2004.

Collections operating expenses as a percentage of billings is calculated by dividing the collections operating expenses by the annual residential billings. The higher the percentage the more a company is spending on collections operating expenses. Appendices 14 and 15 show the percentage for the year 2007, which is the most current data available.

**Appendix 14 – 2007 Collections Operating Expenses as a Percentage  
of Residential Billings – Electric**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Collections Operating Expenses</b>	<b>Collections Operating Expenses as a % of Billings</b>
Allegheny	\$547,374,217	\$14,498,093	2.6
Duquesne	\$451,564,521	\$12,707,668	2.8
Met-Ed	\$556,775,006	\$14,428,576	2.6
PECO	\$2,453,497,423	\$7,130,283	0.3
Penelec	\$451,605,105	\$13,385,070	3.0
Penn Power	\$174,449,198	\$4,280,996	2.5
PPL	\$1,383,051,077	\$9,947,961	0.7
<b>Total</b>	<b>\$6,018,316,547</b>	<b>\$76,378,647</b>	<b>1.3</b>

**Appendix 15 – 2007 Collections Operating Expenses as a Percentage  
of Residential Billings – Gas**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Collections Operating Expenses</b>	<b>Collections Operating Expenses as a % of Billings</b>
Columbia	\$402,803,625	\$3,636,146	0.9
Dominion	\$286,731,554	\$1,927,923	0.7
Equitable	\$302,131,240	\$3,739,605	1.2
NFG	\$262,091,560	\$945,881	0.4
UGI-Gas	\$333,604,769	\$2,877,793	0.9
UGI Penn Natural	\$220,805,764	\$2,837,916	1.3
<b>Total</b>	<b>\$1,808,168,512</b>	<b>\$15,965,264</b>	<b>0.9</b>
PGW	\$622,743,570	\$9,694,140	1.6
<b>Total w/PGW</b>	<b>\$2,430,912,082</b>	<b>\$25,659,404</b>	<b>1.1</b>

The aggregate spending for Universal Service programs is shown in Appendices 20 and 21 for the year 2007 and that spending is also shown as a percentage of residential billings for 2007.

**Appendix 16 – 2007 Universal Service Program Costs as a Percentage of Residential Billings – Electric**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Universal Service Costs*</b>	<b>Universal Service Costs as a % of Billings</b>
Allegheny	\$547,374,217	\$10,291,842	1.9
Duquesne	\$451,564,521	\$13,027,031	2.9
Met-Ed	\$556,775,006	\$10,052,257	1.8
PECO	\$2,453,497,423	\$100,534,180	4.1
Penelec	\$451,605,105	\$12,797,123	2.8
Penn Power	\$174,449,198	\$3,192,869	1.8
PPL	\$1,383,051,077	\$27,672,369	2.0
<b>Total</b>	<b>\$6,018,316,547</b>	<b>\$177,567,671</b>	<b>3.0</b>

\*Includes CAP, LIURP, CARES and Hardship Fund.

**Appendix 17– 2007 Universal Service Program Costs as a Percentage of Residential Billings – Gas**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Universal Service Costs*</b>	<b>Universal Service Costs as a % of Billings</b>
Columbia	\$402,803,625	\$24,849,152	6.2
Dominion	\$286,731,554	\$23,570,907	8.2
Equitable	\$302,131,240	\$12,506,073	4.1
NFG	\$262,091,560	\$7,884,198	3.0
UGI-Gas	\$333,604,769	\$5,076,624	1.5
UGI Penn Natural	\$220,805,764	\$1,616,069	0.7
<b>Total</b>	<b>\$1,808,168,512</b>	<b>\$75,503,023</b>	<b>4.2</b>
PGW	\$622,743,570	\$108,478,951	17.4
<b>Total w/PGW</b>	<b>\$2,430,912,082</b>	<b>\$183,981,974</b>	<b>7.6</b>

\*Includes CAP, LIURP, CARES and Hardship Fund.

Customer Assistance Programs (CAPs) provide an alternative to traditional collections methods for low-income, payment troubled customers. Customers make regular monthly payments, which may be for an amount that is less than the current bill for utility service.

### Appendix 18 – Annual Total CAP Costs – Electric

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$3,069,116	\$4,987,081	\$8,043,013	62.5	61.3
Duquesne	\$5,275,000	\$5,275,000	\$11,508,948	0.0	118.2
GPU*	\$9,457,535				
Met-Ed		\$4,966,221	\$8,087,480	1.4***	62.8
PECO**	\$59,078,443	\$79,088,439	\$93,096,247	33.9	17.7
Penelec		\$6,914,194	\$10,683,202	13.3***	54.5
Penn Power	\$1,882,134	\$1,825,678	\$2,461,202	-3.0	34.8
PPL	\$10,829,095	\$14,691,811	\$20,919,308	35.7	42.4
<b>Total</b>	<b>\$89,591,323</b>	<b>\$117,748,424</b>	<b>\$154,799,400</b>	<b>31.4</b>	<b>31.5</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO CAP costs include electric and gas.

\*\*\*Percent change from 2003-04.

### Appendix 19 – Annual Total CAP Costs – Gas

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$8,894,938	\$14,708,222	\$23,214,621	65.4	57.8
Dominion	\$1,399,490	\$5,358,196	\$22,767,942	282.9	324.9
Equitable	\$3,365,432	\$5,694,802	\$11,496,437	69.2	101.9
NFG	\$2,137,966	\$4,613,226	\$6,595,173	115.8	43.0
UGI-Gas	\$555,482	\$1,898,609	\$4,335,537	241.8	128.4
UGI Penn Natural	\$271,454	\$590,454	\$1,131,095	117.5	91.6
<b>Total</b>	<b>\$16,624,762</b>	<b>\$32,863,509</b>	<b>\$69,540,805</b>	<b>97.7</b>	<b>111.6</b>
PGW*		\$57,800,000	\$106,027,731		83.4
<b>Total w/PGW</b>		<b>\$90,663,509</b>	<b>\$175,568,536</b>		<b>93.6</b>

\*PGW did not come under reporting requirements until 2004.



The LIURP is a statewide, utility-sponsored, residential usage reduction program mandated by PUC regulations at 52 Pa. Code, Chapter 58. The primary goal of LIURP is to assist low-income residential customers in lowering energy bills through usage reduction (energy conservation) and thereby making bills more affordable.

#### Appendix 20 – Annual Total LIURP Costs – Electric

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Allegheny	\$2,217,965	\$2,053,981	\$2,125,938	-7.4	3.5%
Duquesne	\$2,365,834	\$1,021,250	\$1,393,083	-56.8	36.4%
GPU*	\$3,508,105				
Met-Ed		\$1,720,005	\$1,908,308	7.7***	10.9%
PECO**	\$6,475,000	\$6,474,535	\$6,475,000	0.0	0.0%
Penelec		\$1,657,765	\$2,056,752	-2.7***	24.1%
Penn Power	\$599,649	\$527,439	\$721,433	-12.0	36.8%
PPL	\$5,406,590	\$5,642,380	\$6,753,061	4.4	19.7%
<b>Total</b>	<b>\$20,573,143</b>	<b>\$19,097,355</b>	<b>\$21,433,575</b>	<b>-7.2</b>	<b>12.2%</b>

\*Met-Ed and Penelec reported combined under GPU in 2002.

\*\*PECO LIURP costs include electric and gas.

\*\*\*Percent change from 2003-04.

#### Appendix 21 – Annual Total LIURP Costs – Gas

<b>Company</b>	<b>2002</b>	<b>2004</b>	<b>2007</b>	<b>Percent Change 2002-04</b>	<b>Percent Change 2004-07</b>
Columbia	\$1,376,403	\$1,399,822	\$1,326,765	1.7	-5.2%
Dominion	\$610,856	\$610,000	\$609,965	-0.1	0.0%
Equitable	\$393,834	\$602,699	\$644,006	53.0	6.9%
NFG	\$943,743	\$1,199,392	\$1,272,306	27.1	6.1%
UGI-Gas	\$460,280	\$648,025	\$693,374	40.8	7.0%
UGI Penn Natural	\$335,481	\$365,191	\$393,014	8.9	7.6%
<b>Total</b>	<b>\$4,120,597</b>	<b>\$4,825,129</b>	<b>\$4,939,430</b>	<b>17.1</b>	<b>2.4%</b>
PGW*		\$2,008,697	\$1,691,220		-19.2%
<b>Total w/PGW</b>		<b>\$6,833,826</b>	<b>\$6,630,650</b>		<b>-4.0%</b>

\*PGW did not come under reporting requirements until 2004.

The following two appendices show the three major collections cost categories and the Universal Service program costs for the year 2007. The corresponding residential billings are also shown as a basis for comparison against the four cost categories in the tables. Please note that only a fraction of the total dollars in debt is recovered in rates, perhaps up to 10% of the total dollars in debt.

## **Appendix 22 – Summary of 2007 Collections and Universal Service Program Costs – Electric**

<b>Company</b>	<b>2007 Residential Billings</b>	<b>2007 Collections Operating Expenses</b>	<b>2007 Gross Write-Offs</b>	<b>2007 Total Dollars in Debt</b>	<b>2007 Universal Service Programs*</b>
Allegheny	\$547,374,217	\$14,498,093	\$5,951,335	\$11,000,827	\$10,291,842
Duquesne	\$451,564,521	\$12,707,668	\$16,635,731	\$15,647,727	\$13,027,031
Met-Ed	\$556,775,006	\$14,428,576	\$10,749,694	\$28,116,879	\$10,052,257
PECO	\$2,453,497,423	\$7,130,283	\$55,042,062	\$141,578,061	\$100,534,180
Penelec	\$451,605,105	\$13,385,070	\$9,328,168	\$26,135,992	\$12,797,123
Penn Power	\$174,449,198	\$4,280,996	\$3,027,132	\$9,221,929	\$3,192,869
PPL	\$1,383,051,077	\$9,947,961	\$23,284,516	\$81,192,011	\$27,672,369
<b>Total</b>	<b>\$6,018,316,547</b>	<b>\$76,378,647</b>	<b>\$124,018,638</b>	<b>\$312,893,426</b>	<b>\$177,567,671</b>

\*Includes CAP, LIURP, CARES and Hardship Fund.

## **Appendix 23 – Summary of 2007 Collections and Universal Service Program Costs – Gas**

<b>Company</b>	<b>2007 Residential Billings</b>	<b>2007 Collections Operating Expenses</b>	<b>2007 Gross Write-Offs</b>	<b>2007 Total Dollars in Debt</b>	<b>2007 Universal Service Programs*</b>
Columbia	\$402,803,625	\$3,636,146	\$10,505,925	\$15,042,071	\$24,849,152
Dominion	\$286,731,554	\$1,927,923	\$11,069,703	\$37,045,039	\$23,570,907
Equitable	\$302,131,240	\$3,739,605	\$11,270,907	\$12,663,147	\$12,506,073
NFG	\$262,091,560	\$945,881	\$8,320,871	\$6,410,084	\$7,884,198
UGI-Gas	\$333,604,769	\$2,877,793	\$9,767,598	\$11,596,233	\$5,076,624
UGI Penn Natural	\$220,805,764	\$2,837,916	\$6,198,446	\$7,519,359	\$1,616,069
<b>Total</b>	<b>\$1,808,168,512</b>	<b>\$15,965,264</b>	<b>\$57,133,450</b>	<b>\$90,275,933</b>	<b>\$75,503,023</b>
PGW	\$622,743,570	\$9,694,140	\$52,392,930	\$60,206,779	\$108,478,951
<b>Total w/PGW</b>	<b>\$2,430,912,082</b>	<b>\$25,659,404</b>	<b>\$109,526,380</b>	<b>\$150,482,712</b>	<b>\$183,981,974</b>

\*Includes CAP, LIURP, CARES and Hardship Fund.

For the purpose of showing individual company variations and differences in collections costs, collections operating expenses, gross write-offs and Universal Service program costs are added together and shown as a percentage of the residential billings.

#### **Appendix 24 – 2007 Collections Costs\* as a Percentage of Billings – Electric**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Collections Operating Expenses</b>	<b>2007 Gross Write-Offs</b>	<b>2007 Universal Service Programs</b>	<b>2007 Total Collections Costs*</b>	<b>Collections Costs* as a % of Billings</b>
Allegheny	\$547,374,217	\$14,498,093	\$5,951,335	\$10,291,842	\$30,741,270	5.6
Duquesne	\$451,564,521	\$12,707,668	\$16,635,731	\$13,027,031	\$42,370,430	9.4
Met-Ed	\$556,775,006	\$14,428,576	\$10,749,694	\$10,052,257	\$35,230,527	6.3
PECO	\$2,453,497,423	\$7,130,283	\$55,042,062	\$100,534,180	\$162,706,525	6.6
Penelec	\$451,605,105	\$13,385,070	\$9,328,168	\$12,797,123	\$35,510,361	7.9
Penn Power	\$174,449,198	\$4,280,996	\$3,027,132	\$3,192,869	\$10,500,997	6.0
PPL	\$1,383,051,077	\$9,947,961	\$23,284,516	\$27,672,369	\$60,904,846	4.4
<b>Total</b>	<b>\$6,018,316,547</b>	<b>\$76,378,647</b>	<b>\$124,018,638</b>	<b>\$177,567,671</b>	<b>\$377,964,956</b>	<b>6.3</b>

\*Includes collections operating expenses, gross write-offs and Universal Service program costs.

#### **Appendix 25 – 2007 Collections Costs\* as a Percentage of Billings – Gas**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Collections Operating Expenses</b>	<b>2007 Gross Write-Offs</b>	<b>2007 Universal Service Programs</b>	<b>2007 Total Collections Costs*</b>	<b>Collections Costs* as a % of Billings</b>
Columbia	\$402,803,625	\$3,636,146	\$10,505,925	\$24,849,152	\$38,991,223	9.7
Dominion	\$286,731,554	\$1,927,923	\$11,069,703	\$23,570,907	\$36,568,533	12.8
Equitable	\$302,131,240	\$3,739,605	\$11,270,907	\$12,506,073	\$27,516,585	9.1
NFG	\$262,091,560	\$945,881	\$8,320,871	\$7,884,198	\$17,150,950	6.5
UGI-Gas	\$333,604,769	\$2,877,793	\$9,767,598	\$5,076,624	\$17,722,015	5.3
UGI Penn Natural	\$220,805,764	\$2,837,916	\$6,198,446	\$1,616,069	\$10,652,431	4.8
<b>Total</b>	<b>\$1,808,168,512</b>	<b>\$15,965,264</b>	<b>\$57,133,450</b>	<b>\$75,503,023</b>	<b>\$148,601,737</b>	<b>8.2</b>
PGW	\$622,743,570	\$9,694,140	\$52,392,930	\$108,478,951	\$170,566,021	27.4
<b>Total w/PGW</b>	<b>\$2,430,912,082</b>	<b>\$25,659,404</b>	<b>\$109,526,380</b>	<b>\$183,981,974</b>	<b>\$319,167,758</b>	<b>13.1</b>

\*Includes collections operating expenses, gross write-offs and Universal Service program costs.

Appendices 30 and 31 show the percentage of billings for collections operating expenses, gross residential write-offs and Universal Service Programs costs. These two tables, though similar to Appendices 28 and 29, differ in that they show the individual contributions to the overall collections costs for the three specific expenses, rather than showing the dollar amounts of each expense category.

#### **Appendix 26 – 2007 Individual Expense Categories as a Percentage of Billings – Electric**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Collections Operating Expenses as a % of Billings</b>	<b>2007 Gross Write- Offs as a % of Billings</b>	<b>2007 Universal Service Programs as a % of Billings</b>	<b>2007 Total Collections Costs*</b>	<b>2007 Collections Costs* as a % of Billings</b>
Allegheny	\$547,374,217	2.6	1.09	1.9	\$30,741,270	5.6
Duquesne	\$451,564,521	2.8	3.68	2.9	\$42,370,430	9.4
Met-Ed	\$556,775,006	2.6	1.93	1.8	\$35,230,527	6.3
PECO	\$2,453,497,423	0.3	2.24	4.1	\$162,706,525	6.6
Penelec	\$451,605,105	3.0	2.07	2.8	\$35,510,361	7.9
Penn Power	\$174,449,198	2.5	1.74	1.8	\$10,500,997	6.0
PPL	\$1,383,051,077	0.7	1.68	2.0	\$60,904,846	4.4
<b>Total</b>	<b>\$6,018,316,547</b>	<b>1.3</b>	<b>2.06</b>	<b>3.0</b>	<b>\$377,964,956</b>	<b>6.3</b>

\*Includes collections operating expenses, gross write-offs and Universal Service program costs.

#### **Appendix 27 – 2007 Individual Expense Categories as a Percentage of Billings – Gas**

<b>Company</b>	<b>2007 Billings</b>	<b>2007 Collections Operating Expenses as a % of Billings</b>	<b>2007 Gross Write- Offs as a % of Billings</b>	<b>2007 Universal Service Programs as a % of Billings</b>	<b>2007 Total Collections Costs*</b>	<b>2007 Collections Costs* as a % of Billings</b>
Columbia	\$402,803,625	0.9	2.61	6.2	\$38,991,223	9.7
Dominion	\$286,731,554	0.7	3.86	8.2	\$36,568,533	12.8
Equitable	\$302,131,240	1.2	3.73	4.1	\$27,516,585	9.1
NFG	\$262,091,560	0.4	3.17	3.0	\$17,150,950	6.5
UGI-Gas	\$333,604,769	0.9	2.93	1.5	\$17,722,015	5.3
UGI Penn Natural	\$220,805,764	1.3	2.81	0.7	\$10,652,431	4.8
<b>Total</b>	<b>\$1,808,168,512</b>	<b>0.9</b>	<b>3.16</b>	<b>4.2</b>	<b>\$148,601,737</b>	<b>8.2</b>
PGW	\$622,743,570	1.6	8.41	17.4	\$170,566,021	27.4
<b>Total w/PGW</b>	<b>\$2,430,912,082</b>	<b>1.1</b>	<b>4.51</b>	<b>7.6</b>	<b>\$319,167,758</b>	<b>13.1</b>

\*Includes collections operating expenses, gross write-offs and Universal Service program costs.

Customers are classified as either heating or non-heating. Heating and non-heating bills are shown for the beginning (2002) and end (2007) of the historical collections data period for this report. The size of customer bills is impacted by both company rates and customer usage levels. Appendices 32 and 33 also show the percent change in bills from 2002-07.

**Appendix 28 – Monthly Average Bill: Heating vs. Non-Heating  
Accounts 2002-07 – Electric**

<b>Company</b>	<b>2002 Average Bill – Heating Customers</b>	<b>2007 Average Bill - Heating Customers</b>	<b>Percent Change 2002-07</b>	<b>2002 Average Bill – Non Heating Customers</b>	<b>2007 Average Bill – Non Heating Customers</b>	<b>Percent Change 2002-07</b>
Allegheny	\$94.67	\$112.43	18.8	\$55.61	\$66.45	19.5
Duquesne	\$95.33	\$103.14	8.2	\$51.45	\$69.25	34.6
Met-Ed*	\$111.00	\$136.00	22.5	\$63.00	\$87.00	38.1
PECO**	\$137.86	\$121.84	-11.6	\$110.87	\$100.59	-9.3
Penelec*	\$111.00	\$114.00	2.7	\$63.00	\$70.00	11.1
Penn Power	\$87.72	\$145.00	65.3	\$47.66	\$98.00	105.6
PPL	\$110.42	\$132.00	19.5	\$61.08	\$78.41	28.4

\*In 2002 Met-Ed and Penelec were reported combined under GPU and the 2002 data shown in this table was reported by GPU. This data does not reflect the actual bills for either Met-Ed or Penelec, but rather reflects a combination of the bills for these two companies.

\*\*Combined electric and gas.

**Appendix 29 - Monthly Average Bill: Heating vs. Non-Heating  
Accounts 2002-07 – Gas**

<b>Company</b>	<b>2002 Average Bill – Heating Customers</b>	<b>2007 Average Bill - Heating Customers</b>	<b>Percent Change 2002-07</b>	<b>2002 Average Bill – Non Heating Customers</b>	<b>2007 Average Bill – Non Heating Customers</b>	<b>Percent Change 2002-07</b>
Columbia	\$62.39	\$95.97	53.8	\$21.93	\$31.83	45.1
Dominion	\$68.25	\$103.06	51.0	\$22.32	\$29.05	30.2
Equitable	\$86.88	\$118.26	36.1	\$27.12	\$38.07	40.4
NFG	\$78.54	\$111.93	42.5	\$40.15	\$59.85	49.1
PGW*		\$115.77			\$41.26	
UGI-Gas	\$72.89	\$104.00	42.7	\$21.90	\$30.00	37.0
UGI Penn Natural	\$94.17	\$130.43	38.5	\$23.17	\$32.42	39.9

\*PGW did not come under reporting requirements until 2004.

### Appendix 30 – Inactive Accounts

<b>Company</b>	<b>Number of Inactive Accounts</b>	<b>Dollars in Debt</b>	<b>Average Debt</b>
Allegheny	2,012	\$420,125	\$209
Duquesne	7,034	\$2,242,775	\$319
Met-Ed	8,856	\$3,414,974	\$386
PECO	84,685	\$17,221,001	\$203
Penelec	9,756	\$2,995,908	\$307
Penn Power	2,280	\$887,524	\$389
PPL	19,288	\$10,687,318	\$554
<b>Electric – Total</b>	<b>133,911</b>	<b>\$37,869,625</b>	<b>\$283</b>
Columbia	3,273	\$1,775,109	\$542
Dominion	2,726	\$2,227,381	\$817
Equitable	1,333	\$749,962	\$563
NFG	14,761	\$8,132,730	\$551
PGW	17,159	\$36,142,707	\$2,106
UGI-Gas	2,883	\$938,730	\$326
UGI Penn Natural	6,517	\$5,824,032	\$894
<b>Gas – Total</b>	<b>48,652</b>	<b>\$55,790,651</b>	<b>\$1,147</b>

### Appendix 31 – Security Deposits on Hand

<b>Company</b>	<b>Number of Security Deposits</b>	<b>Dollars on Hand</b>	<b>Average Deposit on Hand</b>
Allegheny	68,104	\$9,951,137	\$146
Duquesne	8,653	\$1,098,632	\$127
Met-Ed	41,732	\$3,504,231	\$84
PECO	168,805	\$31,325,376	\$186
Penelec	37,883	\$2,623,898	\$69
Penn Power	10,625	\$899,958	\$85
PPL	28,661	\$4,174,387	\$146
<b>Electric – Total</b>	<b>364,463</b>	<b>\$53,576,619</b>	<b>\$147</b>
Columbia	5,214	\$2,592,487	\$497
Dominion	40,887	\$9,255,192	\$226
Equitable	15,519	\$3,498,708	\$225
NFG	1,041	\$282,723	\$272
PGW	47,053	\$10,073,086	\$214
UGI-Gas	17,294	\$3,536,869	\$205
UGI Penn Natural	8,243	\$1,627,748	\$197
<b>Gas – Total</b>	<b>135,251</b>	<b>\$30,866,813</b>	<b>\$228</b>