Report on 2006 Universal Service Programs & Collections Performance

of the Pennsylvania

Electric Distribution Companies & Natural Gas Distribution Companies

Pennsylvania Public Utility Commission
Bureau of Consumer Services

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I. Introduction

This is the Pennsylvania Public Utility Commission's (Commission) annual Report on 2006 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies. This summary report includes performance assessments for the seven major electric distribution companies (EDCs) and the eight major natural gas distribution companies (NGDCs). For the third time this report contains performance measures for the Philadelphia Gas Works (PGW).[1] The report presents the data submitted to the Commission pursuant to 52 Pa. Code Sections 54.75 and 62.5, Universal Service and Energy Conservation Reporting Requirements (USRR). This data will assist the Commission in monitoring the progress of the EDCs and NGDCs in achieving universal service in their respective service territories.

On Dec. 3, 1996, the Electricity Generation Customer Choice and Competition Act (Electric Choice Act), 66 Pa. C.S. §§ 2801-2812, was enacted. The Natural Gas Choice and Competition Act (Natural Gas Choice Act), 66 Pa. C.S. Chapter 22, was enacted on June 22, 1999. In opening up the electric generation and natural gas supply markets to competition, the General Assembly was also concerned about ensuring that electric and natural gas service remains universally available to all customers in the state. Consequently, both Acts contain provisions relating to universal electric and gas service.

Specifically, both Acts require the Commission to maintain, at a minimum, the protections, policies and services that assist customers who are low income to afford electric and gas service, 66 Pa. C.S. §§ 2203(7), §§ 2802(10). The Acts also require the Commission to ensure that universal service and energy conservation policies are appropriately funded and available in each electric and natural gas distribution territory, 66 Pa. C.S. §§ 2203(8), §§ 2804(9). To assist the Commission in fulfilling its universal service obligations, the Commission established standard reporting requirements for universal service and energy conservation for both the EDCs and the NGDCs, 52 Pa. Code §§ 54.71–54.78, §§ 62.1-62.8. The Commission adopted final rulemakings that established the USRR for EDCs on April 30, 1998, and for NGDCs on June 22, 2000. Upon publication in the Pennsylvania Bulletin, the EDC regulations became effective Aug. 8, 1998, and the NGDC regulations became effective Dec. 16, 2000.

This report is based primarily on 52 Pa. Code Sections 54.75 and 62.5 relating to annual residential collection and universal service and energy conservation program reporting requirements. The utilities covered by these reporting requirements are Allegheny Power, Duquesne Light, Metropolitan Edison – a FirstEnergy Company, PECO-Electric, Pennsylvania Electric – a FirstEnergy Company, Penn Power – a FirstEnergy Company, PPL, Columbia, Dominion Peoples, Equitable, NFG, PECO-Gas, PGW, UGI Penn Natural (formerly PG Energy), and UGI-Gas.

The EDCs began reporting the required data to the Commission on April 1, 2001, for the reporting year 2000. The NGDCs began reporting the data on April 1, 2003, for the reporting year 2002. Upon receipt of the data for this report, the Commission's Bureau of Consumer Services (BCS) conducted a data-cleaning and error-checking process that continued through June. This process included both written and verbal dialogue between BCS and the companies. Uniformity issues were uncovered in this process and are documented in various tables, charts, and appendices. These issues are also discussed in more detail in later chapters.

Variations in the data either appear as a footnote to tables and charts, or are referenced and documented in the appropriate appendix. The BCS will continue to work with the companies to obtain uniform data that fully complies with the regulations.

[1]The PGW restructuring proceedings concluded in 2003, and PGW began collecting the required universal service data in 2004. PGW began reporting universal service data in 2004.

The report is organized into chapters and sections in the following order: Collection Performance, Universal Service Program Demographics, Low Income Usage Reduction Programs (LIURP), Customer Assistance Programs (CAP), Customer Assistance and Referral Evaluation Services (CARES), Hardship Funds and Cold Weather Survey Results. Each chapter includes an introduction, a discussion of the data elements, definitions where necessary, data tables, and charts. Multiple-year analyses are shown in a number of the tables in the collection and programs' chapters where this type of presentation format supports the intended analysis in a meaningful way.

Prior to 2002, the BCS had also been reporting some of the data found in this report in the annual report the BCS prepares entitled Utility Consumer Activities Report and Evaluation (UCARE). Beginning with 2002 data, the BCS has eliminated universal service data from UCARE for both electric and natural gas distribution companies. Thus, for the fourth time, this report includes data for both electric and natural gas companies.

Treatment of PECO Data

PECO serves three types of customers: those who receive only electric service (Electric Only); those who receive both electric and gas service (Combination/Electric and Gas); and those who receive only gas service (Gas Only). PECO also reports the electric and gas data separately. In order to split the second group (Combination/Electric and Gas) for some of the data variables, PECO used an allocation factor previously approved by the Commission during PECO's management audit of July 1999. This allocation factor splits the Combination group into 85 percent electric and 15 percent gas. However, for other data variables PECO did not apply the allocation method. Instead, PECO chose to include the Combination group in both the electric and gas totals.

Treatment of the FirstEnergy Companies

Beginning with 2003 data, FirstEnergy Corporation requested the BCS to identify and report separately on the three FirstEnergy companies that provide utility service in Pennsylvania. Therefore, this report shows universal service data for the three FirstEnergy companies: Metropolitan Edison (Met-Ed), Pennsylvania Electric (Penelec), and Penn Power.

Treatment of Confirmed Low Income Data among the Collections Performance Data

We have included data about Confirmed Low Income customers in the body of the report in Chapter 1 for only a select number of collections performance measures. The majority of the Confirmed Low Income collection data tables appear as a grouping of tables in Appendix 1. Also included in this grouping of tables in Appendix 1 is a presentation of company revenues or billings.

Responsible Utility Customer Protection Act

On Nov. 30, 2004, the Governor signed into law Senate Bill 677, or Act 201. This law 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. This law is intended to protect responsible bill paying customers from rate increases attributable to the uncollectible accounts of customers that can afford to pay their bills, but choose not to pay. The legislation is applicable to electric distribution companies, water distribution companies and larger natural gas distribution companies (those having an annual operating income in excess of $6,000,000).[2] Steam and waste water utilities are not covered by Chapter 14.

[2]Small natural gas companies may voluntarily "opt in" to Chapter 14. 66 Pa. C.S. §1403.

Chapter 14 supersedes a number of Chapter 56 Regulations, all ordinances of the City of Philadelphia and any other regulations that impose inconsistent requirements on the utilities. Chapter 14 changed regulations that apply to cash deposits; reconnection of service; termination of service; payment arrangements; and the filing of termination complaints by consumers for electric, gas and water. Chapter 14 expires on Dec. 31, 2014, unless reenacted. Two years after the effective date and every two years thereafter, the Commission must report to the General Assembly regarding the implementation and effectiveness of the Act. The Commission issued the First Biennial Report to the General Assembly and the Governor Pursuant to Section 1415 on Dec. 14, 2006 (http://www.puc.state.pa.us/general/publications_reports/pdf/Chapter14-Biennial121406.pdf). The Commission is directed to amend Chapter 56 and may promulgate regulations to administer and enforce Chapter 14. The Commission issued an Advanced Notice of Proposed Rulemaking on Nov. 30, 2006, to amend Chapter 56.

Chapter 14 seeks to eliminate the opportunities for customers capable of paying to avoid paying their utility bills, and to provide utilities with the means to reduce their uncollectible accounts by modifying the procedures for delinquent account collections. The goal of these changes is to increase timely collections while ensuring that service is available to all customers based on equitable terms and conditions (66 Pa. C.S. §1402).

Final Investigatory Order in Customer Assistance Programs

On December 18, 2006, the Commission entered its Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923. As a result of its investigation, the Commission directed, inter alia, the retention and revision of the Policy Statement on Customer Assistance Programs at 52 Pa. Code §§ 69.261-69.267. In addition, the Commission also directed, inter alia, that a rulemaking be instituted to revise its regulations at 52 Pa. Code § 54.74 and § 62.4. The purpose of the rulemaking would be to establish a unified process by which the level of funding for each natural gas distribution company and electric distribution company could be determined in conjunction with the Commission's triennial review of the company's universal service and conservation plan. The Commission will soon issue the orders to initiate the revisions to the CAP Policy Statement and to initiate the rulemaking as directed in the Final Investigatory Order.

2. Collection Performance

The regulations require the EDCs and NGDCs to report various residential collection data, including the number of residential customers, the number of accounts in arrears and on a payment arrangement, the number of accounts in arrears and not on a payment arrangement, the dollars owed by these two groups of overdue customers, the number of terminations, the number of reconnections, gross residential write-offs, total annual billings (revenues), and annual collection operating expenses.

This summary report reviews each of these collection measures by reporting the raw data itself and by using the data to arrive at calculated variables that are more useful in analyzing collection performance. All of the data and statistics used in this chapter are drawn from information submitted to the BCS by the companies.

It is also important to note that we have reflected both the number of confirmed low income customers and the number of estimated low income customers in a utility's given service territory in this chapter. A low income customer is defined as a customer whose household income is at or below 150 percent of the federal poverty guidelines. See Appendix 4 for the 2006 federal poverty guidelines. A confirmed low-income customer is a customer whose gross household income has been verified as meeting the stated federal poverty guidelines. Most household incomes are verified through the customer's receipt of a LIHEAP grant or determined during the course of making a payment arrangement. On the other hand, the number of estimated low income customers is the company's approximation of its total universe of low income customers.

Number of Residential Customers

The number of residential customers reported in the following tables represents an average of the 12 months of month-end data reported by the companies. The data includes all residential customers, including universal service program recipients.

Number of Residential Electric Customers

Company	Number of Residential Customers
Allegheny	607,934
Duquesne	524,273
Met-Ed	474,664
PECO-Electric	1,391,930
Penelec	505,566
Penn Power	139,114
PPL	1,187,372
Total	**4,830,853**

Number of Residential Natural Gas Customers

Company	Number of Residential Customers
Columbia	364,309
Dominion	324,764
Equitable	232,039
NFG	193,179
PECO-Gas	433,406
PG Energy	140,749
PGW	478,594
UGI-Gas	284,270
Total	**2,451,310**

Number of Confirmed Low Income Electric Customers

Company	Number of Confirmed Low Income Customers	Percent of Customers
Allegheny	44,080	7.3%
Duquesne	39,027	7.4%
Met-Ed	32,090	6.8%
PECO-Electric	210,663	15.1%
Penelec	50,178	9.9%
Penn Power	13,259	9.5%
PPL	118,023	9.9%
Total	**507,320**	**10.5%**

Number of Confirmed Low Income Natural Gas Customers

Company	Number of Confirmed Low Income Customers	Percent of Customers
Columbia	59,703	16.4%
Dominion	68,261	21.0%
Equitable	38,241	16.5%
NFG	27,794	14.4%
PECO-Gas	38,636	8.9%
PG Energy	24,208	17.2%
PGW	139,303	29.1%
UGI-Gas	26,378	9.3%
Total	**422,524**	**17.2%**

Number of Estimated Low Income Electric Customers

Company	Number of Estimated Low Income Customers	Percent of Customers
Allegheny	117,951	19.4%
Duquesne	99,747	19.0%
Met-Ed	69,026	14.5%
PECO-Electric	242,190	17.4%
Penelec	118,242	23.4%
Penn Power	28,499	20.5%
PPL	200,250	16.9%
Total	**875,905**	**18.1%**

Number of Estimated Low Income Natural Gas Customers

Company	Number of Estimated Low Income Customers	Percent of Customers
Columbia	59,704	16.4%
Dominion	77,519	23.9%
Equitable	47,816	20.6%
NFG	42,328	21.9%
PECO-Gas	42,739	9.9%
PG Energy	29,689	21.1%
PGW	152,540	31.9%
UGI-Gas	39,930	14.0%
Total	**492,265**	**20.1%**

Termination and Reconnection of Service

Termination of utility service is the most serious consequence of customer nonpayment. The BCS views termination of utility service as a utility's last resort when customers fail to meet their payment obligations. The termination rate allows the reader to compare the termination activity of utilities with differing numbers of residential customers. The termination rate is calculated by dividing the number of service terminations by the number of residential customers. Any significant increase in a termination rate would indicate a trend or pattern that the Commission may need to investigate.

Reconnection of service occurs when a customer either 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. The ratio of reconnections to terminations is obtained by dividing the number of reconnections by the number of terminations. The result is generally indicative of how successful customers whose service has been terminated are at getting service reconnected.

Terminations and Reconnections - Residential Electric Customers

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny	607,934	21,514	13,766	3.54%	64%
Duquesne	524,273	20,885	14,587	3.98%	70%
Met-Ed	474,664	8,465	6,338	1.78%	75%
PECO-Electric	1,391,930	41,940	24,746	3.01%	59%
Penelec	505,566	11,307	7,482	2.24%	66%
Penn Power	139,114	3,016	2,178	2.17%	72%
PPL	1,187,372	21,221	15,578	1.79%	73%
Total	**4,830,853**	**128,348**	**84,675**	**2.66%**	**66%**

Terminations and Reconnections - Residential Natural Gas Customers

Company	Number of Residential Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	364,309	14,571	7,973	4.00%	55%
Dominion	324,764	5,083	1,854	1.57%	36%
Equitable	232,039	12,793	10,529	5.51%	82%
NFG	193,179	13,243	8,284	6.86%	63%
PECO-Gas	433,406	396	128	0.09%	32%
PG Energy	140,749	5,179	2,853	3.68%	55%
PGW	478,594	30,808	22,873	6.44%	74%
UGI-Gas	284,270	13,778	8,639	4.85%	63%
Total	**2,451,310**	**95,851**	**63,133**	**3.91%**	**66%**

Terminations and Reconnections - Confirmed Low Income Electric Customers

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Allegheny	44,080	2,353	1,454	5.34%	62%
Duquesne	39,027	9,634	8,022	24.69%	83%
Met-Ed	32,090	3,765	2,776	11.73%	74%
PECO-Electric	210,663	4,110	2,121	1.95%	52%
Penelec	50,178	6,315	4,250	12.59%	67%
Penn Power	13,259	1,695	1,207	12.78%	71%
PPL	118,023	11,910	9,097	10.09%	76%
Total	507,320	39,782	28,927	7.84%	73%

Terminations and Reconnections - Confirmed Low Income Natural Gas Customers

Company	Number of Confirmed Low Income Customers	Terminations	Reconnections	Termination Rate	Ratio of Reconnections to Terminations
Columbia	59,703	6,975	3,291	11.68%	47%
Dominion	68,261	3,799	1,418	5.57%	37%
Equitable	38,241	6,395	5,434	16.72%	85%
NFG	27,794	7,186	4,330	25.85%	60%
PECO-Gas	38,636	31	7	0.08%	23%
PG Energy	24,208	2,717	1,399	11.22%	51%
PGW	139,303	18,014	11,319	12.93%	63%
UGI-Gas	26,378	5,607	1,024	21.26%	18%
Total	**422,524**	**50,724**	**28,222**	**12.00%**	**56%**

Number of Customers in Debt

There are two categories for reporting customers who are overdue or in debt to the companies. The first category includes customers who are on a payment agreement, and the second category includes customers who are not on a payment agreement. The first category includes both the BCS payment arrangements (PARs) and utility payment arrangements. The number of customers in debt is affected by many factors, including customer income level and ability to pay, company collection practices, and the size of customer bills.

The category that a customer in debt falls into depends upon the factors listed above as well as the notable addition of company collection policies. These policies include various treatments for different customer income levels.

It is important to note that one of the stated purposes of the Chapter 56 regulations at 52 Pa. Code § 56.1 is to "provide functional alternatives to termination." In 52 Pa. Code § 56.97, one of the methods of avoiding termination is to enter into a payment agreement. Also, the fact that a customer has entered into a payment agreement means that the customer is aware of the outstanding debt, has acknowledged this to the utility and has agreed to a plan to address the debt.

There are two factors which affect the uniformity of the data reported regarding the number of overdue customers and the dollars in debt that are associated with these customers. First, companies use different methods for determining when an account is overdue. Companies consider either the due date of the bill or the transmittal date of the bill to be day zero. The transmittal date is 20 days before the due date. The BCS requested the companies to consider the due date as day zero and to report debt that is at least 30 days overdue.

Duquesne Light, Met-Ed, Penelec, Penn Power, Columbia, Equitable, PG Energy and UGI-Gas reported according to the method requested by BCS. The variance among the other EDCs and NGDCs shows a difference of no more than 20 days from the BCS method. Allegheny Power, PECO Electric and Gas, Dominion Peoples and PGW report debt that is only 10 days old instead of 30 days old. Thus, each of these companies is overstating its debt compared to companies that reported debt as 30 days overdue. On the other hand, PPL and NFG report debt that is about 40 days old instead of 30 days old. Thus, PPL and NFG are understating their debt relative to the other companies. See Appendix 2 for company specific information on this issue.

The second factor that affects the uniformity of the arrearage data is the determination of when a company moves a terminated account or a discontinued account from active status (included in the reporting) to inactive status (excluded from the reporting). Company collection policies and accounting practices affect the timing. The differences in the amount of time it takes each company to move accounts from active status to inactive status is reported in Appendix 3.

Customer Assistance Program (CAP) recipients are excluded from all data tables that reference the number of customers in debt, the dollars in debt and gross residential write-offs.

Number of Residential Electric Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Allegheny	3,987	63,368	67,355
Duquesne	9,092	16,301	25,393
Met-Ed	28,791	22,294	51,085
PECO-Electric	14,208	142,885	157,093
Penelec	33,716	27,203	60,919
Penn Power	7,706	6,497	14,203
PPL	37,481	92,964	130,445
Total	**134,981**	**371,512**	**506,493**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Residential Natural Gas Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Columbia	4,061	17,617	21,678
Dominion	13,910	32,540	46,450
Equitable	5,817	12,667	18,484
NFG	4,606	5,604	10,210
PECO-Gas	3,169	33,944	37,113
PG Energy	3,527	10,729	14,256
PGW	22,958	103,437	126,395
UGI-Gas	3,196	15,552	18,748
Total	**61,244**	**232,090**	**293,334**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Customers in Debt

The percent of customers in debt is a useful statistic that supports the need for EDCs and NGDCs to implement universal service programs. A company with a low percent of its residential customers in debt will experience better cash flow and have a better credit rating than one with a high percent of its residential customers in debt.

The percent of customers in debt is calculated by dividing the number of customers in debt by the total number of residential customers. This calculation is done for both groups of customers in debt; that is, for those on a payment agreement and those not on a payment agreement.

Percent of Residential Electric Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Allegheny	1%	10%	11%
Duquesne	2%	3%	5%
Met-Ed	6%	5%	11%
PECO-Electric	1%	10%	11%
Penelec	7%	5%	12%
Penn Power	6%	5%	10%
PPL	3%	8%	11%
Total	**3%**	**8%**	**10%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service. Mathematical differences in the total percent of customers in debt due to rounding.

Percent of Residential Natural Gas Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Columbia	1%	5%	6%
Dominion	4%	10%	14%
Equitable	3%	5%	8%
NFG	2%	3%	5%
PECO-Gas	1%	8%	9%
PG Energy	3%	8%	10%
PGW	5%	22%	26%
UGI-Gas	1%	5%	7%
Total	**3%**	**9%**	**12%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service. Mathematical differences in the total percent of customers in debt due to rounding.

Residential Customer Debt in Dollars Owed

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

Dollars in Debt - Residential Electric Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny	$1,175,766	$5,226,349	$6,402,115
Duquesne	$4,935,525	$3,622,667	$8,558,192
Met-Ed	$17,023,439	$4,083,774	$21,107,213
PECO-Electric	$7,796,344	$43,568,220	$51,364,564
Penelec	$16,619,230	$3,957,741	$20,576,971
Penn Power	$4,675,924	$1,054,214	$5,730,138
PPL	$17,575,782	$33,581,085	$51,156,867
Total	**$69,802,010**	**$95,094,050**	**$164,896,060**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Natural Gas Customers

Company	Dollars in Debt on n Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Columbia	$3,180,974	$5,185,051	$8,366,025
Dominion	$13,836,027	$16,495,162	$30,331,189
Equitable	$5,622,108	$5,720,628	$11,342,736
NFG	$2,594,989	$2,780,680	$5,375,669
PECO-Gas	$1,689,745	$11,203,672	$12,893,417
PG Energy	$1,760,299	$3,533,099	$5,293,398
PGW	$20,893,034	$47,456,513	$68,349,547
UGI-Gas	$1,408,931	$4,816,277	$6,225,208
Total	**$50,986,107**	**$97,191,082**	**$148,177,189**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Confirmed Low Income Electric Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Allegheny	$443,712	$638,145	$1,081,857
Duquesne	$799,267	$1,444,386	$2,243,653
Met-Ed	$11,324,761	$1,251,901	$12,576,662
PECO-Electric	$6,577,501	$20,049,841	$26,627,342
Penelec	$12,821,200	$1,481,416	$14,302,616
Penn Power	$3,214,721	$390,847	$3,605,568
PPL	$15,650,587	$23,937,475	$39,588,062
Total	**$50,831,749**	**$49,194,011**	**$100,025,760**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt- Confirmed Low Income Natural Gas Customers

Company	Dollars in Debt on an Agreement*	Dollars in Debt not on an Agreement*	Total Dollars in Debt*
Columbia	$1,295,166	$2,315,932	$3,611,098
Dominion	$12,868,064	$11,625,767	$24,493,831
Equitable	$2,968,350	$2,284,843	$5,253,193
NFG	$1,284,985	$1,314,004	$2,598,989
PECO-Gas	$1,427,698	$4,928,650	$6,356,348
PG Energy	$813,337	$1,778,127	$2,591,464
PGW	$11,683,242	$18,344,451	$30,027,693
UGI-Gas	$765,993	$1,830,314	$2,596,307
Total	**$33,106,835**	**$44,422,088**	**$77,528,923**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Total Dollars Owed – on an Agreement Versus Not on an Agreement

The percent of dollars owed in the two reporting categories is calculated by dividing the total dollars owed in a category by the overall total dollars owed.

Percent of Debt on an Agreement - Residential Electric Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny	18%	82%
Duquesne	58%	42%
Met-Ed	81%	19%
PECO-Electric	15%	85%
Penelec	81%	19%
Penn Power	82%	18%
PPL	34%	66%
Total	**42%**	**58%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Debt on an Agreement - Residential Natural Gas Customers

Company	Percent of Dollars Owed – on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Columbia	38%	62%
Dominion	46%	54%
Equitable	50%	50%
NFG	48%	52%
PECO-Gas	13%	87%
PG Energy	33%	67%
PGW	31%	69%
UGI-Gas	23%	77%
Total	**34%**	**66%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage

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 pose more of an uncollectible risk than smaller average arrearages.

Average Arrearage – Residential Electric Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny	$295	$82	$95
Duquesne	$543	$222	$337
Met-Ed	$591	$183	$413
PECO-Electric	$549	$305	$327
Penelec	$493	$145	$338
Penn Power	$607	$162	$403
PPL	$469	$361	$392
Total	**$517**	**$256**	**$326**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage - Residential Natural Gas Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Columbia	$783	$294	$386
Dominion	$995	$507	$653
Equitable	$967	$452	$614
NFG	$563	$496	$527
PECO-Gas	$533	$330	$347
PG Energy	$499	$329	$371
PGW	$910	$459	$541
UGI-Gas	$441	$310	$332
Total	**$833**	**$419**	**$505**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Payment Arrangements

A payment arrangement is defined as a mutually satisfactory written or verbal agreement whereby a ratepayer or applicant who admits liability for billed service is permitted to amortize or pay the unpaid balance of the account in one or more payments over a reasonable period of time. In addition to this definition, the method by which utilities determine the total number of payment arrangements for reporting pursuant to § 54.75(1)(i) or § 62.5(a)(1)(i) takes into consideration the limitations of the utility systems used to document and track payment arrangements. This results in treating a broken payment arrangement that is reinstated due to payment by the customer of the "lump sum" amount as a new payment arrangement. The BCS PARs are included in this category. However, CAP payment plans are not included in the count of payment arrangements.

The following tables include both All Residential and Confirmed Low Income categories to allow for the presentation of the percent of payment arrangements which are Confirmed Low Income.

Electric Payment Arrangements

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Allegheny	15,167	7,823	52%
Duquesne	83,767	61,089	73%
Met-Ed	49,133	29,172	59%
PECO-Electric	75,108	51,507	69%
Penelec	55,522	39,860	72%
Penn Power	15,505	10,521	68%
PPL	271,510	154,611	57%
Total	**565,712**	**354,583**	**63%**

Natural Gas Payment Arrangements

Company	All Residential	Confirmed Low Income	Percent of Payment Arrangements which are Confirmed Low Income
Columbia	14,878	7,244	49%
Dominion	23,859	20,547	86%
Equitable	13,315	6,329	48%
NFG	19,124	9,196	48%
PECO-Gas	25,105	14,584	58%
PG Energy	20,344	9,344	46%
PGW	70,350	22,733	32%
UGI-Gas	40,873	21,276	52%
Total	**227,848**	**111,253**	**49%**

Gross Residential Write-Offs in Dollars

The tables below represent the gross residential write-offs in dollars for the EDCs and NGDCs in 2006. Write-offs are the final treatment of overdue accounts in the collection process. A residential account is written off after all pre-write-off collection actions are taken and the customer fails to make payment on the balance owed. Generally, a company writes off accounts on either a monthly or annual basis.

Gross Write-Offs - Residential Electric Customers

Company	Gross Dollars Written Off*
Allegheny	$5,810,269
Duquesne	$9,642,363
Met-Ed	$9,238,677
PECO-Electric	$34,856,261
Penelec	$8,591,608
Penn Power	$2,592,509
PPL	$21,194,274
Total	**$91,925,961**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs - Residential Natural Gas Customers

Company	Gross Dollars Written Off*
Columbia	$12,725,454
Dominion	$10,408,974
Equitable	$15,314,485
NFG	$7,316,442
PECO-Gas	$7,139,234
PG Energy	$5,037,797
PGW	$94,470,467
UGI-Gas	$8,474,161
Total	**$160,887,014**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs - Confirmed Low Income Electric Customers

Company	Gross Dollars Written Off*
Allegheny	$3,233,116
Duquesne	$7,031,880
Met-Ed	$5,745,225
PECO-Electric	$5,218,369
Penelec	$6,128,746
Penn Power	$1,847,343
PPL	$11,656,851
Total	**$40,861,530**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs - Confirmed Low Income Natural Gas Customers

Company	Gross Dollars Written Off*
Columbia	$7,967,237
Dominion	$5,986,317
Equitable	$8,085,135
NFG	$4,290,874
PECO-Gas	$1,068,822
PG Energy	$3,264,205
PGW	$27,029,576
UGI-Gas	$5,198,051
Total	**$62,890,217**

*Does not include CAP Credits or Arrearage Forgiveness.

Percentage of Gross Residential Billings Written Off as Uncollectible

The percentage of residential billings written off as uncollectible is the most commonly used long-term measure of collection 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. The measure offers an equitable basis for comparison.

Gross Write-Offs Ratio - Residential Electric Customers

Company	Gross Write-Offs Ratio*
Allegheny	1.17%
Duquesne	2.62%
Met-Ed	1.89%
PECO-Electric	1.99%
Penelec	2.20%
Penn Power	1.93%
PPL	1.63%
Total	**1.86%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Residential Natural Gas Customers

Company	Gross Write-Offs Ratio*
Columbia	3.04%
Dominion	3.23%
Equitable	5.32%
NFG	2.55%
PECO-Gas	1.35%
PG Energy	2.53%
PGW	14.93%
UGI-Gas	2.73%
Total	**5.39%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Confirmed Low Income Electric Customers

Company	Gross Write-Offs Ratio*
Allegheny	20.75%
Duquesne	24.67%
Met-Ed	13.75%
PECO-Electric	1.37%
Penelec	12.03%
Penn Power	13.40%
PPL	7.30%
Total	**5.92%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Confirmed Low Income Natural Gas Customers

Company	Gross Write-Offs Ratio*
Columbia	10.94%
Dominion	5.67%
Equitable	18.27%
NFG	16.84%
PECO-Gas	2.16%
PG Energy	8.10%
PGW	35.60%
UGI-Gas	14.69%
Total	**14.00%**

*Does not include CAP Credits or Arrearage Forgiveness.

Annual Collection Operating Expenses

Annual collection operating expenses include administrative expenses associated with termination activity, negotiating payment arrangements, budget counseling, investigation and resolution of informal and formal complaints associated with payment arrangements, securing and maintaining deposits, tracking delinquent accounts, collection agencies' expenses, litigation expenses other than Commission related, dunning expenses, and winter survey expense. CAP recipient collection expenses are excluded.

The tables below include both the All Residential and Confirmed Low Income categories to allow for the presentation of the percent of annual collection operating expenses which are attributed to Confirmed Low Income.

Annual Electric Collection Operating Expenses

Company	All Residential	Confirmed Low Income	Percent of Collection Operating Expenses which are for Confirmed Low Income Customers
Allegheny	$13,488,737	$7,490,568	56%
Duquesne	$16,221,301	$11,829,697	73%
Met-Ed	$12,131,756	$6,997,928	58%
PECO-Electric	$3,702,275	$554,271	15%
Penelec	$12,313,795	$8,001,006	65%
Penn Power	$3,606,710	$2,328,075	65%
PPL	$9,403,446	$5,359,964	57%
Total	**$70,868,020**	**$42,561,509**	**60%**

Annual Natural Gas Collection Operating Expenses

Company	All Residential	Confirmed Low Income	Percent of Collection Operating Expenses which are for Confirmed Low Income Customers
Columbia	$3,535,836	$1,877,025	53%
Dominion	$2,430,649	$606,543	25%
Equitable	$4,746,027	$778,348	16%
NFG	$961,454	$345,658	36%
PECO-Gas	$758,297	$113,525	15%
PG Energy	$2,673,634	$1,378,599	52%
PGW	$9,629,280	$1,444,392	15%
UGI-Gas	$3,061,646	$1,593,707	52%
Total	**$27,796,823**	**$8,137,797**	**29%**

Selected Tables for Multi-Year Data

Terminations - Residential Electric Customers

Company	2005 Terminations	2006 Terminations	Percent Change in # 2005-06	2005 Termination Rate	2006 Termination Rate
Allegheny	19,980	21,514	8%	3.31%	3.54%
Duquesne	22,132	20,885	-6%	4.22%	3.98%
Met-Ed	7,599	8,465	11%	1.63%	1.78%
PECO-Electric	60,596	41,940	-31%	4.37%	3.01%
Penelec	11,430	11,307	-1%	2.26%	2.24%
Penn Power	2,795	3,016	8%	2.02%	2.17%
PPL	17,795	21,221	19%	1.51%	1.79%
Total	**142,327**	**128,348**	**-10%**	**2.96%**	**2.66%**

Terminations - Residential Natural Gas Customers

Company	2005 Terminations	2006 Terminations	Percent Change in # 2005-06	2005 Termination Rate	2006 Termination Rate
Columbia	18,819	14,571	-23%	5.22%	4.00%
Dominion	6,768	5,083	-25%	2.09%	1.57%
Equitable	13,075	12,793	-2%	5.62%	5.51%
NFG	14,125	13,243	-6%	7.29%	6.86%
PECO-Gas	467	396	-15%	0.11%	0.09%
PG Energy	5,334	5,179	-3%	3.80%	3.68%
PGW	40,663	30,808	-24%	8.55%	6.44%
UGI-Gas	12,830	13,778	7%	4.64%	4.85%
Total	**112,081**	**95,851**	**-14%**	**4.61%**	**3.91%**

Number of Residential Electric Customers in Debt

Company	2005 Total Number of Customers in Debt*	2006 Total Number of Customers in Debt*	Percent Change in # 2005-06
Allegheny	68,728	67,355	-2%
Duquesne	28,200	25,393	-10%
Met-Ed	47,998	51,085	6%
PECO-Electric	183,723	157,093	-14%
Penelec	58,804	60,919	4%
Penn Power	14,183	14,203	0%
PPL	113,218	130,445	15%
Total	**514,854**	**506,493**	**-2%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Residential Natural Gas Customers in Debt

Company	2005 Total Number of Customers in Debt*	2006 Total Number of Customers in Debt*	Percent Change in # 2005-06
Columbia	26,391	21,678	-18%
Dominion	42,583	46,450	9%
Equitable	20,275	18,484	-9%
NFG	10,387	10,210	-2%
PECO-Gas	27,453	37,113	35%
PG Energy	12,985	14,256	10%
PGW	143,992	126,395	-12%
UGI-Gas	19,304	18,748	-3%
Total	**303,370**	**293,334**	**-3%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Electric Customers

Company	2005 Total Dollars in Debt*	2006 Total Dollars in Debt*	Percent Change in # 2005-06
Allegheny	$6,447,099	$6,402,115	-1%
Duquesne	$9,979,849	$8,558,192	-14%
Met-Ed	$18,171,224	$21,107,213	16%
PECO-Electric	$58,597,575	$51,364,564	-12%
Penelec	$18,496,446	$20,576,971	11%
Penn Power	$5,768,090	$5,730,138	-1%
PPL	$39,649,337	$51,156,867	29%
Total	**$157,109,620**	**$164,896,060**	**5%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Natural Gas Customers

Company	2005 Total Dollars in Debt*	2006 Total Dollars in Debt*	Percent Change in # 2005-06
Columbia	$9,281,997	$8,366,025	-10%
Dominion	$19,820,268	$30,331,189	53%
Equitable	$12,283,420	$11,342,736	-8%
NFG	$4,719,885	$5,375,669	14%
PECO-Gas	$8,755,956	$12,893,417	47%
PG Energy	$3,659,938	$5,293,398	45%
PGW	$78,684,785	$68,349,547	-13%
UGI-Gas	$5,618,715	$6,225,208	11%
Total	**$142,824,964**	**$148,177,189**	**4%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Gross Write-Offs - Residential Electric Customers

Company	2005 Gross Dollars Written Off*	2006 Gross Dollars Written Off*	Percent Change in # 2005-06
Allegheny	$7,643,658	$5,810,269	-24%
Duquesne	$9,371,658	$9,642,363	3%
Met-Ed	$10,439,196	$9,238,677	-12%
PECO-Electric	$37,965,042	$34,856,261	-8%
Penelec	$10,034,340	$8,591,608	-14%
Penn Power	$3,340,752	$2,592,509	-22%
PPL	$19,078,568	$21,194,274	11%
Total	**$97,873,214**	**$91,925,961**	**-6%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs - Residential Natural Gas Customers

Company	2005 Gross Dollars Written Off*	2006 Gross Dollars Written Off*	Percent Change in # 2005-06
Columbia	$17,178,358	$12,725,454	-26%
Dominion	$14,287,551	$10,408,974	-27%
Equitable	$20,473,018	$15,314,485	-25%
NFG	$7,560,399	$7,316,442	-3%
PECO-Gas	$6,699,713	$7,139,234	7%
PG Energy	$6,059,579	$5,037,797	-17%
PGW	$93,852,735	$94,470,467	1%
UGI-Gas	$7,694,431	$8,474,161	10%
Total	**$173,805,784**	**$160,887,014**	**-7%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Residential Electric Customers

Company	2005 Gross Write-Offs Ratio*	2006 Gross Write-Offs Ratio*	Percent Change 2005-06
Allegheny	1.58%	1.17%	-26%
Duquesne	2.58%	2.62%	2%
Met-Ed	2.14%	1.89%	-12%
PECO-Electric	2.22%	1.99%	-10%
Penelec	2.58%	2.20%	-15%
Penn Power	2.27%	1.93%	-15%
PPL	1.50%	1.63%	9%
Total	**2.02%**	**1.86%**	**-8%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Residential Natural Gas Customers

Company	2005 Gross Write-Offs Ratio*	2006 Gross Write-Offs Ratio*	Percent Change 2005-06
Columbia	4.07%	3.04%	-25%
Dominion	4.01%	3.23%	-19%
Equitable	6.56%	5.32%	-19%
NFG	2.69%	2.55%	-5%
PECO-Gas	1.33%	1.35%	2%
PG Energy	2.85%	2.53%	-11%
PGW	14.60%	14.93%	2%
UGI-Gas	2.45%	2.73%	11%
Total	**5.70%**	**5.39%**	**-5%**

*Does not include CAP Credits or Arrearage Forgiveness.

Percent of Revenues (Billings) in Debt

The percent of revenues (billings) in debt is calculated by dividing the total annual revenues (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 immediately below, the higher the percentage, the greater the potential collection risk.

Percent of Revenues (Billings) in Debt - Residential Electric Customers

Company	2005	2006	Percent Change 2005-06
Allegheny	1.3%	1.3%	0%
Duquesne	2.8%	2.3%	-18%
Met-Ed	3.7%	4.3%	16%
PECO-Electric	3.4%	2.9%	-15%
Penelec	4.8%	5.3%	10%
Penn Power	3.9%	4.3%	10%
PPL	3.1%	3.9%	26%
Total	**3.2%**	**3.3%**	**3%**

Percent of Revenues (Billings) in Debt - Residential Natural Gas Customers

Company	2005	2006	Percent Change 2005-06
Columbia	2.2%	2.0%	-9%
Dominion	5.6%	9.4%	68%
Equitable	4.0%	3.9%	-3%
NFG	1.7%	1.9%	12%
PECO-Gas	1.7%	2.4%	41%
PG Energy	1.7%	2.7%	59%
PGW	12.2%	10.8%	-11%
UGI-Gas	1.8%	2.0%	11%
Total	**4.7%**	**5.0%**	**6%**

3. Universal Service Programs

Demographics

In conformance with the Universal Service and Energy Conservation Reporting Requirements, the EDCs and the NGDCs are to report to the Commission the demographics of their program recipients, including the number of household members under age 18 and over age 62, household size, income and source of income. The regulation defines a low income customer as a residential utility customer whose gross household income is at or below 150 percent of the federal poverty guidelines. Appendix 4 shows poverty levels in relation to household size and income.

Source of Income, Average Household Size and Income

For customers of all universal service programs, average household incomes are below $15,000. Both electric and natural gas households that receive CAP benefits have average household incomes that are less than $12,000 a year. Natural gas and electric customers who receive Low Income Usage Reduction Program (LIURP) service have average yearly household incomes between $14,000 and $15,000. These households average three persons, with at least one member under 18 years old.

Average household incomes for universal service and energy conservation program participants are well below 150 percent of the 2006 federal poverty guidelines of $25,755 for three persons. The most recently published data from the 2003 Census reports that the average household income in Pennsylvania is $53,991.

The majority of electric customers participating in universal service programs have incomes from employment, disability benefits or pension benefits. The majority of natural gas customers participating in universal service programs have incomes from employment, disability, and public assistance. See Appendix 5 for a summary of the source of income data.

"Working poor" households do not always have incomes that exceed 150 percent of the federal poverty guidelines. A definition of a "working poor" household begins with a wage-earner who works full-time at a minimum wage job. Minimum wage was $6.25 per hour in 2006.[3] Annual income for a wage earner who works at minimum wage job is $13,000. A typical CAP customer has an income in the $12,000 range, which places these households' incomes at about 70 percent of the federal poverty guidelines. These households have incomes that are below minimum wage.

Finally, it is important to understand the relationship between household incomes and the percent of that income that a household spends on energy. Energy burden is defined as the percentage of household income that a household spends on total home energy needs.[4] In most instances, CAP programs require households to pay at least 16 percent of their household incomes for energy compared with an average Pennsylvania household that pays about 5 percent of their income for home energy needs.

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[3]http://www.dol.gov/esa/minwage/chart.htm, The Pennsylvania state minimum wage law adopts the Federal minimum wage rate by reference. http://www.dol.gov/esa/minwage/america.htm#Pennsylvania.
http://www.pahouse.com/cohen/minimumwage/factsheet.htm

[4]U.S. Department of Health & Human Services, LIHEAP Home Energy Notebook for FY 2002: Appendix A Home energy estimates, p. 45, 2004.

Participants in Universal Service Programs
Average Household Income
Summary for All Electric Customers

	2005	2006
LIURP	$14,677	$13,871
CAP	$11,981	$11,896
CARES	$12,939	$13,292
Hardship Fund	$14,277	$14,873

Participants in Universal Service Programs
Average Household Income
Summary for All Natural Gas Customers

	2005	2006
LIURP	$14,677	$15,086
CAP	$11,171	$11,501
CARES	$16,622	$13,691
Hardship Fund	$13,469	$15,040

LIURP

The Pennsylvania Low Income Usage Reduction Program (LIURP) is a statewide, utility-sponsored, residential usage reduction program mandated by Pennsylvania Public Utility Commission regulations at 52 Pa. Code, Chapter 58. The primary goal of LIURP is to assist low income residential customers to reduce energy bills through usage reduction (energy conservation) and, as a result, to make bills more affordable.

LIURP is targeted toward customers with annual incomes at or below 150 percent of the federal poverty level. However, beginning in 1998, the LIURP regulations permit companies to spend up to 20 percent of their annual LIURP budgets on customers with incomes between 150 percent and 200 percent of the federal poverty level. LIURP places priority on the highest energy users who offer the greatest opportunities for bill reductions. Generally, the EDCs target customers with annual usage of at least 6,000 kWhs and the NGDCs target customers with annual usage of at least 120 Mcfs. When feasible, the program targets customers with payment problems (arrearages). The program is available to both homeowners and renters. LIURP services all housing types, including single family homes, mobile homes, and small and large multi-family residences.

The LIURP funds are included in utility rates as part of the distribution cost that is passed on to all residential customers. The current LIURP funding levels for each utility were set for a period of three years in the most recently filed universal service plans. These plans are to be filed every three years. The utility is required to develop a funding level based upon a needs assessment, which, in turn, will likely be based on census and utility data.

The PUC has regulatory oversight of LIURP and the utilities administer the program using both non-profit and for-profit contractors. The LIURP funds are disbursed directly to program contractors, usually on a monthly basis. The various program costs and installed usage reduction measures are agreed to in contracts between the contractors and the utilities.

Program measures are installed on a simple payback recovery basis of seven years or less for most program measures. There are exceptions that must meet a 12-year simple payback recovery. These include sidewall insulation, attic insulation, furnace replacement, water heater replacement and refrigerator replacement. Recovery is the time it takes to recover the cost of the installed program measure through projected energy savings. Examples of the program measures include: air infiltration measures using the blower door air sealing techniques; all types of insulation such as attic and sidewall; heating system treatments and replacements; water heating tank and pipe wraps; water heater replacements; compact fluorescent lighting; refrigerator replacement; water bed replacement with a form-fitted foam mattress; incidental repairs (not home rehabilitation); and conservation education.

The factors that have an impact on energy savings are: the level of pre-weatherization usage; occupant energy behavior; housing type and size; age of the dwelling; condition of the dwelling; end uses such as heating; cooling and water heating; and contractor capabilities.

The list of customer, utility and community benefits includes: bill reduction; improved health, safety and comfort levels; LIHEAP leveraging (Pennsylvania receives additional funds due to the LIURP resources that supplement LIHEAP funds); arrearage reduction; reduced collection activity; improved bill payment behavior; reduced use of supplemental fuels and secondary heating devices; more affordable low income housing; impact on homelessness; and less housing abandonment.

The data presented in the instant report reflect the Universal Service Reporting Requirements (USRR) regulations at § 54.75 and § 62.5. These provisions require the reporting of various LIURP data, including: annual program costs for the reporting year; number of family members under 18 years of age; number of family members over 62 years of age; family size; household income; source of income; participation levels for the reporting year;

projected annual spending for the current year; projected annual participation levels for the current year; and average job costs.

In addition, the report also includes data on completed jobs provided to us by the EDCs in accordance with the LIURP Codebook, which is originally based in the LIURP regulations at 52 Pa. Code § 58.15 and incorporated in the USRR regulations.

LIURP Spending

As a rule, companies try to spend all of the LIURP funds that are budgeted each year, but this is not always possible. In most cases, unspent funds are carried over from one program year to the next on an ongoing basis.

LIURP Spending - Electric Utilities

Company	2006 Actual Spending	2007 Projected Spending*
Allegheny	$2,133,124	$2,195,406
Duquesne	$1,090,935	$1,821,785
Met-Ed	$1,840,662	$1,826,000
PECO-Electric	$5,599,994	$5,600,000
Penelec	$1,927,764	$1,962,000
Penn Power	$628,726	$645,250
PPL	$7,488,846	$6,800,000
Total	**$20,710,051**	**$20,850,441**

*Includes carryover of unspent funds.

LIURP Spending - Natural Gas Utilities

Company	2006 Actual Spending	2007 Projected Spending*
Columbia	$1,364,003	$1,374,403
Dominion	$609,941	$610,000
Equitable	$704,128	$624,509
NFG	$924,211	$1,369,238
PECO-Gas	$875,003	$875,000
PG Energy	$358,619	$741,628
PGW	$2,118,621	$2,200,000
UGI-Gas	$659,649	$1,193,111
Total	**$7,614,175**	**$8,987,889**

*Includes carryover of unspent funds.

LIURP Production

LIURP production levels are influenced by many factors, including the size of the company's LIURP program budget; the heating saturation among the company's customer population; housing characteristics such as the type, size and condition of the housing stock; contractor capability; contractor capacity; and, to a lesser extent, customer demographics and customer behavior.

LIURP Electric Production

Company	2006 Actual Production			2007 Projected Production		
	Heating Jobs	Water Heating Jobs	Baseload Jobs*	Heating Jobs	Water Heating Jobs	Baseload Jobs*
Allegheny	294	1,161	650	306	1,209	677
Duquesne	0	0	3,378	30	8	3,962
Met-Ed	345	393	396	360	420	420
PECO-Electric	1,382	0	6,513	1,004	0	6,500
Penelec	288	1,010	459	295	995	460
Penn Power	74	186	284	65	200	275
PPL	1,431	156	1,043	1,500	150	1,340
Total	**3,814**	**2,906**	**12,723**	**3,560**	**2,982**	**13,634**

*Baseload jobs contain very few or no heating or water heating program measures.

LIURP Natural Gas Production

Company	2006 Actual Production Heating Jobs	2007 Projected Production Heating Jobs
Columbia	238	220
Dominion	169	175
Equitable	155	150
NFG	149	260
PECO-Gas	477	400
PG Energy	125	258
PGW	2,747	2,500
UGI-Gas	254	415
Total	**4,314**	**4,378**

LIURP Average Job Costs

Customer usage profiles are typically highest for heating jobs followed by water heating jobs and baseload jobs. Average job costs are based on the total number of completed jobs in the job type category and the total costs associated with those jobs. Specifically, the average job cost is calculated by dividing the total dollars spent on a type of job by the number of jobs completed.

All of the LIURP gas jobs are classified as heating. On the other hand, for electric jobs, the determination of the job type first depends on whether or not the customer heats with electricity. If most of the dollars spent on the completed job are on heating related program measures, then the job is classified as a heating job. Next, if the customer does not heat with electricity but uses electricity for water heating, and most of the dollars spent on the completed job are on water heating measures, then the job is classified as a water heating job. If the customer does not use electricity for either heating or water heating, the completed job is automatically classified as a baseload job. This is a simplistic model for classifying the type of job and this model is easy to apply to the vast majority of electric jobs in LIURP.

LIURP Electric Job Costs

Company	2006 Heating Jobs	2006 Water Heating Jobs	2006 Baseload Jobs
Allegheny	$2,173	$757	$581
Duquesne	Not Applicable	Not Applicable	$287
Met-Ed	$1,484	$1,059	$921
PECO-Electric	$2,259	Not Applicable	$285
Penelec	$1,227	$823	$671
Penn Power	$909	$684	$681
PPL	$2,597	$898	$799

LIURP Natural Gas Job Costs

Company	2006 Heating Jobs
Columbia	$4,550
Dominion	$3,486
Equitable	$3,854
NFG	$3,263
PECO-Gas	$1,823
PG Energy	$2,465
PGW	$771
UGI-Gas	$2,090

LIURP Energy Savings and Bill Reduction

LIURP energy savings are determined by calculating the difference in customer's usage during the 12 months following the provision of program measures from the usage during the 12 months preceding the treatments. The energy savings reported below represent an average of the company results.

The estimated annual bill reduction is calculated by multiplying the average number of kWhs or Mcfs saved during the post-treatment period by the average price per kWh or Mcf during the post-treatment period. Companies voluntarily report this pricing information to BCS on an annual basis. The estimated annual bill reductions that are presented below are based on the average of the company results.

LIURP Energy Savings and Bill Reductions

Job Type	2004 Energy Savings	2004 Estimated Annual Bill Reduction*
Electric Heating	11.2%	$193
Electric Water Heating	5.3%	$64
Electric Baseload	6.9%	$72
Gas Heating	18.6%	$418

Customer Assistance Programs

Customer Assistance Programs (CAPs) provide an alternative to traditional collection methods for low income, payment troubled utility customers. Customers make regular monthly payments, which may be for an amount that is less than the current bill for utility service. Most payments are based on a percentage of a customer's income. Some payments are based on a rate discount, while others are based on a percentage of the bill or historical payments. However, household size and income generally determine the size of any discount. Besides regular monthly payments, customers need to comply with certain responsibilities and restrictions to remain eligible for continued participation. This section presents a progress report on the implementation of the Commission's CAP Policy Statement and 66 Pa. C.S. § 2802(10), § 2804(9), § 2203(7) and § 2203(8) by the seven largest EDCs and by the NGDCs serving over 100,000 customers. Universal Service Plans and Evaluations are posted on the Commission's Web site (see Appendix 7 for viewing instructions).

CAP Participation

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code §54.75(2)(i)(C) for the EDCs and 52 Pa. Code §62. 5(2)(i)(C) for the NGDCs, the companies are to report to the Commission the number of customers enrolled in CAP. The Commission defines participation as those participants enrolled in CAP at the end of the program year. As part of each company's restructuring proceeding, a program phase-in size was established. In conformance with the Reporting Requirements for Universal Service and Energy Conservation at 52 Pa. Code § 54.74 for the EDCs and 52 Pa. Code §62.4 for the NGDCs, each company is to submit to the Commission for approval a three-year universal service plan. The regulations at 52 Pa. Code §§ 54.74(b)(3)&(4) for the EDCs and 52 Pa. Code §§ 62(4)(b)(3)&(4) require the companies to submit a projected needs assessment and projected enrollment level for its universal service programs.

The 2006 results below show a CAP Participation Rate, defined as the number of participants enrolled as of Dec. 31, 2006, divided by the number of confirmed low-income customers. The Commission expects a utility to maintain open enrollment to meet the need in each utility's service territory. The CAP participation rate would be much lower if the rate reflected estimated rather than confirmed low income customers.

CAP Participation - Electric Utilities

EDC	Participants Enrolled as of 12/31/05	CAP Participation Rate	Participants Enrolled as of 12/31/06	CAP Participation Rate
	2005		**2006**	
Allegheny	20,686	46%	20,945	48%
Duquesne	23,093	65%	25,522	65%
Met-Ed	8,145	23%	9,915	31%
PECO	116,829	57%	129,643	62%
Penelec	13,069	24%	14,940	30%
Penn Power	3,393	22%	4,005	30%
PPL	14,033	12%	20,721	18%
Total	**199,248**		**225,691**	
Weighted Avg.		**39%**		**44%**

CAP Participation - Natural Gas Utilities

EDC	Participants Enrolled as of 12/31/05	CAP Participation Rate	Participants Enrolled as of 12/31/06	CAP Participation Rate
	2005		**2006**	
Columbia	21,864	36%	24,106	40%
Dominion Peoples	10,199	15%	10,986	16%
Equitable	12,975	38%	14,055	37%
NFG	10,054	40%	11,272	41%
PECO	31,928	84%	37,887	98%
UGI-Penn Natural	2,853	12%	2,885	12%
PGW	67,120	43%	76,045	55%
UGI	4,558	21%	7,597	29%
Total	**161,551**		**184,833**	
Weighted Avg.		**38%**		**44%**

CAP Benefits - Bills, Credits & Arrearage Forgiveness

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(B)(IV) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(B)(IV) for the NGDCs, the companies are to report to the Commission on CAP benefits. The regulation defines CAP benefits as the average CAP bill, average CAP credits, and average arrearage forgiveness. Companies report by month the number of participants enrolled in CAP. Because CAP enrollment fluctuates during the year, the Commission bases average CAP credits and arrearage forgiveness benefits on the average monthly number of CAP participants rather than the number of CAP participants enrolled at the end of the year.

The Commission has further defined the three components of CAP benefits. The Commission defines average CAP bill as the total CAP amount billed (total of the expected monthly CAP payment) divided by the total number of CAP bills rendered. The Commission defines average CAP credits as the total amount of the difference between the standard billed amount and the CAP billed amount divided by the average monthly number of CAP participants. The Commission defines average arrearage forgiveness as the total preprogram arrearages forgiven as a result of customers making agreed upon CAP payments divided by the average monthly number of CAP participants. The tables below show average monthly CAP bill and CAP benefits.

Average CAP bills and CAP credits will fluctuate due to several factors: CAP customers may have different payment plans based on their type of usage (heating, water heating or baseload); change in rates; and the distribution of income levels among program participants. Consumption and weather will also affect NFG, PECO and Penn Power's CAP bills and credits because their payment plans are based on rate discounts tied to usage.

Average Monthly CAP Electric Bill

	2005	2006
Allegheny Power	$54	$55
Duquesne	$48	$50
Met-Ed	$52	$52
PECO	$76	$74
Penelec	$42	$42
Penn Power	$55	$50
PPL	$57	$62

Average Monthly Natural Gas CAP Bill

	2005	2006
Columbia	$48	$46
Dominion Peoples	$71	$78
Equitable	$78	$79
NFG	$88	$85
PECO	$138	$127
PG Energy	$99	$115
PGW	$76	$79
UGI	$92	$94

Average Annual Electric CAP Credits

	2005	2006
Allegheny Power	$239	$262
Duquesne	$190	$238
Met-Ed	$461	$459
PECO	$317	$332
Penelec	$395	$409
Penn Power	$432	$374
PPL	$689	$560

PPL explains that one reason for its higher than industry average for CAP credits is that 40 percent of CAP participants heat with electricity. Because a high proportion of CAP customers heat with electricity, CAP credits will be higher for PPL.

Average Annual Natural Gas CAP Credits

	2005	2006
Columbia	$1,015	$965
Dominion Peoples	$486	$545
Equitable	$604	$998
NFG	$596	$706
PECO	$99	$79
PG Energy	$212	$300
PGW	$1,105	$1,122
UGI	$286	$297

Average CAP credits increased for most NGDC's from 2005 to 2006. Generally, increases are usually attributable to rising gas prices. Columbia's CAP credits are higher than the industry average. This can be attributed, in part, to its monthly average CAP bill, which is significantly lower than the industry average. Columbia's average CAP bill, at $46, is the most affordable among the industry, consistent with 66 Pa. C.S. § 2203(8) that universal service programs assist low income retail gas customers afford natural gas service. PGW's higher CAP credits can be attributed to higher natural gas rates.

Arrearage forgiveness credits will fluctuate due to the following factors: the length of time over which forgiveness occurs; the length of time a customer is enrolled in CAP; how often forgiveness occurs (monthly or yearly); and the amount of arrearage brought to the CAP program. As programs become established, it should be rare that a customer comes to a program with a large arrearage because a utility should enroll a customer into CAP at the initial signs that a low income customer is payment troubled.

Average Annual Electric Utilities Arrearage Forgiveness

	2005	2006
Allegheny Power	$69	$69
Duquesne	$119	$139
Met-Ed	$121	$139
PECO	$75	$52
Penelec	$92	$112
Penn Power	$0	$0
PPL	$226	$279

In 2005, Allegheny Power began forgiving arrearages monthly upon receipt of a customer's full CAP payment. As a result of the change, Allegheny Power CAP customers experienced an increase in average arrearage forgiveness benefits. The 2006 results matched those from 2005.

At this time, Penn Power's CAP design does not include an arrearage forgiveness component. The company cites funding considerations, computer programming costs and rate caps as reasons to continue to delay the implementation of this component. By Order entered May 14, 2002, the Commission apprised Penn Power that it expects Penn Power to implement an arrearage forgiveness component within its SAP system consistent with the CAP Policy Statement, 52 Pa. Code § 69.265(6)(ix).

In 2004, PECO made changes to how it processes arrearage forgiveness benefits. Previously, PECO required a CAP customer to make six timely, consecutive payments to receive arrearage forgiveness benefits. PECO reports that the company identified many customers who paid late, but paid consistently and were not receiving the benefit of forgiveness. In 2004, PECO applied arrearage forgiveness benefits when a CAP customer's account was current at the end of a six-month period. PECO applied arrearage forgiveness credits for these customers in March through May 2004. After PECO completed these adjustments the monthly arrearage forgiveness began on an on going basis. As a consequence, PECO's 2005 average arrearage forgiveness benefit is lower since it did not include the 2004 adjustment. This declining trend continued in 2006.

Average Annual Natural Gas Utilities Arrearage Forgiveness

	2005	2006
Columbia	$65	$72
Dominion Peoples	$69	$60
Equitable	$119	$84
NFG	$83	$81
PECO	$36	$27
PG Energy	$43	$43
PGW	$158	$137
UGI	$99	$131

Percentage of Bill Paid

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(B)(VII) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(B)(VII) for the NGDCs, the companies are to report to the Commission on the percentage of CAP bill paid. "CAP bill paid" is the annual total of the expected monthly CAP payment. This amount includes the amount that companies bill CAP customers rather than the tariffed rate amount. The companies report on the annual total amount of payments by CAP customers. The Commission defines percentage of CAP bill paid as the total amount of payments by CAP customers divided by the total dollar amount of CAP billed. Based on history and successful CAP designs relating to default and payment plans, the Commission recommends that a percentage of bill paid of no less that 80 percent can be reasonably achieved – with a goal of 90 percent or better. The table below shows percentage of CAP bill paid by CAP customers.

Percentage of Electric CAP Bill Paid

	2005	2006
Allegheny Power	70%	66%
Duquesne	94%	96%
Met-Ed	88%	92%
PECO	82%	79%
Penelec	90%	95%
Penn Power	90%	89%
PPL	83%	83%

Percentage of Natural Gas CAP Bill Paid

	2005	2006
Columbia	93%	93%
Dominion Peoples	88%	83%
Equitable	97%	95%
NFG	77%	82%
PECO	77%	76%
PG Energy	85%	80%
PGW	87%	90%
UGI	83%	83%

CAP Costs

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.74(2)(i)(A) for the EDCs and 52 Pa. Code § 62.4(2)(i)(A) for the NGDCs, the companies are to report to the Commission on CAP program costs. The companies and the Bureau developed mutually satisfactory guidelines for reporting CAP costs. CAP costs include costs for administration, CAP credits and arrearage forgiveness. Administrative costs include the following costs: contract and utility staffing; account monitoring; intake; outreach; consumer education and conservation; training; maintaining telephone lines; recertification; computer programming; evaluation; and other fixed overhead costs. Account monitoring includes collection expenses as well as other operation and maintenance expenses. See Appendix 6 for the percentage of CAP spending by program component: administration, CAP credits, and arrearage forgiveness. The data below show a need for improvement in the percentage of CAP spending on administration. In past reports, the Commission has reported that CAP administrative costs should not exceed 20 percent of total CAP costs. Twenty percent was a reasonable goal when utilities were expanding and implementing new CAP programs. Because CAP programs are established and experience shows that administrative costs of no more than 15 percent can be realistically achieved, CAP spending for administrative purposes should not exceed 15 percent – with an ideal goal of no more than 10 percent. Costs are gross costs and do not reflect any potential savings to traditional collection expenses, cash working capital expenses, and bad debt expenses that may result from enrolling low income customers in CAP. Appendix 8 shows total universal service costs, universal service funding mechanisms and average annual universal service costs per residential customers.

CAP Electric Gross Costs

EDC	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer
	2005			2006		
Allegheny	$6,948,175	20,703	$336	$7,551,281	21,111	$358
Duquesne	$7,517,421	20,780	$362	$10,375,795	24,532	$423
Met-Ed	$5,167,977	7,750	$667	$6,149,163	9,228	$666
PECO	$59,478,578	111,107	$535	$65,684,272	126,839	$518
Penelec	$7,017,094	12,532	$560	$8,494,452	14,444	$588
Penn Power	$1,743,141	3,241	$538	1,705,114	3,709	$460
PPL	$16,223,414	15,638	$1,037	$17,090,500	17,788	$961
Total	**$104,095,800**	**191,751**		**$117,050,577**	**217,651**	
Weighted Avg.			**$543**			**$538**

PECO includes $14,288,291 uncollectible provision in its administrative costs. This provision is calculated in accordance with Generally Accepted Accounting Principles (GAAP).

CAP Natural Gas Gross Costs

NGDC	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer	Total Gross CAP Costs	Average CAP Enrollment	Average Gross Program Costs per CAP Customer
	2005			2006		
Columbia	$22,941,685	20,360	$1,127	$25,788,593	24,095	$1,070
Dominion Peoples	$5,754,505	9,636	$597	$7,586,249	11,623	$653
Equitable	$9,301,115	11,900	$782	$15,801,900	13,807	$1,144
NFG	$6,507,394	9,054	$719	$9,074,207	10,986	$826
PECO	$6,894,075	30,494	$226	$7,360,385	36,948	$199
PG Energy	$933,642	2,840	$329	$1,322,719	3,438	$385
PGW	$84,498,182	64,979	$1,300	$102,733,113	73,808	$1,392
UGI	$1,858,522	4,315	$431	$3,396,393	7,329	$463
Total	**$138,689,120**	**153,578**		**$173,063,559**	**182,034**	
Weighted Avg.			**$903**			**$951**

PECO includes $2,926,517 uncollectible provision in its administrative costs. This provision is calculated in accordance with Generally Accepted Accounting Principles (GAAP).

CARES

The primary purpose of a CARES program is to provide a cost-effective service that helps payment troubled customers maximize their ability to pay utility bills. A CARES program helps address health and safety concerns relating to utility service by providing important benefits. CARES staff provides three primary services: case management; maintaining a network of service providers; and making referrals to services that provide assistance.

As utilities have expanded their CAP programs, the focus of CARES has changed. For most utilities, CARES has become a component of CAP. The Commission has not objected to some of the functions of CARES changing overtime because the expansion of CAP has reduced the number of customers who may need case management services.

CARES representatives provide case management services to a limited number of customers with special needs. Most customers receive the case management services of CARES for no more than six months. If a customer's hardship is not resolved within that time, a utility will transfer a customer from the CARES program to their CAP. The number of customers who receive case management services has decreased because these customers now receive the benefits of more affordable payments as part of CAP enrollment.

A utility CARES representative also performs the task of strengthening and maintaining a network of community organizations, and government agencies that can provide services to the program clients. By securing these services, including energy assistance funds, customers can maintain safe and adequate utility service. LIHEAP outreach and networking are vital pieces of CARES that should not be neglected. A CARES program continues to address the important health and safety concerns relating to utility service. As Chapter 14 implementation occurs, it is imperative that each utility be able to identify its customers so that it does not jeopardize the health and safety of a household who has special conditions.

Finally, CARES staff conduct outreach and make referrals to programs that provide energy assistance grants. CARES staff also makes referrals to LIHEAP (the federal program that provides energy assistance grants), hardship funds, and other agencies that provide cash assistance.

CARES Benefits

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(C)(III) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(C)(III) for the NGDCs, the companies are to report to the Commission on CARES benefits. The Commission defines CARES benefits as the total number and dollar amount of LIHEAP benefits applied to all low income customers' accounts. LIHEAP benefits include both LIHEAP cash and LIHEAP crisis grants. Typically, households that receive crisis grants also receive cash grants. Therefore, to avoid double counting the number of benefits, the table below shows number of households that received LIHEAP cash grants. The dollar amount of LIHEAP benefits includes both cash and crisis LIHEAP benefits. The total amount of LIHEAP dollars that each utility receives is dependant primarily on the amount of the federal LIHEAP appropriation and the number of poor customers in each company's service territory. The regulation defines direct dollars as dollars that are applied to a CARES customer's electric utility account, including all sources of energy assistance applied to utility bills such as LIHEAP, hardship fund grants and local agencies' grants. The column titled Direct Dollars in Addition to LIHEAP Grants for CARES Participants subtracts LIHEAP benefits from total CARES benefits to show the total dollar benefits that are not LIHEAP-related. Net CARES benefits include LIHEAP cash and crisis grants plus direct dollars in addition to LIHEAP grants. The administrative costs of CARES are deducted from the total CARES benefits to equal net CARES benefits. Because the number of participants who receive the case management services of CARES are small, the direct dollars not related to LIHEAP grants will be a smaller number than the total LIHEAP dollars for all low income customers.

2006 Electric CARES Benefits

EDC	CARES Costs	Total LIHEAP Grants for Low Income Customers**	Low Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants for CARES Participants	Net CARES Benefits
Allegheny Power	$75,190	$3,331,882	8,090	-$411	$3,256,281
Duquesne	$100,000	$3,215,621	5,503	$160,952	$3,276,573
Met-Ed*	$0	$1,562,770	4,463	$0	$1,562,770
PECO	$824,952	$11,852,331	27,858	$1	$11,027,380
Penelec*	$0	$2,876,107	7,048	$0	$2,876,107
Penn Power*	$0	$1,089,665	2,265	$0	$1,089,665
PPL	$0	$6,170,485	18,233	$9,468	$6,179,953
Total	**$1,000,142**	**$30,098,861**	**73,460**	**$170,010**	**$29,268,729**

*Met-Ed, Penelec and Penn Power enroll and monitor all CARES participants in its CAP rather than separately monitoring these accounts. PPL includes the costs of CARES in its OnTrack costs. The CARES representatives in both companies perform the functions of both CAP and CARES.

**Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.

2006 Natural Gas CARES Benefits

NGDC	CARES Costs	Total LIHEAP Grants for Low Income Customers[5]	Low Income Households who Received LIHEAP Cash Grants	Direct Dollars in Addition to LIHEAP Grants for CARES Participants	Net CARES Benefits
Columbia	$227,508	$7,206,830	22,918	$2,605	$6,981,927
Dominion Peoples	$193,000	$5,790,014	21,754	$27,747	$5,624,761
Equitable	$239,523	$6,790,809	19,298	$81,726	$6,633,012
NFG	$16,920	$7,699,422	22,440	$2,799	$7,685,301
PECO	$123,268	$1,771,037	4,162	$1	$1,647,770
PG Energy	$82,428	$5,849,610	13,592	$700	$5,767,882
PGW	$589,000	$23,877,176	65,157	$0	$23,288,176
UGI	$63,841	$4,111,082	14,090	$33,220	$4,080,461
Total	$1,535,488	$63,095,980	183,411	$148,798	$61,709,290

Utility Hardship Fund Programs

Utility company hardship funds provide cash assistance to utility residential customers who need help in paying their utility bill or to those who still have a critical need for assistance after other resources have been exhausted. The funds make payments directly to companies on behalf of eligible customers.

Ratepayer and Shareholder Contributions

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(D)(I)&(III) for the EDCs and 52 Pa. Code § 62.5(2)(ii)(D)(I)&(III) for the NGDCs, the companies are to report to the Commission on the amount of ratepayer and utility contributions to their hardship funds. Utility shareholders contribute the bulk of utility contributions. The Commission defines ratepayer contributions as contributions from utility employees, ratepayers and special contributions. Special contributions include monies from formal complaint settlements, overcharge settlements, off-system sales and special solicitations of business corporations. However, the average voluntary ratepayer contribution per customer shown in the tables that follow does not include special contributions – only voluntary ratepayer contributions. The Commission defines utility contributions as shareholder or utility grants for program administration, outright grants to the funds, and grants that match contributions of ratepayers. Utility and ratepayer contributions are shown in the tables below.

[5] Total LIHEAP grants include both LIHEAP cash and crisis grants. Typically, customers who receive crisis grants also receive cash grants.

2005-06 Electric Hardship Fund Contributions

EDC	Voluntary Ratepayer Contributions	Average Voluntary Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Allegheny	$370,436	$0.29	$190,500
Duquesne	$263,294	$0.50	$390,000
Met-Ed[6]	$92,859	$0.20	$148,679
PECO	$224,014	$0.14	$550,503
Penelec[6]	$56,126	$0.11	$100,000
Penn Power	$47,123	$0.34	$129,267
PPL	$608,944	$0.37	$700,000
Total	**$1,662,796**		**$2,208,949**
Weighted Avg.		**$0.34**	

2005-06 Natural Gas Hardship Fund Contributions

NGDC	Voluntary Ratepayer Contributions	Average Voluntary Ratepayer Contribution per Customer	Utility & Shareholder Contributions
Columbia[7]	$481,750	$0.29	$213,659
Dominion Peoples	$170,477	$0.52	$332,500
Equitable	$86,704	$0.37	$1,260,929
NFG	$45,295	$0.22	$53,333
PECO	$39,319	$0.09	$111,447
PG Energy	$13,961	$0.10	$135,566
PGW[8]	$1,922	$0.00	$265,114
UGI	$60,611	$0.21	$110,306
Total	**$900,039**		**$2,482,854**
Weighted Avg.		**$0.37**	

[6]In addition to the contributions listed above, Met-Ed and Penelec both assess administrative costs to their residential ratepayers. Met-Ed assesses $41,624 and Penelec assesses $43,337. Penelec's ratepayer contributions includes $250,000 in a settlement contribution relating to its termination practices. See Commission Order entered Dec. 21, 2005, at Docket No. M-00051906.

[7]Columbia's ratepayer contributions include a $375,000 contribution from Citizens Energy Corp (Citizens). In prior reports, the Commission included this contribution as a shareholder contribution. For the average ratepayer contribution per customer comparison, Columbia's contribution from Citizens is not included. Only residential ratepayer contributions are included in the comparison.

[8]PGW, a municipally owned utility, does not have shareholders. The amount reported in the shareholder column represents a utility contribution appropriated from rates.

Hardship Fund Benefits

In conformance with the Universal Service and Energy Conservation Reporting Requirements at 52 Pa. Code § 54.75(2)(ii)(D)(V) for the EDCs and 52 Pa. Code § 62.5 (2)(ii)(D)(V) for the NGDCs, the companies are to report to the Commission on hardship fund benefits. The Commission defines hardship fund benefits as the cumulative total number and dollar amount of grants disbursed for the program year as of the end of the program year.

Electric Utility Hardship Fund Grant Benefits

EDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
Allegheny	1,189	1,624	$252	$277	$300,000	$450,000
Duquesne	2,072	1,515	$314	$429	$650,000	$650,000
Met-Ed	833	778	$300	$321	$249,910	$250,000
PECO	2,294	2,030	$429	$388	$984,030	$787,693
Penelec	812	1,241	$308	$319	$250,000	$396,230
Penn Power	1,033	436	$232	$231	$239,645	$100,931
PPL	3,124	3,816	$210	$243	$655,493	$926,094
EDC Total	**11,357**	**11,440**			**$3,329,078**	**$3,560,948**
Weighted Avg.			**$293**	**$311**		

Natural Gas Utility Hardship Fund Grant Benefits

NGDC	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
Columbia	1,598	1,959	$298	$361	$476,960	$707,400
Dominion Peoples	1,629	1,556	$329	$363	$535,270	$565,000
Equitable	935	2,980	$358	$452	$335,000	$1,346,242
NFG	294	364	$261	$271	$76,761	$98,628
PECO-Gas	405	417	$429	$387	$173,652	$161,334
PG Energy	415	618	$131	$177	$54,312	$109,428
PGW	944	1,283	$474	$457	$447,563	$586,490
UGI-Gas	413	462	$137	$141	$56,727	$64,957
NGDC Total	**6,633**	**9,639**			**$2,156,245**	**$3,639,479**
Weighted Avg.			**$325**	**$378**		

4. Small Utilities' Universal Service Programs

The universal service reporting requirements for small utilities have fewer data requirements than for the major utilities. The Reporting Requirements for Universal Service and Energy Conservation Programs at 52 Pa. Code, Chapter 62, Section 62.7 define small utilities as those NGDCs serving fewer than 100,000 residential customers. The corresponding reporting requirement at 52 Pa. Code, Chapter 54, Section 54.77 defines small utilities as those EDCs serving fewer than 60,000 residential customers. Two major differences are that these small utilities do not fall under the plan submission and approval process at Section 54.74 for EDCs and Section 62.4 for NGDCs and the submission of collection and program data at Section 54.75 for EDCs and Section 62.5 for NGDCs.

As a result of the Electricity Generation Customer Choice and Competition Act and the Natural Gas Choice and Competition Act (the Acts), the following seven small utilities now have various universal service programs:

· Citizens Electric Company (Citizens);
· Pike County Power & Light (Pike);
· UGI Utilities Inc. – (UGI);
· Wellsboro Electric Company (Wellsboro);
· Valley Energy (formerly NUI Valley Cities Gas);
· PPL Gas Utilities Corporation (PPL Gas); and
· T.W. Phillips Gas and Oil Company (T.W. Phillips).

The universal service programs implemented by these companies vary considerably in size and scope of services. For example, Citizens and Pike participate with the Dollar Energy Fund in a hardship fund program. Pike administers a variation of a CAP program and participates in a hardship fund program. Valley Energy administers a CAP rate discount program. UGI, PPL Gas and T.W. Phillips all administer CAP programs and participate in hardship funds. Both UGI – Electric and T.W. Phillips also administer LIURP programs.

The small utilities also differ significantly in the total number of residential customers each serves. UGI, PPL Gas and T.W. Phillips, for example, each serve between 40,000 – 55,000 customers. Citizens, Pike, Wellsboro, and Valley Energy each serve less than 5,000 customers.

In addition to the utility-sponsored programs, LIHEAP benefits will be available to all low income households, who meet the income guidelines for LIHEAP eligibility.

As of Dec. 31, 2006, the small utilities who administer CAPs enrolled 4,036 customers in their programs. In 2006, the small utilities that participate with hardship fund programs provided a total of $237,007 in hardship fund benefits to 847 customers. Finally, UGI-Electric and T.W. Phillips completed 78 LIURP jobs.

5. Appendices

Appendix 1 - Grouping of Collection Data Tables

Number of Confirmed Low Income Electric Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Allegheny	1,435	4,942	6,377
Duquesne	1,273	2,171	3,444
Met-Ed	18,240	4,180	22,420
PECO-Electric	11,759	46,988	58,747
Penelec	25,282	6,974	32,256
Penn Power	4,956	1,769	6,725
PPL	31,839	46,420	78,259
Total	**94,784**	**113,444**	**208,228**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Confirmed Low Income Natural Gas Customers in Debt

Company	Number of Customers in Debt on an Agreement*	Number of Customers in Debt not on an Agreement*	Total Number of Customers in Debt*
Columbia	1,530	5,391	6,921
Dominion	12,665	15,358	28,023
Equitable	2,849	3,483	6,332
NFG	2,036	1,872	3,908
PECO-Gas	2,635	10,222	12,857
PG Energy	1,523	4,399	5,922
PGW	10,877	22,906	33,783
UGI-Gas	1,564	4,257	5,821
Total	**35,679**	**67,888**	**103,567**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Confirmed Low Income Electric Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Allegheny	3%	11%	14%
Duquesne	3%	6%	9%
Met-Ed	57%	13%	70%
PECO-Electric	6%	22%	28%
Penelec	50%	14%	64%
Penn Power	37%	13%	51%
PPL	27%	39%	66%
Total	**19%**	**22%**	**41%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Confirmed Low Income Natural Gas Customers in Debt

Company	Percent of Customers in Debt on an Agreement*	Percent of Customers in Debt not on an Agreement*	Total Percent of Customers in Debt*
Columbia	3%	9%	12%
Dominion	19%	23%	41%
Equitable	7%	9%	17%
NFG	7%	7%	14%
PECO-Gas	7%	26%	33%
PG Energy	6%	18%	24%
PGW	8%	16%	24%
UGI-Gas	6%	16%	22%
Total	**8%**	**16%**	**25%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Debt on an Agreement - Confirmed Low Income Electric Customers

Company	Percent of Dollars Owed - on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Allegheny	41%	59%
Duquesne	36%	64%
Met-Ed	90%	10%
PECO-Electric	25%	75%
Penelec	90%	10%
Penn Power	89%	11%
PPL	40%	60%
Total	**51%**	**49%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Percent of Debt on an Agreement - Confirmed Low Income Natural Gas Customers

Company	Percent of Dollars Owed - on an Agreement*	Percent of Dollars Owed - not on an Agreement*
Columbia	36%	64%
Dominion	53%	47%
Equitable	57%	43%
NFG	49%	51%
PECO-Gas	22%	78%
PG Energy	31%	69%
PGW	39%	61%
UGI-Gas	30%	70%
Total	**43%**	**57%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage - Confirmed Low Income Electric Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Allegheny	$309	$129	$170
Duquesne	$628	$665	$651
Met-Ed	$621	$300	$561
PECO-Electric	$559	$427	$453
Penelec	$507	$212	$443
Penn Power	$649	$221	$536
PPL	$492	$516	$506
Total	**$536**	**$434**	**$480**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage - Confirmed Low Income Natural Gas Customers

Company	Average Arrearage on an Agreement*	Average Arrearage not on an Agreement*	Overall Average Arrearage*
Columbia	$847	$430	$522
Dominion	$1,016	$757	$874
Equitable	$1,042	$656	$830
NFG	$631	$702	$665
PECO-Gas	$542	$482	$494
PG Energy	$534	$404	$438
PGW	$1,074	$801	$889
UGI-Gas	$490	$430	$446
Total	**$928**	**$654**	**$749**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Residential Revenues (Billings) -
Electric Customers

Company	Annual Residential Billings
Allegheny	$494,672,069
Duquesne	$367,688,569
Met-Ed	$490,102,735
PECO-Electric	$1,752,558,894
Penelec	$391,403,521
Penn Power	$134,567,931
PPL	$1,300,025,518
Total	**$4,931,019,237**

Residential Revenues (Billings) -
Natural Gas Customers

Company	Annual Residential Billings
Columbia	$418,132,074
Dominion	$322,086,340
Equitable	$287,990,871
NFG	$287,197,446
PECO-Gas	$528,580,438
PG Energy	$199,170,443
PGW	$632,699,250
UGI-Gas	$310,939,761
Total	**$2,986,796,623**

Residential Revenues (Billings) -
Confirmed Low Income Electric Customers

Company	Annual Residential Billings
Allegheny	$15,582,170
Duquesne	$28,500,943
Met-Ed	$41,771,678
PECO-Electric	$379,624,020
Penelec	$50,953,357
Penn Power	$13,784,926
PPL	$159,630,620
Total	**$689,847,714**

Residential Revenues (Billings) - Confirmed Low Income Natural Gas Customers

Company	Annual Residential Billings
Columbia	$72,834,909
Dominion	$105,502,426
Equitable	$44,254,370
NFG	$25,474,253
PECO-Gas	$49,537,888
PG Energy	$40,293,131
PGW	$75,932,910
UGI-Gas	$35,388,751
Total	**$449,218,638**

Terminations - Residential Electric Customers

Company	2004 Terminations	2005 Terminations	2006 Terminations	Percent Change in # 2004-06
Allegheny	12,007	19,980	21,514	79%
Duquesne	10,694	22,132	20,885	95%
Met-Ed	4,506	7,599	8,465	88%
PECO-Electric	54,825	60,596	41,940	-24%
Penelec	5,881	11,430	11,307	92%
Penn Power	1,446	2,795	3,016	109%
PPL	9,061	17,795	21,221	134%
Total	**98,420**	**142,327**	**128,348**	**30%**

Terminations - Residential Natural Gas Customers

Company	2004 Terminations	2005 Terminations	2006 Terminations	Percent Change in # 2004-06
Columbia	7,545	18,819	14,571	93%
Dominion	6,054	6,768	5,083	-16%
Equitable	7,023	13,075	12,793	82%
NFG	7,422	14,125	13,243	78%
PECO-Gas	273	467	396	45%
PG Energy	5,169	5,334	5,179	0%
PGW	29,695	40,663	30,808	**4%**
UGI-Gas	8,911	12,830	13,778	55%
Total	**72,092**	**112,081**	**95,851**	**33%**

Number of Residential Electric Customers in Debt

Company	2004 Total Number of Customers in Debt*	2005 Total Number of Customers in Debt*	2006 Total Number of Customers in Debt*	Percent Change in # 2004-06
Allegheny	106,937	68,728	67,355	-37%
Duquesne	28,863	28,200	25,393	-12%
Met-Ed	49,668	47,998	51,085	3%
PECO-Electric	209,704	183,723	157,093	-25%
Penelec	61,484	58,804	60,919	-1%
Penn Power	14,305	14,183	14,203	-1%
PPL	116,922	113,218	130,445	12%
Total	**587,883**	**514,854**	**506,493**	**-14%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Number of Residential Natural Gas Customers in Debt

Company	2004 Total Number of Customers in Debt*	2005 Total Number of Customers in Debt*	2006 Total Number of Customers in Debt*	Percent Change in # 2004-06
Columbia	27,732	26,391	21,678	-22%
Dominion	40,831	42,583	46,450	14%
Equitable	48,030	20,275	18,484	-62%
NFG	12,234	10,387	10,210	-17%
PECO-Gas	31,336	27,453	37,113	18%
PG Energy	14,182	12,985	14,256	1%
PGW	180,908	143,992	126,395	-30%
UGI-Gas	17,099	19,304	18,748	10%
Total	**372,352**	**303,370**	**293,334**	**-21%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Electric Customers

Company	2004 Total Dollars in Debt*	2005 Total Dollars in Debt*	2006 Total Dollars in Debt*	Percent Change in # 2004-06
Allegheny	$19,265,382	$6,447,099	$6,402,115	-67%
Duquesne	$13,279,387	$9,979,849	$8,558,192	-36%
Met-Ed	$19,482,279	$18,171,224	$21,107,213	8%
PECO-Electric	$57,591,387	$58,597,575	$51,364,564	-11%
Penelec	$19,989,289	$18,496,446	$20,576,971	3%
Penn Power	$6,029,650	$5,768,090	$5,730,138	-5%
PPL	$48,522,390	$39,649,337	$51,156,867	5%
Total	**$184,159,764**	**$157,109,620**	**$164,896,060**	**-10%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Natural Gas Customers

Company	2004 Total Dollars in Debt*	2005 Total Dollars in Debt*	2006 Total Dollars in Debt*	Percent Change in # 2004-06
Columbia	$9,281,997	$9,281,997	$8,366,025	-10%
Dominion	$19,820,268	$19,820,268	$30,331,189	53%
Equitable	$12,283,420	$12,283,420	$11,342,736	-8%
NFG	$4,719,885	$4,719,885	$5,375,669	14%
PECO-Gas	$8,755,956	$8,755,956	$12,893,417	47%
PG Energy	$3,659,938	$3,659,938	$5,293,398	45%
PGW	$78,684,785	$78,684,785	$68,349,547	-13%
UGI-Gas	$5,618,715	$5,618,715	$6,225,208	11%
Total	**$142,824,964**	**$142,824,964**	**$148,177,189**	**4%**

*See Appendix 2 for an explanation of the different methods for determining when an account is overdue and Appendix 3 for the different methods for determining when an account is removed from active status after termination of service or discontinuance of service.

Gross Write-Offs Ratio - Residential Electric Customers

Company	2004 Gross Write-Offs Ratio*	2005 Gross Write-Offs Ratio*	2006 Gross Write-Offs Ratio*	Percent Change 2004-06
Allegheny	1.86%	1.58%	1.17%	-37%
Duquesne	3.15%	2.58%	2.62%	-17%
Met-Ed	2.11%	2.14%	1.89%	-10%
PECO-Electric	2.39%	2.22%	1.99%	-17%
Penelec	2.33%	2.58%	2.20%	-6%
Penn Power	1.69%	2.27%	1.93%	14%
PPL	1.99%	1.50%	1.63%	-18%
Total	**2.23%**	**2.02%**	**1.86%**	**-17%**

*Does not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Residential Natural Gas Customers

Company	2004 Gross Write-Offs Ratio*	2005 Gross Write-Offs Ratio*	2006 Gross Write-Offs Ratio*	Percent Change 2004-06
Columbia	4.81%	4.07%	3.04%	-37%
Dominion	4.79%	4.01%	3.23%	-33%
Equitable	4.19%	6.56%	5.32%	27%
NFG	2.45%	2.69%	2.55%	4%
PECO-Gas	1.30%	1.33%	1.35%	4%
PG Energy	2.79%	2.85%	2.53%	-9%
PGW	11.52%	14.60%	14.93%	30%
UGI-Gas	2.60%	2.45%	2.73%	5%
Total	**4.99%**	**5.70%**	**5.39%**	**8%**

*Does not include CAP Credits or Arrearage Forgiveness.

Percent of Revenues (Billings) in Debt - Residential Electric Customers

Company	2004	2005	2006	Percent Change 2004-06
Allegheny	4.2%	1.3%	1.3%	-69%
Duquesne	4.2%	2.8%	2.3%	-45%
Met-Ed	4.2%	3.7%	4.3%	2%
PECO-Electric	3.9%	3.4%	2.9%	-26%
Penelec	5.3%	4.8%	5.3%	0%
Penn Power	4.3%	3.9%	4.3%	0%
PPL	4.3%	3.1%	3.9%	-9%
Total	**4.2%**	**3.2%**	**3.3%**	**-21%**

Percent of Revenues (Billings) in Debt - Residential Natural Gas Customers

Company	2004	2005	2006	Percent Change 2004-06
Columbia	3.0%	2.2%	2.0%	-33%
Dominion	6.0%	5.6%	9.4%	57%
Equitable	6.4%	4.0%	3.9%	-39%
NFG	2.2%	1.7%	1.9%	-14%
PECO-Gas	1.9%	1.7%	2.4%	26%
PG Energy	2.5%	1.7%	2.7%	8%
PGW	18.3%	12.2%	10.8%	-41%
UGI-Gas	1.2%	1.8%	2.0%	67%
Total	**6.6%**	**4.7%**	**5.0%**	**-24%**

Appendix 2 - When is an Account Considered to be Overdue?

Company	When is Day Zero (0)	How Many Days Overdue	Days of Variance from BCS Interpretation
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
PG Energy	Bill Due Date	30 Days	0 Days
PGW	Bill Transmittal Date	30 Days	20 Days Sooner
UGI-Gas	Bill Due Date	30 Days	0 Days

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

Appendix 3 - When Does an Account Move from Active to Inactive Status?

Company	After an Account is Terminated	After an Account is Discontinued
Allegheny	10 Days after Termination Date	0 to 1 Days 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	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
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 Date
NFG	1 Day after Termination Date	1 Day after Discontinuance Date
PECO-Gas	5 to 7 Days after Termination Date	2 to 3 Days after Final Bill Transmittal Date
PG Energy	0 to 15 Days after Termination Date	0 to 1 Day after the Final Bill Transmittal Date
PGW	3 to 5 Days after Termination Date	3 to 5 Days after Discontinuance Date
UGI-Gas	Same Day as Termination Date	Same Day as Discontinuance Date

Appendix 4 - 2006 Federal Poverty Guidelines

2006 Annual Federal Poverty Guidelines				
Income Reflects Upper Limit of the Poverty Guideline for Each Column				
Size of Household	0-50% of Poverty	51-100% of Poverty	101-150% of Poverty	151-200% of Poverty
1	$5,105	$10,210	$15,315	$20,420
2	$6,845	$13,690	$20,535	$27,380
3	$8,585	$17,170	$25,755	$34,340
4	$10,325	$20,650	$30,975	$41,300
5	$12,065	$24,130	$36,195	$48,260
6	$13,805	$27,610	$41,415	$55,220
7	$15,545	$31,090	$46,635	$62,180
8	$17,285	$34,570	$51,855	$69,140
For each additional person, add	$1,740	$3,480	$5,220	$6,960

Effective: 1/24/07
Source: Federal Register, Vol. 72, No. 15, Jan. 24, 2007, pp. 3147-3148.

Appendix 5 - Source of Income for Universal Service Participants

Source of Income for Electric Universal Service Participants

	LIURP	CAP	Hardship Fund
Employment	41%	32%	43%
Public Assistance	5%	12%	11%
Pension or Retirement	11%	19%	5%
Unemployment Compensation	14%	3%	4%
Disability	17%	18%	22%
Other	12%	16%	15%

Source of Income for Natural Gas Universal Service Participants

	LIURP	CAP	Hardship Fund
Employment	32%	34%	43%
Public Assistance	7%	12%	8%
Pension or Retirement	26%	20%	11%
Unemployment Compensation	5%	3%	3%
Disability	23%	21%	16%
Other	7%	11%	20%

Appendix 6 - Percent of Spending by CAP Component

Percent of EDC Spending by CAP Component

	% of Total CAP Spending			% of Total CAP Spending		
EDC	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2005			2006		
Allegheny	8%	71%	20%	7%	73%	19%
Duquesne	15%	52%	33%	11%	57%	33%
Met-Ed	13%	69%	18%	10%	69%	21%
PECO	27%	59%	14%	26%	64%	10%
Penelec	13%	71%	16%	11%	70%	19%
Penn Power	20%	80%	0%	19%	81%	0%
PPL	12%	66%	22%	13%	58%	29%
Weighted Avg.	**21%**	**62%**	**17%**	**19%**	**64%**	**17%**

PECO includes $14,288,291 uncollectible provision in its administrative costs. This provision is calculated in accordance with Generally Accepted Accounting Principles (GAAP). PECO estimates that the entire customer balances for CAP Rate customers (pre-program arrearages) prior to their enrollment in CAP is uncollectible. Post-enrollment revenue, which is outstanding over 90 days from the month during which the bill becomes delinquent, is also estimated as potentially uncollectible. PECO also considers a portion of the remaining part of the customer's unpaid balance, revenue billed but less than 90 days from being delinquent, to be potentially uncollectible as well. This portion is defined by what is not paid by customers on a 12-month rolling basis. Removing the provision reduces CAP Administrative Costs to $2,618,641, dropping the Administrative Costs to 5% of total CAP costs.

Percent of NGDC Spending by CAP Component

	% of Total CAP Spending			% of Total CAP Spending		
NDGC	Admin Costs	CAP Credits	Arrearage Forgiveness	Admin Costs	CAP Credits	Arrearage Forgiveness
	2005			**2006**		
Columbia	4%	90%	6%	3%	90%	7%
Dominion Peoples	7%	81%	12%	7%	84%	9%
Equitable	7%	77%	15%	6%	87%	7%
NFG	5%	83%	11%	5%	85%	10%
PECO-Gas	41%	44%	16%	47%	40%	13%
PG Energy	22%	64%	13%	11%	78%	11%
PGW	3%	85%	12%	2%	88%	10%
UGI	10%	67%	23%	8%	64%	28%
Weighted Avg.	**5%**	**83%**	**12%**	**5%**	**85%**	**10%**

PECO includes $2,926,517 uncollectible provision in its administrative costs. This provision is calculated in accordance with Generally Accepted Accounting Principles (GAAP). PECO estimates that the entire customer balances for CAP Rate customers (pre-program arrearages) prior to their enrollment in CAP is uncollectible. Post-enrollment revenue, which is outstanding over 90 days from the month during which the bill becomes delinquent, is also estimated as potentially uncollectible. PECO also considers a portion of the remaining part of the customer's unpaid balance, revenue billed but less than 90 days from being delinquent, to be potentially uncollectible as well. This portion is defined by what is not paid by customers on a 12-month rolling basis. Removing the provision reduces CAP Administrative Costs to $536,348, dropping the Administrative Costs to 12% of total CAP costs.

Appendix 7 - Instructions to Access Universal Service Plans and Evaluations on PUC Web Site

http://www.puc.state.pa.us

1. From the PUC's Homepage, click on Consumer Education in the General Navigation section on the left side of the Homepage.

2. From the Consumer Education page, under the section Energy Assistance Information, click on Energy Assistance, Tips for Saving Energy.

3. From the Energy Assistance page, scroll down to Assistance Programs, Various Programs to Assist with Energy Savings, and click on Assistance Programs.

4. From the Energy Assistance Programs page, scroll down to the last section titled Universal Service Plans and Evaluations and click on either the Universal Service Plan or Universal Service Evaluation of the company of your choice.

Appendix 8 - Universal Service Programs Spending Levels & Cost Recovery Mechanisms

Universal Service Programs 2006 Spending Levels and Cost Recovery Mechanisms						
Utility	**Cost Recovery Mechanism[1]**	**CAP Spending (Annual)**	**Total Universal Service Spending[2] (Annual)**	**% of Universal Service Spending Assessed on Residential Customers**	**Average # Residential Customers**	**Avg. Universal Service Spending Per Residential Customer (Annual)**
Allegheny Power	Base Rates	$7,551,281	$9,759,595	100%	607,934	$16.05
Duquesne	Base Rates	$10,375,795	$11,566,730	100%	524,273	$22.06
Met-Ed	USFM-Annual	$6,149,163	$8,034,134	100%	474,664	$17.18
PECO	Base Rates & Universal Service Fund Charge	$65,684,272	$72,109,218	100%	1,391,930	$51.81
Penelec	USFM-Annual	$8,494,452	$10,467,337	100%	505,566	$20.70
Penn Power	Base Rates	$1,705,114	$2,346,584	100%	139,114	$16.87
PPL	Base Rates	$17,090,500	$24,579,346	100%	1,187,372	$20.07
EDC Total		**$117,050,577**	**$138,862,944**		**4,830,853**	
EDC Weighted Avg.						**$28.75**
Columbia	Rider CAP	$25,788,593	$27,422,504	100%	364,309	$75.27
Dominion Peoples	Base Rates[3]	$7,586,249	$8,389,190	95.74%	324,764	$24.73
Equitable	Rider D	$15,801,900	$16,745,551	100%	232,039	$72.17
NFG	Rider F	$9,074,207	$10,015,338	100%	193,179	$51.84
PECO	Base Rates & Universal Service Fund Charge	$7,360,385	$8,358,656	100%	433,406	$19.29
PG Energy	Base Rates[4]	$1,322,719	$1,776,207	81%	140,749	$10.22
PGW	USEC Surcharge[5]	$102,733,113	$105,610,132[6]	76%	478,594	$167.71
UGI	Base Rates until 12/1/06, Rider LISHP beginning 12/1/06	$3,396,393	$4,120,983	100%	284,270	$14.50
NGDC Total		**$173,063,559**	**$182,438,561**		**2,451,310**	
NGDC Weighted Avg.						**$74.42**

[1]Riders and USEC/USFM Surcharge are charges for CAP costs, in addition to base rates, that are adjusted quarterly or annually.
[2]Universal Service costs include CAP costs, LIURP costs, and CARES costs.
[3]CAP costs assessed in following manner: residential (95.74 percent), commercial (4 percent), industrial (0.25 percent).
[4]CAP costs assessed in following manner: residential (81 percent), general service (16 percent), interruptible (1 percent), HV Firm (2 percent).
[5]CAP costs assessed in following manner: residential (76 percent), commercial (19 percent), industrial (2 percent), municipal service (2 percent), PHA (Philadelphia Housing Authority (1 percent).

[6]PGW universal service costs do not include Senior Citizen Discount (SCD) costs. Because income is not an eligibility criterion, the SCD does not meet the definition of universal service.

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