
Allegheny Power
Universal Service Program Design

Program Years - 2008-2010

Goal

Through the Low Income Payment & Usage Reduction Program (LIPURP) and the Low Income Usage Reduction Program (LIURP), Allegheny Power intends to cost effectively ensure that low-income, payment-troubled customers have access to affordable energy. Allegheny Power will work with eligible customers to:

- Establish affordable payment arrangements, which maintain electric service and guide customers towards self-sufficiency in paying their electric bill;
- Provide assistance in reducing their energy consumption to a more affordable level.

Administration

Allegheny Power via a Universal Service Center will administer Universal Service programs, including LIPURP, LIURP, CARES, Hardship Fund and LIHEAP. \$1 Energy Fund employees are utilized to staff the Universal Service Center. The center includes Universal Service Representatives, Universal Service Lead Representative, LIURP Administrative Assistant, and Field Auditors all of whom report to the Universal Service Program Coordinator. In addition, an Allegheny Power Specialist will coordinate all Universal Service

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activities and assist \$1 Energy employees as needed. The center is located at Allegheny Power's Jeannette Service Center, P. O. Box 448, Jeannette, Pennsylvania 15644.

The phone number 1-800-207-1250 will be utilized for Universal Service enrollment and related program questions. The Universal Service Center is staffed from 8:00 a.m. to 4:30 p.m., Monday through Friday. Center employees will observe Allegheny Power's holiday schedule.

Community based organizations will be utilized by having their representatives available to assist applicants and participants in completing various assistance program applications and refer customers to additional social service programs as needed.

Allegheny Power will select contractors for the LIURP Program. Allegheny Power and \$1 Energy will be responsible for providing training and related material. Each agency providing weatherization services will be required to sign a contract with Allegheny Power and \$1 Energy. Allegheny Power and/or \$1 Energy has the right to terminate a contractor if contract requirements are not met.

Upon receipt of approved participant demographic survey, contractor will perform audit of customer's home, provide energy conservation education, make recommendations for installation, and install electric space heating, electric water heating, or base load measures as outlined in the LIURP section of this

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design and in compliance with signed contracts. Contractors will provide monthly summary report of completed jobs for their respective areas. For quality control and the safety of our customers, Universal Service Field Auditors will provide inspection services. Employees of the Universal Service Center will be responsible for all other services related to LIURP, including but not limited to, prescreening, referrals to other agencies, and budget counseling.

The employees of the Universal Service Center will have access to Allegheny Power's Customer Information System ("CIS"), Customer Collection System ("CCS"), Universal Service System ("USS") and various software applications as required to complete the tasks associated with Universal Service Programs.

Low Income Payment & Usage Reduction Program

LIPURP will use alternate payment agreement plans, which consider assistance grants and debt reduction as additional factors in reducing the customer's arrearage. A participating low-income payment troubled customer will be placed on a payment plan and will be required to make a monthly payment. This payment will be based on a percentage of income or an established minimum payment, which is based on usage and household occupancy. However, this amount cannot exceed customer's projected budget.

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An additional \$5.00 a month payment will be required to be paid by the customer toward the amortized balance. Payments applied to cover current charges will be obtained from the customer, LIHEAP crisis assistance, and \$1 Energy Fund grants. Funds to cover the monthly shortfall will be covered by LIHEAP cash assistance and the Monthly Supplemental Grants. Arrearage Retirement Funds will cover a percentage of the unpaid amortized arrearage.

Applicants will be provided a detailed explanation of Company's programs along with referrals to applicable assistance agencies.

Arrearage Forgiveness

A LIPURP Debt Reduction grant will be awarded to those customers that make their monthly payment. Once payment is made, the customer will be eligible to receive a reduction in the amortized balance, thus reducing the life of the agreement. Upon receipt of payment on current charges, two percent of their amortized account balance will be applied as a credit to the existing amortization balance.

Eligibility

Eligible customers' income must be 150% or less of the Federal Poverty Level guidelines. It should be noted that all eligibility criteria will be periodically reviewed. All criteria will be subject to adjustment, as needed, to insure the program is as effective as possible. Participation by anyone who does

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not meet 150% of the poverty level will be limited to customers who have extensive unreimbursed medical expenses or hardship.

Based on enrollment projections, the following budget has been established through the years 2008-2010:

Program Year	2008	2009	2010
Enrollment	20,000	20,000	20,000
Budget	\$5,880,000	\$5,880,000	\$5,880,000

Control Features and Payment Terms

The customer will be placed on a payment plan and required to make a monthly payment, which is based on a percent of income and cannot exceed the projected budget. Customers refusing to provide authorization for income verification or proof of income will be ineligible for LIPURP.

Three poverty levels and related percent of income will be established as follows:

Percent of Income

% Of Poverty Level	Less than 50%	51% - 100%	101% - 150%
Heating	13%	15%	17%
Water Heating	8%	12%	14%
Baseload	5%	6%	7%

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Minimum monthly payment amounts, regardless of income level, will be \$50 for heating, \$30 for water heating, and \$25 for base- load. An additional \$5 payment toward the amortized balance is required in addition to the minimum monthly payment.

Electric Heating Customers

All eligible electric heating customers will be required to apply for and be in receipt of a LIHEAP benefit in order to participate in the program. LIHEAP assistance grants received by the Company for customers will be applied to the customer's monthly shortfall. If LIHEAP credit remains after shortfall covered, remaining credit will apply to pre-program arrearage.) Failure to apply and be in receipt of a LIHEAP benefit will result in immediate removal from the program for a period of 12 months or until such time the customer is in receipt of the LIHEAP benefit. Heating customers will be encouraged to also apply for \$1 Energy Fund grants and/or other benefits as available.

Baseload and Water Heating Customers

Base load and water heating customers will be strongly encouraged to apply for LIHEAP, \$1 Energy Fund grants and other benefits as available. Failure to apply for these grants is not a condition to continue participation in the LIPURP program.

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LIHEAP assistance grants received by the Company for customers will be added to the supplemental benefits toward anticipated monthly shortfall. Once the LIHEAP grant is depleted or if no grant is received, Company funds will be provided to supplement monthly shortfalls. Customers will be provided supplemental benefit amounts to cover monthly shortfall.

Customer payments, LIHEAP Crisis and \$1 Energy Fund grants will first be applied to any billed, past-due amount. Any resulting credit from overpayment of current charges will apply to future current charges.

While maintaining electric service with an affordable payment, the customer will be guided towards self-sufficiency in paying their electric bill. Once the customer reaches recertification and the customer's pre-program arrearage is paid in full, a Universal Service Representative will evaluate the customer's ability to pay. This will include a review of income, expenses, and extenuating circumstances, if applicable. If a Universal Service Representative determines the customer may benefit by staying in the program, the customer is provided the option to remain in the LIPURP program.

Customer Responsibility

The initial application and subsequent annual recertification of customers in the program is required prior to enrollment or continued participation in the program. In addition, any missed LIPURP payments will also be required prior to being re-enrolled in the new program year. Customers may apply and

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recertify over the telephone. The benefits and requirements of the program will be provided to the customers. However, Allegheny Power and Universal Services Staff reserve the right to require in-person verification at qualified agency locations when one of the following situations exists: Arrearage in excess of \$1,000; questionable household occupancy size; questionable or zero household income; customer not in receipt of other eligible programs. Allegheny Power reserves the right to require verification for other reasons as determined.

Customers are encouraged to call throughout the program year if their income or household size has changed. If this causes a change in the payment amount, the monthly LIPURP payment will be subject to change. Any outstanding payments required prior to notification/verification of a change in household income and/or household size is the responsibility of the customer and will not be reamortized.

In addition, the participant must agree to any additional requirements or actions, which result from modifications made to the program. Allegheny Power anticipates most changes or modifications to a customer's LIPURP agreement to occur at recertification.

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Default Provisions

The participant will be in default and subject to removal from the program for any of the following:

- Failure to recertify
- Misrepresentation of household circumstances
- Failure to permit scheduled meter reading
- Refusal to accept weatherization except for compelling reasons
- LIHEAP eligible heating customer who does not apply/receive LIHEAP benefits.
- Refusal to accept changes to program
- Tampering with meter
- Self reconnection of service
- Unreasonable and/or increased consumption pre/post LIURP measures

Stay-Out Provision

A one-year stay-out provision is in effect for the following reasons.

* Customer requests to be removed from the program for any one of the following reasons.

1. Allow LIHEAP grant to apply to account balance.

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2. Avoid termination of electric service.
 3. Benefit from lower bills when a current bill for actual usage is less than LIPURP payment agreement amount.
- * Tampering with electric meter
 - * Self reconnection of service

Energy Conservation and Education

Energy education efforts will be directed toward high use and LIURP customers in an effort to change the participants' attitudes toward conservation and thus gain control of their energy usage and reduce their monthly bills. Depending on their needs, customers may receive an energy audit of their home and free weatherization through the LIURP program.

Customers are encouraged to conserve electric consumption pre and post program year. LIPURP customers may be subject to removal from the program as a result of unreasonable and/or increased usage.

LOW INCOME USAGE REDUCTION PROGRAM

The goal of the LIURP program is to achieve bill reduction through usage reduction. Allegheny Power has provided usage reduction measures to heating, water heating, and base load low-income customers for many years. Participants will be provided energy education, budget counseling, and usage

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reduction measures in an effort to reduce their consumption and assist them in better managing personal funds.

Needs Assessment

A Needs Assessment was done in order to determine a projected number of customers and associated costs for those customers who may qualify for weatherization services. Census Data was used in order to determine the percentage of low-income population of which Allegheny Power serves. An annual usage threshold of 8,000 kwhs served as the basis as well as taking into account those homes previously weatherized in determining the projected need.

The result of the Needs Assessment projected a total of 59,710 homes that remain to be weatherized at a projected cost of \$38,113,522.

Funding and Production

Based on Allegheny Power's lengthy involvement in providing weatherization/conservation measures the following funding levels have been established. Allegheny Power currently contracts with 11 community action Agencies and 2 private contractors who perform the measures. The targets provided are realistic based on a manageable workload.

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Budget

	2008	2009	2010
Budget	\$2,020,760	\$2,020,760	\$2,020,760

Production Targets

<u>Type of Job</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Heating	300	300	300
Water Heating	1,000	1,000	1,000
Baseload	600	600	600

Eligibility

Customer eligibility is determined using a number of factors including income level, usage and payment history/arrearage. Eligible customers' income must be 150% or less of the Federal Poverty Level guidelines. The minimum annual usage threshold is set at 8,000 kWh. Priority is given to those customers with the highest arrearages and usage. It should be noted that eligibility criteria will be periodically reviewed. All criteria will be subject to adjustment, as needed, to insure the program is as effective as possible.

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Special Needs

Allegheny may spend up to 20% of its total annual budget on Special Needs customers. A Special Needs customer is a customer having an arrearage and/or high usage with the covered utility and whose household income is between 150% and 200% of the Federal poverty guidelines.

Control Features

Customers refusing to provide authorization for income verification will be ineligible for LIURP. An applicant must plan to live at the current residence for the 12-month period following program service.

Customer Responsibility

The customer will be instructed on how to apply for any free weatherization services offered by the county or the state weatherization agency if he/she meets the eligibility requirements. It will be the customer's responsibility to apply for these free services.

Participants must accept the energy education component of the program. The effect of energy education is expected to positively impact the customer's usage and thus make the electric bill more affordable. To assist the Company in tracking monthly usage, the customer must agree to allow access to his electric meter for scheduled bimonthly meter readings.

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Should the applicant refuse to agree to any of the components of the program, the application for LIURP will be denied.

Referral

Customers will be referred to LIURP from Allegheny Power's Customer Service Center, Universal Service Center, Social Service Agencies, PUC, and individuals.

Provisions of Program Services

Once a customer is selected to receive usage reduction measures, a demographic survey is completed and will be forwarded to the contractor. Upon receipt of the approved participant demographic survey, the contractor will schedule an energy audit to evaluate the customer's home and to determine the usage reduction measures that will be installed under LIURP. Allegheny Power has no maximum allowance per home provided the installation of the individual program measures meet the applicable payback criteria as described in the LIURP regulations. Measures will be installed as outlined below and in compliance with signed contract references.

In addition, any reasonable repair needed to make a space heating or water-heating measure effective will be considered. Any repair believed necessary to prevent a hazardous or unhealthy situation will be considered an

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incidental repair. An example would be the installation of a high-pressure temperature relief valve on water heater tanks. LIURP is divided into three program segments: electric space heating, electric water heating, and base load.

The low-income space heating customer program is a conservation program for existing single-family dwellings, mobile homes and duplex (side by side homes) which are individually metered. These customers have electric as their primary heating source and have not participated in Allegheny Power's LIURP program within the past seven years. Qualifying participants may receive any of the following measures:

Water Heater Jacket
Pipe Insulation
Energy Efficient Lighting
Ceiling, Floor, Duct, or Wall Insulation
Infiltration Reduction
Storm Windows
Prime Windows (mobile homes)
Exterior Doors
Skirting Repair
Water Tank Replacement
Waterbed Replacement
Refrigerator Replacement
Energy Education

The low income electric water heating customer has a primary heating source other than electricity and has not participated in Allegheny Power's LIURP program within the past seven years. Qualifying participants may receive any of the following measures:

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Water Heater Jacket
Hot Water Pipe Insulation
Water Heater Temperature Set Back
Energy Efficient Lighting
Water Tank Replacement
Waterbed Replacement
Refrigerator Replacement
Energy Education

The low-income base load customer is one whose primary heating and water heating source is something other than electricity and has not participated in Allegheny Power's LIURP program within the past seven years. Qualifying participants may receive any of the following measures:

Compact Fluorescent Lamps
Refrigerator Replacement
Waterbed Replacement
Energy Education

Energy Conservation and Education

Energy education efforts will be directed to changing the participants' attitudes toward conservation and thus gain control of their energy usage and reduce their monthly bills. Every customer enrolled in the LIURP program will receive energy conservation education. Customers whose consumption increases pre/post LIURP measures are subject to removal from LIURP Program.

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Quality Control

The Universal Service Field Auditors will inspect 20-25% of all jobs. In addition, the auditors will inspect 5% and 10% of all completed water heating and base load jobs. Allegheny Power will pay contractors for recommended measures installed based upon a preset payment schedule.

CARES PROGRAM

Goals and Objectives

The CARES Program is a special service for our customers who are unable to pay their electric bills due to a temporary hardship. The CARES Program is an extension of our longtime commitment to dealing fairly with our customers. CARES is another service that reflects the Company's desire to address special needs of customers.

The purpose of the CARES program is to provide a cost-effective service that helps selected, deserving, payment-troubled customers maximize their ability to pay utility bills. The Allegheny Power CARES Representative works with customers on a personal basis to help them secure various forms of assistance funds. By securing these funds, customers with special needs can maintain safe and adequate utility service.

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In addition to directly providing assistance to needy customers, the 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 client.

The goal of Allegheny Power's Customer Assistance and Referral Evaluation Service is to provide support and direction, and help to deserving, qualified customers. This goal is achieved by offering the services of the CARES Representative to special needs customers throughout the 23 counties served by Allegheny Power. Qualified customers are guided towards self-sufficiency in paying their bills and in managing their personal funds.

Allegheny Power realizes that individuals may become victims of circumstances beyond their control. Hardships occur and are hard to overcome without some assistance. The CARES Representative knows when and where to find help.

By identifying company, community, and agency support, the CARES Representative endeavors to eliminate the current hardship that brings a customer's account to our attention.

CARES Representative provides individual programs to meet the needs of each participant. The program is designed to work with customers on a personal basis through a home visit, phone conversations, energy education, financial management training, and proper social agency referrals.

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CARES customers are afforded some time during which to have their hardship addressed by seeking assistance and other benefits. Special payment arrangements may be made to assist the customer on a temporary basis.

The CARES Program benefits are as follows:

- √ Affordable Monthly Payment based on LIPURP guidelines
- √ Budget Counseling
- √ Home Visit and/or phone call by CARES Representative
- √ Information on Reducing Your Electric Use
- √ Referral to Allegheny Power Programs (LIPURP/LIURP)
- √ Referrals to Community Assistance such as:

Funding	Housing	Food Programs
Employment	Counseling	
Rehabilitation	Transportation	

CARES PROGRAM DESIGN

The CARES Program provides a casework approach to help customers secure energy assistance funds and other needed funding and services. Those services may include referrals to social agencies or programs.

CARES Referrals are made by Allegheny Power Customer Service Representatives, PUC, the customer, and social service agencies. All referrals are directed to Allegheny Power's Universal Services group for review and to further determined if the customer needs further assistance through the CARES Program.

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Referrals are based on the information provided by the customer regarding their situation. The US Representative can choose to refer customers to CARES based on the customer's need, however if the customer is income eligible, the customer will be enrolled into LIPURP, and referred to the CARES Representative to do a consult to assist the customer.

Reasons for Referral are:

- Serious illness or injury to member of household
- Death of primary wage earner
- SSI or disability recipient
- Low income elderly
- Low income single parent
- Loss of income to household
- Marital or family problems
- Loss of unemployment benefits
- High medical bills
- Mental health disability

The CARES Representative calls upon the customer to further assess the customer's situation and establishes a trust that enables them to work together to alleviate the problem. This establishment of personal contact is the distinguishing feature of CARES. If a phone call or letter can resolve a situation remotely, resources can be spared to extend to the next customer. The CARES Representative is responsible for the final determination of the eligibility of a customer for the CARES Program based on their assessment.

The customer is made aware of the agencies and services available to assist them. Also, a customer may be referred to food banks and Tri-State Food

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Share, Consumer Credit Counseling, Job Centers, and the Office of Vocational Rehabilitation if unable to return to former job due to health reasons.

The CARES Representative carefully protects the goodwill of local assistance agencies within each county served. These agencies are then willing to help with resources such as payment assistance, clothing, food, employment opportunities, rehabilitation, and medical provisions.

The CARES Representative follows up with phone calls to explain programs to customers. Also, the CARES Representative assists customer with completing applications. All information is handled confidentially.

Each case is monitored for progress. Further assistance is offered as necessary, but the customer is expected to maintain payment obligations. When CARES has helped to minimize or eliminate the hardship, the customer is released from the program because they no longer need help.

The CARES Representative-also reviews accounts regularly to monitor customer's progress.

Eligibility

There are no income guidelines to qualify for the CARES Program. The CARES eligible customer must be payment-troubled and experiencing a temporary hardship.

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Networking

To be effective in performing their job responsibilities, it is necessary for the CARES Representatives to maintain a strong network of agencies and a strong knowledge of available assistance programs. This relationship allows the CARES Representative to help make proper referrals to meet our customers' needs. Through interaction with agency personnel, through mailings and personal phone calls, the CARES Representative has established and maintained a sound relationship with social agencies and other utility companies.

HARDSHIP FUND - \$1 ENERGY FUND, INC.

Allegheny Power participates in a hardship fund to provide cash assistance to utility customers to help them pay their utility bills. \$1 Energy Fund, Inc. makes payments directly to Allegheny Power on behalf of eligible customers. Contributions from shareholders, utility employees and customers are primary sources of funding for these programs. Hardship funds provide assistance grants to customers who still have a critical need for assistance after other resources have been exhausted.

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The \$1 Energy Fund has been helping to make basic utilities more affordable for people with fixed or limited incomes. Individuals apply once a year for each utility and are not expected to pay the grants back.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

LIHEAP helps eligible customers on low or limited incomes pay their heating bills through energy assistance grants. A customer does not have to have an unpaid bill to receive energy assistance. The Department of Public Welfare administers LIHEAP and establishes dates in which LIHEAP is available. There are two components of the LIHEAP Program – Cash grant and Crisis grant. To be eligible for a LIHEAP Cash grant a customer must be responsible for home heating costs and meet Federal Income Guidelines. To qualify for a LIHEAP Crisis grant a customer must be experiencing an energy emergency.

In summary, through Universal Service Programs, such as LIPURP, LIURP, CARES, \$1 Energy Fund and LIHEAP, Allegheny Power intends to cost effectively ensure that payment-troubled customers on a limited or fixed income have access to affordable energy.

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Additional information required as outlined in Chapter 54.74 Universal Service and Energy Conservation Plans.

(b) Plan Contents

54.74(b)(3) – Projected needs assessment for LIPURP, LIURP, CARES & Hardship Fund for the next 3 years.

Program	Year	Budget	Participants
LIPURP	2008	\$5,880,000	20,000
	2009	\$5,880,000	20,000
	2010	\$5,888,000	20,000
LIURP	2008	\$2,020,760	1,900
	2009	\$2,020,760	1,900
	2010	\$2,020,760	1,900
CARES	2008	\$75,000	175
	2009	\$75,000	175
	2010	\$75,000	175
Hardship Fund	2008	\$150,000	1,400
	2009	\$150,000	1,400
	2010	\$150,000	1,400

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Allegheny Power's Need's Assessment was based on the poverty percentages by county obtained from the 2000 U.S. Census Data listed in The State of the Child in Pennsylvania. Percentages were applied to the number of households in each county serviced by Allegheny Power.

An additional resource was a summary that listed Allegheny Power customers who had actually received low-income benefits.

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54.7(b)(4) – Projected enrollment levels.

For each of the next 3 years, projected enrollment levels for each program component: LIPURP, CARES & Hardship Fund.

LIPURP

<u>2008</u>	<u>2009</u>	<u>2010</u>
20,000	20,000	20,000

LIURP

<u>2008</u>	<u>2009</u>	<u>2010</u>
1,900	1,900	1,900

CARES

<u>2008</u>	<u>2009</u>	<u>2010</u>
175	175	175

Hardship Fund

<u>2008</u>	<u>2009</u>	<u>2010</u>
1,400	1,400	1,400

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54.74(b)(5)

For each of the next 3 years, program budgets for each program component.

LIPURP

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$5,880,000	\$5,880,000	\$5,880,000

LIURP

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$2,020,760	\$2,020,760	\$2,020,760

CARES

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$75,000	\$75,000	\$75,000

Hardship Fund

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$150,000	\$150,000	\$150,000

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54.74(6) Plans to use CBOs

Allegheny Power will continue the use of CBOs for the purpose of weatherization services, income verification, program applications, grant making and referral opportunities. Agencies include but are not limited to, \$1 Energy Fund, Inc., Community Action Agencies, Salvation Army and Catholic Charities.

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54.74(7) – Organization structure of staff responsible for universal service programs. Please provide an organizational chart that shows the job titles and numbers of company and contract staff assigned to universal service programs.

Allegheny Power Employees – Universal Services

Director, Customer Services – James Longacre

Customer Relations Manager – Rosemary Spoljarick

Specialist, Universal Services – Gregory Stein

CARES Representative – KJ Collamer

Technician, Customer Programs & Compliance – Cindi Geiger

\$1 Energy Contract Employees – Universal Services

Program Coordinator – Cynthia McQuaide

Lead Representative – (1)

Universal Service Reps F-T (8), P-T (2)

Lead Field Auditor (1)

Field Auditors (1)

Administrative Assistant (1)

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Rate Recovery Mechanism

Allegheny Power currently recovers \$8.082m in distribution rate base. Until such time rate recovery orders become final, Allegheny Power will determine at a later date as to the method of rate recovery for program expenses.