



Report on **2016** Universal Service Programs & Collections Performance

of the Pennsylvania
Electric Distribution Companies &
Natural Gas Distribution Companies

Pennsylvania Public Utility Commission
Bureau of Consumer Services





2016 Report on Universal Service Programs & Collections Performance

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1. Introduction

The **Pennsylvania Public Utility Commission's (PUC)** Annual Report on 2016 Universal Service Programs and Collections Performance includes data and performance measures for the seven major Pennsylvania electric distribution companies (EDCs) and the eight major natural gas distribution companies (NGDCs), during the 2016 calendar year.

The Electricity Generation Customer Choice and Competition Act¹ and the Natural Gas Choice and Competition Act² opened the electric generation and natural gas supply markets to competition. In doing so, the General Assembly wanted to ensure that electric and natural gas service remain universally available to all customers in the state. Consequently, both Acts contain provisions relating to universal electric and gas service, and 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.³ 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.⁴

To assist 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.⁵ The Universal Service and Energy Conservation Reporting Requirements⁶ (USRR) became effective Aug. 8, 1998, for EDCs and Dec. 16, 2000, for NGDCs. This data assists the Commission in monitoring the progress of the EDCs and NGDCs in achieving universal service in their respective service territories. Beginning with 2003 data, FirstEnergy Corp. requested permission to identify and report separately on the four FirstEnergy companies: Metropolitan Edison (Met-Ed), Pennsylvania Electric (Penelec), Penn Power and West Penn Power (West Penn, formerly Allegheny Power). The other utilities subjected to these reporting requirements are Duquesne Light, PECO-Electric, PPL, Columbia, NFG, PECO-Gas, Peoples (formerly Dominion Peoples), Peoples-Equitable,⁷ PGW, UGI Penn Natural, and UGI-Gas.

Each year, the EDCs and NGDCs report the previous year's data on April 1. The PUC then conducts a data-cleaning and error-checking process, including both written and verbal dialogue between the PUC and companies. Uniformity issues are documented in various tables, charts and appendices and also are discussed in more detail in later chapters. The PUC continues to work with the companies to obtain uniform data that fully complies with the regulations.

Treatment of Confirmed Low-Income Data Among the Collections Performance Data

A low-income customer is defined as one whose household income is at or below 150 percent of the federal poverty income guidelines (FPIG).⁸ A Confirmed Low-Income (CLI) customer is one whose gross household income has been verified as meeting the FPIG. We have included collection data about confirmed low-income customers for only a select number of collections performance measures. The confirmed low-income data tables are subsets of the Residential data tables appearing in Chapter 2, and are reported separately in the USRR.

¹ 66 Pa. C.S. §§ 2801-2812

² 66 Pa. C.S. Chapter 22

³ 66 Pa. C.S. §§ 2203(7), §§ 2802(10)

⁴ 66 Pa. C.S. §§ 2203(8), §§ 2804(9)

⁵ 52 Pa. Code §§ 54.71–54.78, §§ 62.1-62.8

⁶ 52 Pa. Code § 54.75(2)(ii)(C)(III) for EDCs and 52 Pa. Code § 62.5 (2)(ii)(C)(III) for NGDCs

⁷ On Dec. 18, 2013, Equitable Gas Company was merged into Peoples Natural Gas Company LLC (Peoples). The 2016 Universal Services Report reflects separate data for Peoples and Peoples-Equitable.

⁸ See Appendix 3

Universal Service Programs

Universal Service is a collective name applied to the policies, protections and services that help low-income customers maintain utility service and includes payment assistance programs, termination of service protections, energy reduction programs, and consumer education.⁹ The Commission has made the Bureau of Consumer Services (BCS) **responsible for monitoring and evaluating utilities' universal service programs. The goal in monitoring these programs is to increase the effectiveness of utility collections while protecting the public's health and safety. There are four individual universal service programs.**

The Low-Income Usage Reduction Program (LIURP) is an energy conservation and education program. Qualifying households receive an energy audit to assess household condition and energy usage; free installation of energy conservation and energy efficiency measures such as insulation, air sealing, and appliance installation if cost effective; and, free education on energy conservation and usage reduction.

Customer Assistance Program (CAPs) are payment assistance and debt forgiveness programs for payment-troubled households. CAPs are intended to provide affordable monthly bills based on a set energy burden standard. These lower rates are applied to ongoing usage as long as the household remains current and timely paying its monthly customer assistance payments. CAP rates may take the form of a discounted price on actual usage on either all or a portion of the usage, a percentage of the monthly bill, or a monthly amount that is calculated upon a percentage of the household income. **Percentage of income plans are correlated directly to the household's income and the Commission-determined allowable energy burden percentage. CAP's debt forgiveness feature freezes a household's unpaid past debt upon entry into the program. As long as the household remains current and timely on their future payments, the past debt is not collected and is eventually forgiven in incremental amounts over time.**

Customer Assistance and Referral Evaluation Services (CARES) is a social service and referral program for households encountering some form of extenuating circumstance or emergency that results in the household's inability to pay for utility service. Qualifying households may receive counseling and/or direct referrals to community resources that can aid the family in resolving the emergency.

Hardship Funds are programs that make cash grants available to qualifying households to assist in the payment of outstanding debt owed to the utility company. They are funded through contributions made by the public that are matched by the company and paid directly to the utility.

LIURP and Universal Service Programs Review

On December 16, 2016, the Commission issued a Secretarial Letter entitled Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1 – 58.18, under Docket No. L-2016-2557886. The proceeding is still ongoing at the time of this publication.¹⁰

CAP Policy Statement

On April 9, 2010, the PUC suspended portions¹¹ of the CAP policy statement. The Department of Human Services' (DHS, formerly the Department of Welfare) policy change regarding the application of LIHEAP grants to a distribution company's CAP made those sections inconsistent with its administration of LIHEAP.¹² The suspension of Sections 69.265(9)(ii-iii) of the Commission's regulations is still in effect.

⁹ Electricity Generation Customer Choice and Competition Act at 66 Pa.C.S.A. §2803 and Natural Gas Choice Competition Act at 66 Pa.C.S.A. §2202.

¹⁰ In addition to the LIURP proceeding, the Commission issued the *Energy Affordability for Low-Income Customers*, Docket No. M-2017-2587711 (Opinion and Order entered May 5, 2017), and a *Review of Universal Service and Energy Conservation Program Guidelines*, Docket No. M-2017-2596907 (Order entered May 10, 2017).

¹¹ 52 Pa. Code §§ 69.265(9)(ii-iii)

¹² Set forth in DPW's 2010 Final State Plan

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 uses **an allocation factor consistent with PECO's gas base rate filing of March 31, 2008**. The updated annual allocation factor for 2016 splits the combination group into 86 percent electric and 14 percent gas. However, for other data variables, PECO does not apply the allocation method. Instead, PECO includes the combination group in both the electric and gas totals.

Responsible Utility Customer Protection Act

Act 201 of 2004¹³ changed the rules 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. The goal was to increase timely collections while ensuring that service is available to all customers based on equitable terms and conditions.¹⁴ The law is applicable to EDCs, water distribution companies, and NGDCs with an annual operating income in excess of \$6,000,000.¹⁵ Steam and wastewater utilities are not covered by Chapter 14. The Commission amended Chapter 56 to make these regulations consistent with Chapter 14.¹⁶ On Oct. 22, 2014, Chapter 14 was renewed for a period of 10 years. The next Report is due in Dec. 2019.

¹³ 66 Pa.C.S. §§1401-1418

¹⁴ 66 Pa. C.S. §1402

¹⁵ **Small natural gas companies may voluntarily “opt in” to Chapter 14.** 66 Pa. C.S. §1403.

¹⁶ Docket no. L-00060182, published in Pennsylvania Bulletin Oct. 8, 2011.

2. Collection Performance

The regulations require EDCs and NGDCs to report various Residential and Confirmed Low-Income (CLI) collection data. The following report content reviews each of the collection measures by presenting 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 by the companies. Industry Averages are calculated based on category totals and may not represent an average of rates shown in the tables.

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. Most confirmed low-income households are verified through the customer's receipt of a LIHEAP grant, enrollment in a Universal Service program or determined during the course of making a payment arrangement. The estimated low-income customers represent the company's approximation of its total universe of low-income customers, and is based on the latest census data available at the time of reporting.

Number of Residential Customers

The number of residential customers 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 |
|---------------|---------------------------------|
| Duquesne | 526,283 |
| Met-Ed | 495,698 |
| PECO-Electric | 1,450,942 |
| Penelec | 501,820 |
| Penn Power | 143,536 |
| PPL | 1,231,155 |
| West Penn | 623,830 |
| Total | 4,973,264 |

Number of Residential Natural Gas Customers

| Company | Number of Residential Customers |
|-------------------|---------------------------------|
| Columbia | 390,394 |
| NFG | 197,992 |
| PECO-Gas | 470,133 |
| Peoples | 331,814 |
| Peoples-Equitable | 243,371 |
| PGW | 473,019 |
| UGI-Gas | 345,693 |
| UGI Penn Natural | 152,761 |
| Total | 2,605,177 |

*Number of Confirmed Low-Income Electric Customers **

| Company | Number of Confirmed Low-Income Customers | Percent of Customers |
|------------------------|--|----------------------|
| Duquesne | 45,065 | 8.6% |
| Met-Ed | 67,415 | 13.6% |
| PECO-Electric | 169,370 | 11.7% |
| Penelec | 84,466 | 16.8% |
| Penn Power | 19,344 | 13.5% |
| PPL | 176,938 | 14.4% |
| West Penn | 64,026 | 10.3% |
| Total/Industry Average | 626,624 | 12.6% |

*Low-income is defined as household income at or below 150 percent of FPIG.

*Number of Confirmed Low-Income Natural Gas Customers **

| Company | Number of Confirmed Low-Income Customers | Percent of Customers |
|------------------------|--|----------------------|
| Columbia | 68,178 | 17.5% |
| NFG | 26,030 | 13.1% |
| PECO-Gas | 32,163 | 6.8% |
| Peoples | 59,727 | 18.0% |
| Peoples-Equitable | 43,807 | 18.0% |
| PGW | 148,995 | 31.5% |
| UGI-Gas | 34,269 | 26.5% |
| UGI Penn Natural | 23,061 | 15.1% |
| Total/Industry Average | 436,230 | 16.7% |

*Low-income is defined as household income at or below 150 percent of FPIG.

*Number of Estimated Low-Income Electric Customers **

| Company | Number of Estimated Low-Income Customers | Percent of Customers |
|------------------------|--|----------------------|
| Duquesne | 134,808 | 25.6% |
| Met-Ed | 123,432 | 24.9% |
| PECO-Electric | 381,799 | 26.3% |
| Penelec | 164,713 | 32.8% |
| Penn Power | 38,034 | 26.5% |
| PPL | 322,692 | 26.2% |
| West Penn | 170,286 | 27.3% |
| Total/Industry Average | 1,335,764 | 26.9% |

*Low-income is defined as household income at or below 150 percent of FPIG.

*Number of Estimated Low-Income Natural Gas Customers**

| Company | Number of Estimated Low-Income Customers | Percent of Customers |
|------------------------|--|----------------------|
| Columbia | 98,375 | 25.2% |
| NFG | 59,334 | 30.0% |
| PECO-Gas | 69,527 | 14.8% |
| Peoples | 92,745 | 28.0% |
| Peoples-Equitable | 67,637 | 27.8% |
| PGW | 194,884 | 41.2% |
| UGI-Gas | 91,478 | 26.5% |
| UGI Penn Natural | 49,410 | 32.3% |
| Total/Industry Average | 723,390 | 27.8% |

* Low-income is defined as household income at or below 150 percent of FPIG.

Payment Troubled Customers

A payment troubled customer is a customer who has failed to maintain one or more payment arrangements in a 1-year period.¹⁷ A payment arrangement¹⁸ is an agreement in which a customer who admits liability for billed service is permitted to pay the unpaid balance in one or more payments. The PUC can only offer a payment arrangement **to a payment troubled customer when all “catch-up” arrears** are paid, or when a previous agreement has been satisfied. The companies have no restrictions on the number or terms of any payment arrangements they may choose to offer to payment troubled customers.

The following tables reflect an average of the 12 months of month-end data reported by the companies for payment troubled customer totals,¹⁹ and include both all residential and confirmed low-income categories to allow for the presentation of the percent of payment troubled customers which are confirmed low-income.

Electric Payment Troubled Customers

| Company | All Residential | Confirmed Low-Income | Percent of Payment Troubled Customers which are Confirmed Low-Income |
|------------------------|-----------------|----------------------|--|
| Duquesne | 8,033 | 592 | 7.4% |
| Met-Ed | 794 | 530 | 66.6% |
| PECO-Electric | 2,427 | 623 | 25.7% |
| Penelec | 797 | 571 | 71.6% |
| Penn Power | 233 | 159 | 68.2% |
| PPL | 133,907 | 81,092 | 60.6% |
| West Penn | 628 | 359 | 57.2% |
| Total/Industry Average | 146,819 | 83,926 | 57.2% |

¹⁷ 52 Pa. Code § 54.72 or § 62.2

¹⁸ 52 Pa. Code, Chapter 56

¹⁹ 52 Pa. Code § 54.75(1)(vii) or § 62.5(a)(1)(x)

Natural Gas Payment Troubled Customers

| Company | All Residential | Confirmed Low-Income | Percent of Payment Troubled Customers which are Confirmed Low-Income |
|------------------------|-----------------|----------------------|--|
| Columbia | 13,937 | 9,087 | 65.2% |
| NFG | 1,833 | 1,134 | 61.9% |
| PECO-Gas | 679 | 164 | 24.2% |
| Peoples | 12,018 | 6,552 | 54.5% |
| Peoples-Equitable | 6,701 | 3,737 | 55.8% |
| PGW | 39,862 | 33,739 | 84.6% |
| UGI-Gas | 9,471 | 8,353 | 88.2% |
| UGI Penn Natural | 5,379 | 4,663 | 86.7% |
| Total/Industry Average | 89,880 | 67,429 | 75.0% |

Number of Payment Arrangements

The method²⁰ by which utilities determine the total number of payment arrangements for reporting also takes into consideration the limitations in documenting and tracking payment arrangements. This results in treating a broken payment arrangement **that is reinstated due to a "catch-up" payment as a new** payment arrangement. The utility and PUC-granted payment arrangement requests are included in this category. However, CAP payment plans are not included in the count of payment arrangements.

The following tables reflect year-end payment arrangement totals, and 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 Agreements which are Confirmed Low-Income |
|------------------------|-----------------|----------------------|--|
| Duquesne | 28,253 | 2,651 | 9.4% |
| Met-Ed | 37,429 | 22,951 | 61.3% |
| PECO-Electric | 72,169 | 9,889 | 13.7% |
| Penelec | 38,827 | 26,025 | 67.0% |
| Penn Power | 10,058 | 6,271 | 62.3% |
| PPL | 111,673 | 75,048 | 67.2% |
| West Penn | 37,322 | 21,359 | 57.2% |
| Total/Industry Average | 335,731 | 164,194 | 48.9% |

²⁰ 52 Pa. Code § 54.75(1)(i) or § 62.5(a)(1)(i)

Natural Gas Payment Arrangements

| Company | All Residential | Confirmed Low-Income | Percent of Payment Agreements which are Confirmed Low-Income |
|------------------------|-----------------|----------------------|--|
| Columbia | 25,275 | 16,751 | 66.3% |
| NFG | 10,850 | 6,361 | 58.6% |
| PECO-Gas | 26,563 | 2,802 | 10.5% |
| Peoples | 12,435 | 5,989 | 48.2% |
| Peoples-Equitable | 10,893 | 5,637 | 51.7% |
| PGW | 67,057 | 49,659 | 74.1% |
| UGI-Gas | 31,042 | 25,995 | 83.7% |
| UGI Penn Natural | 20,537 | 16,800 | 81.8% |
| Total/Industry Average | 204,652 | 129,994 | 63.5% |

Termination of Service

Termination of utility service is the most serious consequence of customer nonpayment and is viewed as a last resort when customers fail to meet their payment obligations. The termination rate is calculated by dividing the number of service terminations by the number of residential customers, allowing for a comparison of termination activities regardless of the number of residential consumers. Any significant increase in a termination rate could indicate a trend or pattern that the Commission may need to investigate.

Terminations - Residential Electric Customers

| Company | 2014 Terminations | 2015 Terminations | 2016 Terminations | Change 2014-16 |
|--------------------|-------------------|-------------------|-------------------|----------------|
| Duquesne | 23,853 | *16,601 | *12,726 | -46.6% |
| Met-Ed | 25,071 | 25,136 | 25,276 | 0.8% |
| PECO-Electric | 88,802 | 85,897 | 84,736 | -4.6% |
| Penelec | 20,657 | 21,579 | 22,121 | 7.1% |
| Penn Power | 4,482 | 4,951 | 4,651 | 3.8% |
| PPL | 56,777 | 52,229 | 40,849 | -28.1% |
| West Penn | 12,133 | 12,551 | 14,878 | 22.6% |
| Total/Industry Avg | 231,775 | 218,944 | 205,237 | -11.4% |

*DLC performed limited credit and collection activities in 2015-2016 due to a system conversion.

Terminations - Residential Natural Gas Customers

| Company | 2014 Terminations | 2015 Terminations | 2016 Terminations | Change 2014-16 |
|--------------------|-------------------|-------------------|-------------------|----------------|
| Columbia | 11,252 | 12,664 | 9,945 | -11.6% |
| NFG | 9,942 | 9,025 | *1,422 | -85.7% |
| PECO-Gas | 23,538 | 22,277 | 20,755 | -11.8% |
| Peoples | 9,436 | 7,894 | 7,536 | -20.1% |
| Peoples-Equitable | 7,607 | *3,562 | 5,845 | -23.2% |
| PGW | 29,769 | 29,602 | 25,805 | -13.3% |
| UGI-Gas | 11,149 | 9,658 | 12,029 | 7.9% |
| UGI Penn Natural | 7,242 | 6,829 | 6,826 | -5.7% |
| Total/Industry Avg | 109,935 | 101,511 | 90,163 | -18.0% |

*Peoples-Equitable and NFG performed limited credit and collections activities in 2015, 2016 due to a system conversion.

Terminations - Confirmed Low-Income Electric Customers

| Company | 2014 Terminations | 2015 Terminations | 2016 Terminations | Change 2014-16 |
|--------------------|-------------------|-------------------|-------------------|----------------|
| Duquesne | 11,631 | *1,410 | *438 | -96.2% |
| Met-Ed | 12,718 | 13,092 | 13,638 | 7.2% |
| PECO-Electric | 30,866 | 28,259 | 23,801 | -22.9% |
| Penelec | 12,085 | 12,940 | 13,631 | 12.8% |
| Penn Power | 2,610 | 2,744 | 2,764 | 5.9% |
| PPL | 39,104 | 33,186 | 33,075 | -15.4% |
| West Penn | 6,215 | 6,820 | 8,090 | 30.2% |
| Total/Industry Avg | 115,229 | 98,451 | 95,437 | -17.2% |

*DLC performed limited credit and collection activities in 2015-2016 due to a system conversion.

Terminations - Confirmed Low-Income Natural Gas Customers

| Company | 2014 Terminations | 2015 Terminations | 2016 Terminations | Change 2014-16 |
|--------------------|-------------------|-------------------|-------------------|----------------|
| Columbia | 6,610 | 7,498 | 6,030 | -8.8% |
| NFG | 5,825 | 5,220 | *861 | -85.2% |
| PECO-Gas | 7,444 | 6,797 | 5,390 | -27.6% |
| Peoples | 2,453 | 2,052 | 1,959 | -20.1% |
| Peoples-Equitable | 4,757 | *643 | 1,106 | -76.8% |
| PGW | 15,503 | 20,788 | 18,757 | 21.0% |
| UGI-Gas | 8,018 | 6,943 | 7,716 | -3.8% |
| UGI Penn Natural | 5,212 | 4,883 | 4,459 | -14.4% |
| Total/Industry Avg | 55,822 | 54,824 | 46,278 | -17.1% |

*Peoples-Equitable and NFG performed limited credit and collection activities in 2015, 2016 due to a system conversion.

Termination Rate - Residential Electric Customers

| Company | 2014 Termination Rate | 2015 Termination Rate | 2016 Termination Rate | Change 2014-16 |
|--------------------|--------------------------|--------------------------|--------------------------|-------------------|
| Duquesne | 4.5% | *3.2% | *2.4% | -46.7% |
| Met-Ed | 5.1% | 5.1% | 5.1% | 0.0% |
| PECO-Electric | 6.2% | 6.0% | 5.8% | -6.5% |
| Penelec | 4.1% | 4.3% | 4.4% | 7.3% |
| Penn Power | 3.2% | 3.5% | 3.2% | 0.0% |
| PPL | 4.6% | 4.3% | 3.3% | -28.3% |
| West Penn | 2.0% | 2.0% | 2.4% | 20.0% |
| Total/Industry Avg | 4.7% | 4.4% | 4.1% | -12.8% |

*DLC performed limited credit and collection activities in 2015-2016 due to a system conversion.

Termination Rate - Residential Natural Gas Customers

| Company | 2014 Termination Rate | 2015 Termination Rate | 2016 Termination Rate | Change 2014-16 |
|--------------------|--------------------------|--------------------------|--------------------------|-------------------|
| Columbia | 2.9% | 3.3% | 2.5% | -14.0% |
| NFG | 5.0% | 4.5% | *0.7% | -86.0% |
| PECO-Gas | 5.1% | 4.8% | 4.4% | -13.7% |
| Peoples | 2.9% | 2.4% | 2.3% | -20.7% |
| Peoples-Equitable | 3.1% | *1.4% | 2.4% | -22.6% |
| PGW | 6.3% | 6.3% | 5.5% | -12.7% |
| UGI-Gas | 3.4% | 2.8% | 3.5% | 2.9% |
| UGI Penn Natural | 4.8% | 4.5% | 4.5% | -6.3% |
| Total/Industry Avg | 4.3% | 3.9% | 3.5% | -18.6% |

*Peoples-Equitable and NFG performed limited credit and collection activities in 2015, 2016 due to a system conversion.

Termination Rate - Confirmed Low-Income Electric Customers

| Company | 2014 Termination Rate | 2015 Termination Rate | 2016 Termination Rate | Change 2014-16 |
|--------------------|--------------------------|--------------------------|--------------------------|-------------------|
| Duquesne | 19.8% | *2.7% | *1.0% | -95.0% |
| Met-Ed | 20.1% | 20.0% | 20.2% | 0.5% |
| PECO-Electric | 17.6% | 16.2% | 14.1% | -19.9% |
| Penelec | 15.1% | 15.8% | 16.1% | 6.6% |
| Penn Power | 14.0% | 14.6% | 14.3% | 2.1% |
| PPL | 22.8% | 19.1% | 18.7% | -18.0% |
| West Penn | 11.9% | 11.6% | 12.6% | 5.9% |
| Total/Industry Avg | 18.6% | 15.8% | 15.2% | -18.3% |

*DLC performed limited credit and collection activities in 2015-2016 due to a system conversion.

Termination Rate - Confirmed Low-Income Natural Gas Customers

| Company | 2014 Termination Rate | 2015 Termination Rate | 2016 Termination Rate | Change 2014-16 |
|--------------------|-----------------------|-----------------------|-----------------------|----------------|
| Columbia | 9.7% | 10.9% | 8.8% | -9.3% |
| NFG | 20.3% | 18.7% | *3.3% | -83.7% |
| PECO-Gas | 23.5% | 21.3% | 16.8% | -28.5% |
| Peoples | 4.1% | 3.4% | 3.3% | -19.5% |
| Peoples-Equitable | 11.0% | *1.5% | 2.5% | -77.3% |
| PGW | 10.7% | 12.8% | 12.6% | 17.8% |
| UGI-Gas | 19.3% | 18.0% | 22.5% | 16.6% |
| UGI Penn Natural | 19.7% | 19.6% | 19.3% | -2.0% |
| Total/Industry Avg | 12.6% | 12.0% | 10.6% | -15.9% |

*Peoples-Equitable and NFG performed limited credit and collection activities in 2015, 2016 due to a system conversion.

Reconnection of Service

Reconnection of service occurs when customers either pay their debt in full or make a significant up-front payment to the utility and agree to a payment arrangement for the balance owed. The reconnection rate is calculated by dividing the number of service reconnections by the number of terminations, allowing for a comparison of reconnection activities regardless of the number of residential consumers. The result is generally indicative of the success of a customer, whose service has been terminated, at getting service reconnected.

Reconnections - Residential Electric Customers

| Company | 2014 Reconnections | 2015 Reconnections | 2016 Reconnections | Change 2014-16 |
|--------------------|--------------------|--------------------|--------------------|----------------|
| Duquesne | 18,523 | *10,578 | *8,710 | -53.0% |
| Met-Ed | 20,185 | 20,503 | 20,811 | 3.1% |
| PECO-Electric | 67,142 | 66,008 | 69,913 | 4.1% |
| Penelec | 15,959 | 16,506 | 16,942 | 6.2% |
| Penn Power | 3,925 | 4,880 | 4,201 | 7.0% |
| PPL | 42,767 | 39,083 | 30,669 | -28.3% |
| West Penn | 9,472 | 9,732 | 11,744 | 24.0% |
| Total/Industry Avg | 177,973 | 167,290 | 162,990 | -8.4% |

*DLC performed limited credit and collection activities in 2015-2016 due to a system conversion.

Reconnections - Residential Natural Gas Customers

| Company | 2014 Reconnections | 2015 Reconnections | 2016 Reconnections | Change 2014-16 |
|--------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Columbia | 6,212 | 7,088 | 5,199 | -16.3% |
| NFG | 6,753 | 6,081 | *913 | -86.5% |
| PECO-Gas | 18,059 | 17,618 | 17,242 | -4.5% |
| Peoples | 5,210 | 5,597 | 5,081 | -2.5% |
| Peoples-Equitable | 5,620 | *2,361 | 4,006 | -28.7% |
| PGW | 19,836 | 19,672 | 16,771 | -15.5% |
| UGI-Gas | 5,240 | 5,559 | 7,556 | 44.2% |
| UGI Penn Natural | 4,008 | 4,222 | 4,318 | 7.7% |
| Total/Industry Avg | 70,938 | 68,198 | 61,086 | -13.9% |

*Peoples-Equitable and NFG performed limited credit and collection activities in 2015, 2016 due to a system conversion.

Reconnections - Confirmed Low-Income Electric Customers

| Company | 2014 Reconnections | 2015 Reconnections | 2016 Reconnections | Change 2014-16 |
|--------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Duquesne | 11,208 | *1,150 | *336 | -97.0% |
| Met-Ed | 8,964 | 9,264 | 10,110 | 12.8% |
| PECO-Electric | 25,540 | 23,074 | 20,081 | -21.4% |
| Penelec | 8,217 | 8,595 | 9,266 | 12.8% |
| Penn Power | 1,900 | 2,124 | 2,041 | 7.4% |
| PPL | 26,429 | 23,877 | 19,365 | -26.7% |
| West Penn | 4,135 | 4,381 | 5,643 | 36.5% |
| Total/Industry Avg | 86,393 | 72,465 | 66,842 | -22.6% |

*DLC performed limited credit and collection activities in 2015-2016 due to a system conversion.

Reconnections - Confirmed Low-Income Natural Gas Customers

| Company | 2014 Reconnections | 2015 Reconnections | 2016 Reconnections | Change 2014-16 |
|--------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Columbia | 3,223 | 3,731 | 2,753 | -14.6% |
| NFG | 4,012 | 3,616 | *435 | -89.2% |
| PECO-Gas | 5,810 | 5,081 | 4,201 | -27.7% |
| Peoples | 1,354 | 1,453 | 1,321 | -2.4% |
| Peoples-Equitable | 3,321 | *453 | *720 | -78.3% |
| PGW | 10,815 | 15,010 | 13,492 | 24.8% |
| UGI-Gas | 3,242 | 2,771 | 4,362 | 34.5% |
| UGI Penn Natural | 2,300 | 2,098 | 2,430 | 5.6% |
| Total/Industry Avg | 34,077 | 34,213 | 29,714 | -12.8% |

*Peoples-Equitable and NFG performed limited credit and collection activities in 2015, 2016 due to a system conversion.

Reconnection Rate - Residential Electric Customers

| Company | 2014 Reconnection Rate | 2015 Reconnection Rate | 2016 Reconnection Rate | Change 2014-16 |
|--------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Duquesne | 77.7% | 63.7% | 68.4% | -12.0% |
| Met-Ed | 80.5% | 81.6% | 82.3% | 2.2% |
| PECO-Electric | 75.6% | 76.8% | 82.5% | 9.1% |
| Penelec | 77.3% | 76.5% | 76.6% | -0.9% |
| Penn Power | 87.6% | 98.6% | 90.3% | 3.1% |
| PPL | 75.3% | 74.8% | 75.1% | -0.3% |
| West Penn | 78.1% | 77.5% | 78.9% | 1.0% |
| Total/Industry Avg | 76.8% | 76.4% | 79.4% | 3.4% |

Reconnection Rate - Residential Natural Gas Customers

| Company | 2014 Reconnection Rate | 2015 Reconnection Rate | 2016 Reconnection Rate | Change 2014-16 |
|--------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Columbia | 55.2% | 56.0% | 52.3% | -5.3% |
| NFG | 67.9% | 67.4% | 64.2% | -5.4% |
| PECO-Gas | 76.7% | 79.1% | 83.1% | 8.3% |
| Peoples | 55.2% | 70.9% | 67.4% | 22.1% |
| Peoples-Equitable | 73.9% | 66.3% | 68.5% | -7.3% |
| PGW | 66.6% | 66.5% | 65.0% | -2.4% |
| UGI-Gas | 47.0% | 57.6% | 62.8% | 33.6% |
| UGI Penn Natural | 55.3% | 61.8% | 63.3% | 14.5% |
| Total/Industry Avg | 64.5% | 67.2% | 67.8% | 5.1% |

Reconnection Rate - Confirmed Low-Income Electric Customers

| Company | 2014 Reconnection Rate | 2015 Reconnection Rate | 2016 Reconnection Rate | Change 2014-16 |
|--------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Duquesne | 96.4% | 81.6% | 76.7% | -20.4% |
| Met-Ed | 70.5% | 70.8% | 74.1% | 5.1% |
| PECO-Electric | 82.7% | 81.7% | 84.4% | 2.1% |
| Penelec | 68.0% | 66.4% | 68.0% | 0.00% |
| Penn Power | 72.8% | 77.4% | 73.8% | 1.4% |
| PPL | 67.6% | 71.9% | 58.5% | -13.5% |
| West Penn | 66.5% | 64.2% | 69.8% | 5.0% |
| Total/Industry Avg | 75.0% | 73.6% | 70.0% | -6.7% |

Reconnection Rate - Confirmed Low-Income Natural Gas Customers

| Company | 2014 Reconnection Rate | 2015 Reconnection Rate | 2016 Reconnection Rate | Change 2014-16 |
|--------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Columbia | 48.8% | 49.8% | 45.7% | -6.4% |
| NFG | 68.9% | 69.3% | 50.5% | -26.7% |
| PECO-Gas | 78.0% | 74.8% | 77.9% | -0.1% |
| Peoples | 55.2% | 70.8% | 67.4% | 22.1% |
| Peoples-Equitable | 69.8% | 70.5% | 65.1% | -6.7% |
| PGW | 69.8% | 72.2% | 71.9% | 3.0% |
| UGI-Gas | 40.4% | 39.9% | 56.5% | 39.9% |
| UGI Penn Natural | 44.1% | 43.0% | 54.5% | 23.6% |
| Total/Industry Avg | 61.0% | 62.4% | 64.2% | 5.2% |

Number of Customers in Debt

Two categories exist for reporting customers overdue or in debt. The first includes customers who are on a payment arrangement, and the second includes customers who are not on a payment arrangement. **Those “on a payment arrangement” include both** utility and PUC-granted payment arrangements. Debt that is on a payment arrangement is considered active and is often easier to collect than debt not on a payment arrangement. Uncollectible debt represents more risk for the utility and often leads to higher write-offs.

Many factors affect the number of customers in debt, including customer income level and ability to pay, company collection practices, company termination practices, and the size of customer bills. Company collection policies vary and therefore also influence the “overdue” or “in debt” categorization.

One of the stated purposes of the Chapter 56 regulations²¹ is to “provide functional alternatives to termination.” Customers who make a payment arrangement on an outstanding balance have acknowledged that they are aware of the outstanding debt, and have avoided any imminent threat of termination.²²

Two factors affect the uniformity of the data reported regarding the number of overdue customers and the dollars in debt associated with those 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. For USR reporting and comparative purposes, companies are requested 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, West Penn, Columbia, Peoples-Equitable, UGI Penn Natural and UGI-Gas reported according to the method requested. The variance among the other EDCs and NGDCs shows a difference of no more than 20 days from that method. PECO Electric and Gas, PPL, Peoples and PGW report debt that is 10 days old, meaning these companies are overstating the debt compared to companies that reported debt as 30 days overdue. NFG reports debt that is about 40 days old, meaning NFG is understating its debt relative to the other companies. Appendix 1 contains company specific information.

The second factor affecting the arrearage data uniformity is when a company moves a terminated or discontinued account from active status (included in the reporting) to inactive status (excluded from the reporting).

²¹ 52 Pa. Code § 56.1

²² 52 Pa. Code § 56.97

Company collection policies and accounting practices affect the timing. Appendix 2 contains company specific information.

CAP recipients are excluded from all data tables referencing the number of customers in debt, the dollars in debt, and gross residential write-offs.

See Appendix 1 for a chart showing the different methods companies use to determine overdue accounts and how they compare to the preferred method (30 days overdue). See Appendix 2 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

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 |
|---------------|---|---|-----------------------------------|
| Duquesne | 14,553 | 63,906 | 78,459 |
| Met-Ed | 21,826 | 24,630 | 46,457 |
| PECO-Electric | 20,654 | 75,411 | 96,065 |
| Penelec | 22,738 | 27,459 | 50,197 |
| Penn Power | 6,174 | 6,666 | 12,840 |
| PPL | 45,290 | 170,086 | 215,376 |
| West Penn | 20,642 | 30,092 | 50,734 |
| Total | 151,877 | 398,250 | 550,128 |

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 | 16,198 | 11,493 | 27,691 |
| NFG | 5,462 | 12,391 | 17,853 |
| PECO-Gas | 6,839 | 18,002 | 24,841 |
| Peoples | 8,740 | 16,358 | 25,098 |
| Peoples-Equitable | 4,936 | 16,363 | 21,300 |
| PGW | 19,020 | 62,576 | 81,596 |
| UGI-Gas | 4,647 | 24,781 | 29,428 |
| UGI Penn Natural | 2,591 | 10,362 | 12,953 |
| Total | 68,433 | 172,326 | 240,760 |

Number of Confirmed Low-Income Electric Customers in Debt

| Company | Customers in Debt on an Agreement | Customers in Debt Not on an Agreement | Total of Customers in Debt |
|---------------|-----------------------------------|---------------------------------------|----------------------------|
| Duquesne | 773 | 3,379 | 4,152 |
| Met-Ed | 13,881 | 8,907 | 22,789 |
| PECO-Electric | 4,598 | 6,995 | 11,593 |
| Penelec | 15,782 | 11,597 | 27,379 |
| Penn Power | 4,026 | 2,598 | 6,624 |
| PPL | 24,704 | 40,575 | 65,279 |
| West Penn | 11,649 | 9,278 | 20,927 |
| Total | 75,413 | 83,329 | 158,743 |

Number of Confirmed Low-Income Natural Gas Customers in Debt

| Company | Customers in Debt on an Agreement | Customers in Debt Not on an Agreement | Total of Customers in Debt |
|-------------------|-----------------------------------|---------------------------------------|----------------------------|
| Columbia | 8,772 | 3,522 | 12,294 |
| NFG | 2,973 | 3,352 | 6,324 |
| PECO-Gas | 1,369 | 1,542 | 2,911 |
| Peoples | 4,404 | 4,203 | 8,608 |
| Peoples-Equitable | 2,537 | 4,237 | 6,773 |
| PGW | 12,880 | 2,854 | 15,733 |
| UGI-Gas | 3,937 | 8,323 | 12,260 |
| UGI Penn Natural | 2,167 | 4,374 | 6,542 |
| Total | 39,039 | 32,407 | 71,445 |

Number of Residential Electric Customers in Debt

| Company | 2014 Total Number of Customers in Debt | 2015 Total Number of Customers in Debt | 2016 Total Number of Customers in Debt | Change 2014-16 |
|--------------------|--|--|--|----------------|
| Duquesne | 22,508 | 54,220 | 78,459 | 248.6% |
| Met-Ed | 48,176 | 46,919 | 46,457 | -3.6% |
| PECO-Electric | 109,398 | 99,216 | 96,065 | -12.2% |
| Penelec | 49,405 | 48,867 | 50,197 | 1.6% |
| Penn Power | 11,427 | 12,215 | 12,840 | 12.4% |
| PPL | 141,194 | 140,265 | 215,376 | 52.5% |
| West Penn | 47,601 | 49,537 | 50,734 | 6.6% |
| Total/Industry Avg | 429,709 | 451,239 | 550,128 | 28.0% |

Number of Residential Natural Gas Customers in Debt

| Company | 2014 Total Number of Customers in Debt | 2015 Total Number of Customers in Debt | 2016 Total Number of Customers in Debt | Change 2014-16 |
|--------------------|---|---|---|-------------------|
| Columbia | 32,770 | 29,830 | 27,691 | -15.5% |
| NFG | 10,884 | 10,644 | 17,853 | 64.0% |
| PECO-Gas | 27,658 | 24,847 | 24,841 | -10.2% |
| Peoples | 27,551 | 27,227 | 25,098 | -8.9% |
| Peoples-Equitable | 19,232 | 19,865 | 21,300 | 10.8% |
| PGW | 83,705 | 80,205 | 81,596 | -2.5% |
| UGI-Gas | 32,724 | 32,324 | 29,428 | -10.1% |
| UGI Penn Natural | 16,141 | 15,483 | 12,953 | -19.8% |
| Total/Industry Avg | 250,665 | 240,425 | 240,760 | -4.0% |

Number of Confirmed Low-Income Electric Customers in Debt

| Company | 2014 Total Number of CLI Customers in Debt | 2015 Total Number of CLI Customers in Debt | 2016 Total Number of CLI Customers in Debt | Change 2014-16 |
|--------------------|---|---|---|-------------------|
| Duquesne | 8,349 | 5,293 | 4,152 | -50.3% |
| Met-Ed | 23,229 | 22,903 | 22,789 | -1.9% |
| PECO-Electric | 12,987 | 12,091 | 11,593 | -10.7% |
| Penelec | 26,683 | 26,565 | 27,379 | 2.6% |
| Penn Power | 6,051 | 6,376 | 6,624 | 9.5% |
| PPL | 72,194 | 69,215 | 65,279 | -9.6% |
| West Penn | 18,509 | 19,610 | 20,927 | 13.1% |
| Total/Industry Avg | 168,002 | 162,053 | 158,743 | -5.5% |

Number of Confirmed Low-Income Natural Gas Customers in Debt

| Company | 2014 Total Number of CLI Customers in Debt | 2015 Total Number of CLI Customers in Debt | 2016 Total Number of CLI Customers in Debt | Change 2014-16 |
|--------------------|---|---|---|-------------------|
| Columbia | 13,901 | 13,975 | 12,294 | -11.6% |
| NFG | 5,109 | 4,965 | 6,324 | 23.8% |
| PECO-Gas | 2,796 | 2,668 | 2,911 | 4.1% |
| Peoples | 9,650 | 9,804 | 8,608 | -10.8% |
| Peoples-Equitable | 7,547 | 7,273 | 6,773 | -10.3% |
| PGW | 13,169 | 21,237 | 15,733 | 19.5% |
| UGI-Gas | 16,302 | 14,962 | 12,260 | -24.8% |
| UGI Penn Natural | 9,158 | 8,406 | 6,542 | -28.6% |
| Total/Industry Avg | 77,632 | 83,288 | 71,445 | -8.0% |

Percent of Customers in Debt

The percent of customers in debt is a useful statistic that supports the need for 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 – those on a payment arrangement and those not on a payment arrangement.

See Appendix 1 for a chart showing the different methods companies use to determine overdue accounts and how they compare to the preferred method (30 days overdue). See Appendix 2 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

Percent of Total Residential Electric Customers in Debt

| Company | Customers in Debt on an Agreement | Customers in Debt Not on an Agreement | Total Percent of Customers in Debt |
|------------------------|--------------------------------------|--|---------------------------------------|
| Duquesne | 2.8% | 12.1% | 14.9% |
| Met-Ed | 4.4% | 5.0% | 9.4% |
| PECO-Electric | 1.4% | 5.2% | 6.6% |
| Penelec | 4.5% | 5.5% | 10.0% |
| Penn Power | 4.3% | 4.6% | 8.9% |
| PPL | 3.7% | 13.8% | 17.5% |
| West Penn | 3.3% | 4.8% | 8.1% |
| Total/Industry Average | 3.1% | 8.0% | 11.1% |

Percent of Total Residential Natural Gas Customers in Debt

| Company | Customers in Debt on an Agreement | Customers in Debt Not on an Agreement | Total Percent of Customers in Debt |
|------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| Columbia | 4.1% | 2.9% | 7.1% |
| NFG | 2.8% | 6.3% | 9.0% |
| PECO-Gas | 1.5% | 3.8% | 5.3% |
| Peoples | 2.6% | 4.9% | 7.6% |
| Peoples-Equitable | 2.0% | 6.7% | 8.8% |
| PGW | 4.0% | 13.2% | 17.3% |
| UGI-Gas | 1.3% | 7.2% | 8.5% |
| UGI Penn Natural | 1.7% | 6.8% | 8.5% |
| Total/Industry Average | 2.6% | 6.6% | 9.2% |

Percent of Confirmed Low-Income Electric Customers in Debt

| Company | Customers in Debt on an Agreement | Customers in Debt Not on an Agreement | Total Percent of Customers in Debt |
|------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| Duquesne | 1.7% | 7.5% | 9.2% |
| Met-Ed | 20.6% | 13.2% | 33.8% |
| PECO-Electric | 2.7% | 4.1% | 6.8% |
| Penelec | 18.7% | 13.7% | 32.4% |
| Penn Power | 20.8% | 13.4% | 34.2% |
| PPL | 14.0% | 22.9% | 36.9% |
| West Penn | 18.2% | 14.5% | 32.7% |
| Total/Industry Average | 12.0% | 13.3% | 25.3% |

Percent of Confirmed Low-Income Natural Gas Customers in Debt

| Company | Customers in Debt on an Agreement | Customers in Debt Not on an Agreement | Total Percent of Customers in Debt |
|------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| Columbia | 12.9% | 5.2% | 18.0% |
| NFG | 11.4% | 12.9% | 24.3% |
| PECO-Gas | 4.3% | 4.8% | 9.1% |
| Peoples | 7.4% | 7.0% | 14.4% |
| Peoples-Equitable | 5.8% | 9.7% | 15.5% |
| PGW | 8.6% | 1.9% | 10.6% |
| UGI-Gas | 11.5% | 24.3% | 35.8% |
| UGI Penn Natural | 9.4% | 19.0% | 28.4% |
| Total/Industry Average | 8.9% | 7.4% | 16.4% |

Residential Customer Debt in Dollars Owed

The amount of money owed has an impact on company expenses, making up part of the **company's** distribution charge. Higher dollars not on agreement represent greater risk for those dollars to be uncollectible.

See Appendix 1 for a chart showing the different methods companies use to determine overdue accounts and how they compare to the preferred method (30 days overdue). See Appendix 2 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

Dollars in Debt - Residential Electric Customers

| Company | Dollars in Debt on an Agreement | Dollars in Debt Not on an Agreement | Total Dollars in Debt |
|---------------|---------------------------------|-------------------------------------|-----------------------|
| Duquesne | \$12,409,870 | \$11,011,293 | \$23,421,163 |
| Met-Ed | \$13,865,755 | \$6,223,947 | \$20,089,702 |
| PECO-Electric | \$9,907,906 | \$17,552,052 | \$27,459,958 |
| Penelec | \$14,022,529 | \$6,465,524 | \$20,488,054 |
| Penn Power | \$4,403,138 | \$1,779,980 | \$6,183,118 |
| PPL | \$22,619,415 | \$78,760,112 | \$101,379,527 |
| West Penn | \$10,782,090 | \$6,822,278 | \$17,604,367 |
| Total | \$88,010,703 | \$128,615,186 | \$216,625,889 |

Dollars in Debt - Residential Natural Gas Customers

| Company | Dollars in Debt on an Agreement | Dollars in Debt Not on an Agreement | Total Dollars in Debt |
|-------------------|---------------------------------|-------------------------------------|-----------------------|
| Columbia | \$8,984,292 | \$3,214,526 | \$12,198,817 |
| NFG | \$2,208,954 | \$2,477,613 | \$4,686,567 |
| PECO-Gas | \$3,741,541 | \$6,245,959 | \$9,987,500 |
| Peoples | \$2,243,271 | \$2,747,619 | \$4,990,890 |
| Peoples-Equitable | \$1,207,970 | \$2,833,054 | \$4,041,024 |
| PGW | \$11,944,193 | \$30,548,144 | \$42,492,338 |
| UGI-Gas | \$1,702,088 | \$4,646,190 | \$6,348,278 |
| UGI Penn Natural | \$1,077,732 | \$2,705,916 | \$3,783,649 |
| Total | \$33,110,041 | \$55,419,021 | \$88,529,063 |

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 |
|---------------|---------------------------------|-------------------------------------|-----------------------|
| Duquesne | \$780,301 | \$2,612,553 | \$3,392,854 |
| Met-Ed | \$9,434,155 | \$2,844,351 | \$12,278,506 |
| PECO-Electric | \$2,874,058 | \$3,355,357 | \$6,229,415 |
| Penelec | \$10,200,122 | \$3,362,454 | \$13,562,576 |
| Penn Power | \$3,000,987 | \$833,929 | \$3,834,917 |
| PPL | \$11,882,724 | \$38,238,163 | \$50,120,887 |
| West Penn | \$6,253,617 | \$2,690,163 | \$8,943,780 |
| Total | \$44,425,964 | \$53,936,970 | \$98,362,935 |

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 | \$5,341,059 | \$1,171,674 | \$6,512,732 |
| NFG | \$1,335,709 | \$1,133,617 | \$2,469,326 |
| PECO-Gas | \$1,056,220 | \$1,355,545 | \$2,411,765 |
| Peoples | \$1,181,803 | \$1,036,381 | \$2,218,184 |
| Peoples-Equitable | \$647,581 | \$1,066,339 | \$1,713,919 |
| PGW | \$7,384,073 | \$2,188,203 | \$9,572,276 |
| UGI-Gas | \$1,489,546 | \$2,536,577 | \$4,026,123 |
| UGI Penn Natural | \$937,800 | \$1,615,307 | \$2,553,107 |
| Total | \$19,373,791 | \$12,103,643 | \$31,477,432 |

Dollars in Debt - Residential Electric Customers

| Company | 2014 Total Dollars in Debt | 2015 Total Dollars in Debt | 2016 Total Dollars in Debt | Change 2014-16 |
|--------------------|----------------------------------|----------------------------------|----------------------------------|-------------------|
| Duquesne | \$12,670,756 | \$20,130,626 | \$23,421,163 | 84.8% |
| Met-Ed | \$23,792,172 | \$21,256,721 | \$20,089,702 | -15.6% |
| PECO-Electric | \$41,535,061 | \$33,191,355 | \$27,459,958 | -33.9% |
| Penelec | \$21,322,501 | \$19,886,564 | \$20,488,054 | -3.9% |
| Penn Power | \$4,922,175 | \$5,201,900 | \$6,183,118 | 25.6% |
| PPL | \$87,267,271 | \$88,587,481 | \$101,379,527 | 16.2% |
| West Penn | \$14,365,935 | \$15,811,977 | \$17,604,367 | 22.5% |
| Total/Industry Avg | \$205,875,871 | \$204,066,624 | \$216,625,889 | 5.2% |

Dollars in Debt - Residential Natural Gas Customers

| Company | 2014 Total Dollars in Debt | 2015 Total Dollars in Debt | 2016 Total Dollars in Debt | Change 2014-16 |
|--------------------|----------------------------------|----------------------------------|----------------------------------|-------------------|
| Columbia | \$15,037,395 | \$16,137,535 | \$12,198,817 | -18.9% |
| NFG | \$4,145,413 | \$4,115,375 | \$4,686,567 | 13.1% |
| PECO-Gas | \$13,785,110 | \$11,528,490 | \$9,987,500 | -27.5% |
| Peoples | \$10,476,276 | \$9,786,548 | \$4,990,890 | -52.4% |
| Peoples-Equitable | \$7,920,021 | \$7,376,609 | \$4,041,024 | -49.0% |
| PGW | \$41,372,532 | \$48,289,912 | \$42,492,338 | 2.7% |
| UGI-Gas | \$10,093,006 | \$9,421,096 | \$6,348,278 | -37.1% |
| UGI Penn Natural | \$6,529,849 | \$6,293,576 | \$3,783,649 | -42.1% |
| Total/Industry Avg | \$109,359,602 | \$112,949,141 | \$88,529,063 | -19.0% |

Dollars in Debt – Confirmed Low-Income Electric Customers

| Company | 2014 Total CLI Dollars in Debt | 2015 Total CLI Dollars in Debt | 2016 Total CLI Dollars in Debt | Change 2014-16 |
|--------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|
| Duquesne | \$6,769,684 | \$3,560,825 | \$3,392,854 | -49.9% |
| Met-Ed | \$14,258,156 | \$13,069,427 | \$12,278,506 | -13.9% |
| PECO-Electric | \$8,580,319 | \$7,464,062 | \$6,229,415 | -27.4% |
| Penelec | \$14,108,879 | \$13,287,670 | \$13,562,576 | -3.9% |
| Penn Power | \$3,208,275 | \$3,287,802 | \$3,834,917 | 19.5% |
| PPL | \$61,422,308 | \$60,385,578 | \$50,120,887 | -18.4% |
| West Penn | \$7,255,319 | \$7,899,153 | \$8,943,780 | 23.3% |
| Total/Industry Avg | \$115,602,940 | \$108,954,517 | \$98,362,935 | -14.9% |

Dollars in Debt – Confirmed Low-Income Natural Gas Customers

| Company | 2014 Total CLI Dollars in Debt | 2015 Total CLI Dollars in Debt | 2016 Total CLI Dollars in Debt | Change 2014-16 |
|--------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|
| Columbia | \$7,915,981 | \$8,659,860 | \$6,512,732 | -17.7% |
| NFG | \$2,456,465 | \$2,478,235 | \$2,469,326 | 0.5% |
| PECO-Gas | \$2,849,682 | \$2,605,830 | \$2,411,765 | -15.4% |
| Peoples | \$5,376,067 | \$4,512,975 | \$2,218,184 | -58.7% |
| Peoples-Equitable | \$4,089,348 | \$3,470,698 | \$1,713,919 | -58.1% |
| PGW | \$9,246,227 | \$14,958,895 | \$9,572,276 | 3.5% |
| UGI-Gas | \$6,656,967 | \$6,150,502 | \$4,026,123 | -39.5% |
| UGI Penn Natural | \$4,529,675 | \$4,330,362 | \$2,553,107 | -43.6% |
| Total/Industry Avg | \$43,120,412 | \$47,167,357 | \$31,477,432 | -27.0% |

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. Higher percentages of dollars not on agreement represent greater uncollectible risk.

See Appendix 1 for a chart showing the different methods companies use to determine overdue accounts and how they compare to the preferred method (30 days overdue). See Appendix 2 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

Percent of Dollars Owed on an Agreement - Residential Electric Customers

| Company | Percent of Dollars Owed – On an Agreement | Percent of Dollars Owed – Not on an Agreement |
|------------------------|--|--|
| Duquesne | 53.0% | 47.0% |
| Met-Ed | 69.0% | 31.0% |
| PECO-Electric | 36.1% | 63.9% |
| Penelec | 68.4% | 31.6% |
| Penn Power | 71.2% | 28.8% |
| PPL | 22.3% | 77.7% |
| West Penn | 61.2% | 38.8% |
| Total/Industry Average | 40.6% | 59.4% |

Percent of Dollars Owed on an Agreement - Residential Natural Gas Customers

| Company | Percent of Dollars Owed – On an Agreement | Percent of Dollars Owed – Not on an Agreement |
|------------------------|--|--|
| Columbia | 73.6% | 26.4% |
| NFG | 47.1% | 52.9% |
| PECO-Gas | 37.5% | 62.5% |
| Peoples | 44.9% | 55.1% |
| Peoples-Equitable | 29.9% | 70.1% |
| PGW | 28.1% | 71.9% |
| UGI-Gas | 26.8% | 73.2% |
| UGI Penn Natural | 28.5% | 71.5% |
| Total/Industry Average | 37.4% | 62.6% |

*Percent of Dollars Owed on an Agreement -
Confirmed Low-Income Electric Customers*

| Company | Percent of Dollars Owed – on an Agreement | Percent of Dollars Owed – Not on an Agreement |
|------------------------|--|--|
| Duquesne | 23.0% | 77.0% |
| Met-Ed | 76.8% | 23.2% |
| PECO-Electric | 46.1% | 53.9% |
| Penelec | 75.2% | 24.8% |
| Penn Power | 78.3% | 21.7% |
| PPL | 23.7% | 76.3% |
| West Penn | 69.9% | 30.1% |
| Total/Industry Average | 45.2% | 54.8% |

*Percent of Dollars Owed 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 | 82.0% | 18.0% |
| NFG | 54.1% | 45.9% |
| PECO-Gas | 43.8% | 56.2% |
| Peoples | 53.3% | 46.7% |
| Peoples-Equitable | 37.8% | 62.2% |
| PGW | 77.1% | 22.9% |
| UGI-Gas | 37.0% | 63.0% |
| UGI Penn Natural | 36.7% | 63.3% |
| Total/Industry Average | 61.5% | 38.5% |

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.

See Appendix 1 for a chart showing the different methods companies use to determine overdue accounts and how they compare to the preferred method (30 days overdue). See Appendix 2 for the methods companies use to determine when an account is removed from active status after termination of service or discontinuance of service.

Average Arrearage - Residential Electric Customers

| Company | Average Arrearage on an Agreement | Average Arrearage Not on an Agreement | Overall Average Arrearage |
|------------------|-----------------------------------|---------------------------------------|---------------------------|
| Duquesne | \$852.74 | \$172.30 | \$298.51 |
| Met-Ed | \$635.29 | \$252.70 | \$432.44 |
| PECO-Electric | \$479.71 | \$232.75 | \$285.85 |
| Penelec | \$616.70 | \$235.46 | \$408.15 |
| Penn Power | \$713.17 | \$267.02 | \$481.55 |
| PPL | \$499.44 | \$463.06 | \$470.71 |
| West Penn | \$522.34 | \$266.71 | \$346.99 |
| Industry Average | \$579.49 | \$322.95 | \$393.77 |

Average Arrearage - Residential Natural Gas Customers

| Company | Average Arrearage on an Agreement | Average Arrearage Not on an Agreement | Overall Average Arrearage |
|-------------------|-----------------------------------|---------------------------------------|---------------------------|
| Columbia | \$554.65 | \$279.69 | \$440.53 |
| NFG | \$404.42 | \$199.95 | \$262.51 |
| PECO-Gas | \$547.09 | \$346.96 | \$402.06 |
| Peoples | \$256.67 | \$167.97 | \$198.86 |
| Peoples-Equitable | \$244.73 | \$173.14 | \$189.72 |
| PGW | \$627.98 | \$488.18 | \$520.76 |
| UGI-Gas | \$366.28 | \$187.49 | \$215.72 |
| UGI Penn Natural | \$415.95 | \$261.14 | \$292.11 |
| Industry Average | \$483.83 | \$321.59 | \$367.71 |

Average Arrearage - Confirmed Low-Income Electric Customers

| Company | Average Arrearage on an Agreement | Average Arrearage Not on an Agreement | Overall Average Arrearage |
|------------------|-----------------------------------|---------------------------------------|---------------------------|
| Duquesne | \$1,009.45 | \$773.17 | \$817.16 |
| Met-Ed | \$679.65 | \$319.34 | \$538.79 |
| PECO-Electric | \$625.07 | \$479.68 | \$537.34 |
| Penelec | \$646.31 | \$289.94 | \$495.36 |
| Penn Power | \$745.40 | \$320.99 | \$578.94 |
| PPL | \$481.00 | \$942.41 | \$767.79 |
| West Penn | \$536.84 | \$289.95 | \$427.38 |
| Industry Average | \$589.10 | \$647.28 | \$619.64 |

Average Arrearage - Confirmed Low-Income Natural Gas Customers

| Company | Average Arrearage on an Agreement | Average Arrearage Not on an Agreement | Overall Average Arrearage |
|-------------------|-----------------------------------|---------------------------------------|---------------------------|
| Columbia | \$608.88 | \$332.67 | \$529.75 |
| NFG | \$449.28 | \$338.19 | \$390.47 |
| PECO-Gas | \$771.53 | \$879.08 | \$828.50 |
| Peoples | \$268.35 | \$246.58 | \$257.69 |
| Peoples-Equitable | \$255.25 | \$251.67 | \$253.05 |
| PGW | \$573.30 | \$766.71 | \$608.42 |
| UGI-Gas | \$378.35 | \$304.77 | \$328.40 |
| UGI Penn Natural | \$432.76 | \$369.30 | \$390.26 |
| Industry Average | \$496.27 | \$373.49 | \$440.58 |

Average Arrearage – Residential Electric Customers

| Company | 2014 Overall Average Arrearage | 2015 Overall Average Arrearage | 2016 Overall Average Arrearage | Change 2014-16 |
|--------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|
| Duquesne | \$562.94 | \$371.28 | \$298.51 | -47.0% |
| Met-Ed | \$493.86 | \$453.05 | \$432.44 | -12.4% |
| PECO-Electric | \$379.67 | \$334.54 | \$285.85 | -24.7% |
| Penelec | \$431.59 | \$406.95 | \$408.15 | -5.4% |
| Penn Power | \$430.75 | \$425.86 | \$481.55 | 11.8% |
| PPL | \$618.07 | \$631.57 | \$470.71 | -23.8% |
| West Penn | \$301.80 | \$319.20 | \$346.99 | 15.0% |
| Total/Industry Avg | \$479.11 | \$452.24 | \$393.77 | -17.8% |

Average Arrearage – Residential Natural Gas Customers

| Company | 2014 Overall Average Arrearage | 2015 Overall Average Arrearage | 2016 Overall Average Arrearage | Change 2014-16 |
|--------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|
| Columbia | \$487.04 | \$540.98 | \$440.53 | -9.5% |
| NFG | \$380.87 | \$386.64 | \$262.51 | -31.1% |
| PECO-Gas | \$498.41 | \$463.98 | \$402.06 | -19.3% |
| Peoples | \$380.25 | \$359.44 | \$198.86 | -47.7% |
| Peoples-Equitable | \$411.81 | \$371.34 | \$189.72 | -53.9% |
| PGW | \$494.27 | \$602.08 | \$520.76 | 5.4% |
| UGI-Gas | \$308.43 | \$291.46 | \$215.72 | -30.1% |
| UGI Penn Natural | \$404.55 | \$406.48 | \$292.11 | -27.8% |
| Total/Industry Avg | \$439.60 | \$469.77 | \$367.71 | -16.4% |

Average Arrearage – Confirmed Low-Income Electric Customers

| Company | 2014 Overall CLI Average Arrearage | 2015 Overall CLI Average Arrearage | 2016 Overall CLI Average Arrearage | Change 2014-16 |
|--------------------|--|--|--|-------------------|
| Duquesne | \$810.84 | \$672.74 | \$817.16 | 0.8% |
| Met-Ed | \$613.81 | \$570.64 | \$538.79 | -12.2% |
| PECO-Electric | \$660.69 | \$617.32 | \$537.34 | -18.7% |
| Penelec | \$528.76 | \$500.19 | \$495.36 | -6.3% |
| Penn Power | \$530.21 | \$515.65 | \$578.94 | 9.2% |
| PPL | \$850.80 | \$872.43 | \$767.79 | -9.8% |
| West Penn | \$391.99 | \$402.81 | \$427.38 | 9.0% |
| Total/Industry Avg | \$688.10 | \$672.34 | \$619.64 | -9.9% |

Average Arrearage – Confirmed Low-Income Natural Gas Customers

| Company | 2014 Overall CLI Average Arrearage | 2015 Overall CLI Average Arrearage | 2016 Overall CLI Average Arrearage | Change 2014-16 |
|--------------------|--|--|--|-------------------|
| Columbia | \$569.45 | \$619.67 | \$529.75 | -7.0% |
| NFG | \$480.81 | \$499.14 | \$390.47 | -18.8% |
| PECO-Gas | \$1,019.20 | \$976.70 | \$828.50 | -18.7% |
| Peoples | \$557.11 | \$460.32 | \$257.69 | -53.7% |
| Peoples-Equitable | \$541.85 | \$477.20 | \$253.05 | -53.3% |
| PGW | \$702.12 | \$704.38 | \$608.42 | -13.3% |
| UGI-Gas | \$408.35 | \$411.07 | \$328.40 | -19.6% |
| UGI Penn Natural | \$494.61 | \$515.15 | \$390.26 | -21.1% |
| Total/Industry Avg | \$555.45 | \$566.32 | \$440.58 | -20.7% |

Accounts Exceeding \$10,000 in Arrearages

On December 22, 2014, Act 155 became effective, reauthorizing and amending Chapter 14 of the Public Utility Code (66 Pa. C.S. §§ 1401-1419), Responsible Utility Customer Protection. Act 155 implemented a new reporting requirement²³ for the utilities to report data regarding the number of active (*i.e.* accounts not final billed) residential accounts that exceed \$10,000 in arrearages at the end of each calendar year, along with those account balances.²⁴ We present that data in the tables below, noting that PECO has reported electric and gas accounts together. Peoples and Peoples-Equitable have also reported combined data. The Average Arrearage is calculated by dividing the Total Arrearage (sum of all account balances over \$10,000) by the Number of Accounts.

²³ Final Order Chapter 14 Implementation Docket No. M-2014-2448824, order entered 7/9/2015. Section 1410.1(3) (Public utility duties) (Reporting Requirements re: Accounts Exceeding \$10,000 in Arrearages), pp 32-33.

²⁴ The utilities report several data points under Section 1410.1(3), however, only data relevant to the Universal Service Programs & Collections Performance has been included in this report. All utility annual 1410.1(3) reports are available at Docket No. M-2014-2448824.

Residential Total Number of Accounts Over \$10,000 - Electric Customers

| Company | 2015 Total Number of Accounts over 10k | 2016 Total Number of Accounts over 10k | Percent Change |
|------------------------|--|--|----------------|
| Duquesne | 21 | 16 | -23.8% |
| Met-Ed | 78 | 53 | -32.1% |
| PECO-Electric/Gas | 92 | 53 | -42.4% |
| Penelec | 73 | 66 | -9.6% |
| Penn Power | 13 | 23 | 76.9% |
| PPL | 227 | 169 | -25.6% |
| West Penn | 34 | 93 | 173.5% |
| Total/Industry Average | 538 | 473 | -12.1% |

Residential Total Number of Accounts Over \$10,000 - Natural Gas Customers

| Company | 2015 Total Number of Accounts over 10k | 2016 Total Number of Accounts over 10k | Percent Change |
|------------------------|--|--|----------------|
| Columbia | 0 | 0 | 0.0% |
| NFG | 0 | 0 | 0.0% |
| Peoples/Peoples-EQT | 68 | 52 | -23.5% |
| PGW | 345 | 299 | -13.3% |
| UGI-Gas | 0 | 0 | 0.0% |
| UGI Penn Natural | 0 | 0 | 0.0% |
| Total/Industry Average | 413 | 351 | -15.0% |

Residential Total Arrearages of Accounts Over \$10,000 - Electric Customers

| Company | 2015 Total Arrearages of Accounts over 10k | 2016 Total Arrearages of Accounts over 10k | Percent Change |
|------------------------|--|--|----------------|
| Duquesne | \$281,460.64 | \$204,389.77 | -27.4% |
| Met-Ed | \$960,905.89 | \$680,193.14 | -29.2% |
| PECO-Electric/Gas | \$1,232,331.65 | \$687,746.57 | -44.2% |
| Penelec | \$931,180.45 | \$861,338.33 | -7.5% |
| Penn Power | \$183,481.42 | \$340,016.40 | 85.3% |
| PPL | \$2,956,909.51 | \$2,277,802.42 | -23.0% |
| West Penn | \$409,396.32 | \$1,200,619.68 | 193.3% |
| Total/Industry Average | \$6,955,665.88 | \$6,252,106.31 | -10.1% |

Residential Total Arrearages of Accounts Over \$10,000 - Natural Gas Customers

| Company | 2015 Total Arrearages of Accounts over 10k | 2016 Total Arrearages of Accounts over 10k | Percent Change |
|------------------------|--|--|----------------|
| Columbia | \$0 | \$0 | 0.0% |
| NFG | \$0 | \$0 | 0.0% |
| Peoples/Peoples-EQT | \$877,933.74 | \$683,785.82 | -22.1% |
| PGW | \$4,930,634.18 | \$4,122,060.98 | -16.4% |
| UGI-Gas | \$0 | \$0 | 0.0% |
| UGI Penn Natural | \$0 | \$0 | 0.0% |
| Total/Industry Average | \$5,808,567.92 | \$4,805,846.80 | -17.3% |

Residential Average Arrearage of Accounts Over \$10,000 - Electric Customers

| Company | 2015 Average Arrearage of Accounts over 10k | 2016 Average Arrearage of Accounts over 10k | Percent Change |
|------------------------|---|---|----------------|
| Duquesne | \$13,402.89 | \$12,774.36 | -4.7% |
| Met-Ed | \$12,319.31 | \$12,833.83 | 4.2% |
| PECO-Electric/Gas | \$13,394.91 | \$12,976.35 | -3.1% |
| Penelec | \$12,755.90 | \$13,050.58 | 2.3% |
| Penn Power | \$14,113.96 | \$14,783.32 | 4.7% |
| PPL | \$13,026.03 | \$13,478.12 | 3.5% |
| West Penn | \$12,041.07 | \$12,909.89 | 7.2% |
| Total/Industry Average | \$12,928.75 | \$13,217.98 | 2.2% |

Residential Average Arrearage of Accounts Over \$10,000 - Natural Gas Customers

| Company | 2015 Average Arrearage of Accounts over 10k | 2016 Average Arrearage of Accounts over 10k | Percent Change |
|------------------------|---|---|----------------|
| Columbia | \$0 | \$0 | 0.0% |
| NFG | \$0 | \$0 | 0.0% |
| Peoples/Peoples-EQT | \$12,910.79 | \$13,149.73 | 1.9% |
| PGW | \$14,291.69 | \$13,786.16 | -3.5% |
| UGI-Gas | \$0 | \$0 | 0.0% |
| UGI Penn Natural | \$0 | \$0 | 0.0% |
| Total/Industry Average | \$14,064.33 | \$13,691.87 | -2.6% |

Revenues (Billings)

Revenues (billings) are the cumulative, year-end total dollars collected by the utility for the previous year and reported in the USRR for both the Residential and Confirmed Low-Income categories. Billings are used in the calculation of other collection performance measures, and include dollars collected from Universal Service program recipients, including CAP customers' billings.

Residential Revenues (Billings) - Electric Customers

| Company | All Residential | Confirmed Low-Income | Percent Confirmed Low-Income |
|------------------------|-----------------|----------------------|------------------------------|
| Duquesne | \$530,859,408 | \$56,454,186 | 10.6% |
| Met-Ed | \$575,062,397 | \$91,969,696 | 16.0% |
| PECO-Electric | \$2,080,261,376 | \$111,116,532 | 5.3% |
| Penelec | \$528,498,042 | \$109,879,629 | 20.8% |
| Penn Power | \$184,157,994 | \$27,722,402 | 15.1% |
| PPL | \$2,042,218,145 | \$373,765,785 | 18.3% |
| West Penn | \$660,819,787 | \$85,520,953 | 12.9% |
| Total/Industry Average | \$6,601,877,149 | \$856,429,183 | 13.0% |

Residential Revenues (Billings) - Natural Gas Customers

| Company | All Residential | Confirmed Low-Income | Percent Confirmed Low-Income |
|------------------------|-----------------|----------------------|------------------------------|
| Columbia | \$339,157,621 | \$57,253,309 | 16.9% |
| NFG | \$112,921,146 | \$13,582,275 | 12.0% |
| PECO-Gas | \$326,743,142 | \$13,735,539 | 4.2% |
| Peoples | \$233,686,044 | \$60,758,372 | 26.0% |
| Peoples-Equitable | \$164,798,640 | \$29,663,755 | 18.0% |
| PGW | \$408,208,547 | \$122,886,735 | 30.1% |
| UGI-Gas | \$189,045,405 | \$23,019,762 | 12.2% |
| UGI Penn Natural | \$131,594,611 | \$20,629,968 | 15.7% |
| Total/Industry Average | \$1,906,155,156 | \$341,529,715 | 17.9% |

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 following two tables, the higher the percentage, the greater the potential collection risk.

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

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|------|------|------|----------------|
| Duquesne | 2.9% | 3.9% | 4.4% | 51.7% |
| Met-Ed | 4.5% | 3.7% | 3.5% | -22.2% |
| PECO-Electric | 2.0% | 1.6% | 1.3% | -35.0% |
| Penelec | 4.7% | 4.0% | 3.9% | -17.0% |
| Penn Power | 3.6% | 3.0% | 3.4% | -5.6% |
| PPL | 4.5% | 4.4% | 5.0% | 11.1% |
| West Penn | 2.8% | 2.6% | 2.7% | -3.6% |
| Industry Average | 3.4% | 3.1% | 3.3% | -2.9% |

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

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|-------------------|------|------|-------|----------------|
| Columbia | 3.9% | 4.2% | 3.6% | -7.7% |
| NFG | 2.4% | 3.1% | 4.2% | 75.0% |
| PECO-Gas | 2.9% | 2.7% | 3.1% | 6.9% |
| Peoples | 3.2% | 3.4% | 2.1% | -34.4% |
| Peoples-Equitable | 3.0% | 3.6% | 2.5% | -16.7% |
| PGW | 8.0% | 9.9% | 10.4% | 30.0% |
| UGI-Gas | 4.4% | 4.6% | 3.4% | -22.7% |
| UGI Penn Natural | 3.7% | 3.8% | 2.9% | -21.6% |
| Industry Average | 4.3% | 4.9% | 4.6% | 7.0% |

Gross Residential Write-Offs in Dollars

The tables below represent the gross residential write-offs in dollars for EDCs and NGDCs in 2015. Write-offs are the final treatment of overdue accounts. 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. The gross write-offs figures do not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs in Dollars - Electric Customers

| Company | All Residential | Confirmed Low-Income | Percent Confirmed Low-Income |
|------------------------|-----------------|----------------------|------------------------------|
| Duquesne | \$8,688,610 | \$1,738,898 | 20.0% |
| Met-Ed | \$13,557,436 | \$9,765,101 | 72.0% |
| PECO-Electric | \$24,328,821 | \$5,655,959 | 23.2% |
| Penelec | \$12,745,926 | \$9,732,711 | 76.4% |
| Penn Power | \$2,930,804 | \$2,005,630 | 68.4% |
| PPL | \$56,183,980 | \$39,337,372 | 70.0% |
| West Penn | \$12,404,107 | \$9,317,684 | 75.1% |
| Total/Industry Average | \$130,839,684 | \$77,553,355 | 59.3% |

Gross Write-Offs in Dollars - Natural Gas Customers

| Company | All Residential | Confirmed Low-Income | Percent Confirmed Low-Income |
|------------------------|-----------------|----------------------|------------------------------|
| Columbia | \$7,405,860 | \$4,986,181 | 67.3% |
| NFG | \$3,650,873 | \$2,227,918 | 61.0% |
| PECO-Gas | \$829,122 | \$208,706 | 25.2% |
| Peoples | \$10,256,963 | \$2,666,811 | 26.0% |
| Peoples-Equitable | \$3,659,582 | \$658,724 | 18.0% |
| PGW | \$61,371,552 | \$25,758,078 | 42.0% |
| UGI-Gas | \$4,725,255 | \$3,749,968 | 79.4% |
| UGI Penn Natural | \$2,534,491 | \$2,337,406 | 92.2% |
| Total/Industry Average | \$94,433,698 | \$42,593,792 | 45.1% |

Gross Write-Offs in Dollars - Residential Electric Customers

| Company | 2014 Gross Write-Offs in Dollars | 2015 Gross Write-Offs in Dollars | 2016 Gross Write-Offs in Dollars | Change 2014-16 |
|--------------------|--|--|--|-------------------|
| Duquesne | \$3,199,684 | \$11,249,134 | \$8,688,610 | 171.5% |
| Met-Ed | \$12,186,981 | \$14,112,271 | \$13,557,436 | 11.2% |
| PECO-Electric | \$33,631,526 | \$30,272,765 | \$24,328,821 | -27.7% |
| Penelec | \$9,939,670 | \$12,311,625 | \$12,745,926 | 28.2% |
| Penn Power | \$1,888,898 | \$2,579,296 | \$2,930,804 | 55.2% |
| PPL | \$61,828,466 | \$66,007,829 | \$56,183,980 | -9.1% |
| West Penn | \$8,180,202 | \$10,531,117 | \$12,404,107 | 51.6% |
| Total/Industry Avg | \$130,855,427 | \$147,064,037 | \$130,839,684 | 0.0% |

Gross Write-Offs in Dollars - Residential Natural Gas Customers

| Company | 2014 Gross Write-Offs in Dollars | 2015 Gross Write-Offs in Dollars | 2016 Gross Write-Offs in Dollars | Change 2014-16 |
|--------------------|--|--|--|-------------------|
| Columbia | \$8,357,228 | \$9,437,857 | \$7,405,860 | -11.4% |
| NFG | \$3,543,650 | \$4,483,553 | \$3,650,873 | 3.0% |
| PECO-Gas | \$2,190,933 | \$2,346,798 | \$829,122 | -62.2% |
| Peoples | \$8,426,426 | \$12,278,610 | \$10,256,963 | 21.7% |
| Peoples-Equitable | \$5,304,131 | \$2,189,341 | \$3,659,582 | -31.0% |
| PGW | \$46,746,444 | \$48,411,806 | \$61,371,552 | 31.3% |
| UGI-Gas | \$7,052,238 | \$6,842,786 | \$4,725,255 | -33.0% |
| UGI Penn Natural | \$3,869,792 | \$4,419,332 | \$2,534,491 | -34.5% |
| Total/Industry Avg | \$85,490,842 | \$90,410,083 | \$94,433,698 | 10.5% |

Gross Write-Offs in Dollars – Confirmed Low-Income Electric Customers

| Company | 2014 Gross Write-Offs in Dollars CLI | 2015 Gross Write-Offs in Dollars CLI | 2016 Gross Write-Offs in Dollars CLI | Change 2014-16 |
|--------------------|--|--|--|-------------------|
| Duquesne | \$962,270 | \$1,613,191 | \$1,738,898 | 80.7% |
| Met-Ed | \$8,938,194 | \$10,138,588 | \$9,765,101 | 9.3% |
| PECO-Electric | \$6,414,567 | \$6,415,266 | \$5,655,959 | -11.8% |
| Penelec | \$7,726,734 | \$9,273,621 | \$9,732,711 | 26.0% |
| Penn Power | \$1,417,817 | \$1,868,502 | \$2,005,630 | 41.5% |
| PPL | \$42,933,871 | \$46,028,913 | \$39,337,372 | -8.4% |
| West Penn | \$6,011,892 | \$7,520,820 | \$9,317,684 | 55.0% |
| Total/Industry Avg | \$74,405,345 | \$82,858,901 | \$77,553,355 | 4.2% |

Gross Write-Offs in Dollars – Confirmed Low-Income Natural Gas Customers

| Company | 2014 Gross Write-Offs in Dollars CLI | 2015 Gross Write-Offs in Dollars CLI | 2016 Gross Write-Offs in Dollars CLI | Change 2014-16 |
|--------------------|--|--|--|-------------------|
| Columbia | \$5,410,401 | \$6,435,961 | \$4,986,181 | -7.8% |
| NFG | \$2,294,897 | \$2,790,871 | \$2,227,918 | -2.9% |
| PECO-Gas | \$1,681,088 | \$1,712,047 | \$208,706 | -87.6% |
| Peoples | \$2,190,871 | \$3,192,952 | \$2,666,811 | 21.7% |
| Peoples-Equitable | \$4,163,743 | \$394,081 | \$658,724 | -84.2% |
| PGW | \$26,482,484 | \$34,508,963 | \$25,758,078 | -2.7% |
| UGI-Gas | \$4,607,873 | \$5,199,633 | \$3,749,968 | -18.6% |
| UGI Penn Natural | \$3,232,910 | \$3,769,000 | \$2,337,406 | -27.7% |
| Total/Industry Avg | \$50,064,267 | \$58,003,508 | \$42,593,792 | -14.9% |

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, and is called the Gross Write-Offs Ratio. 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 of gross residential dollars written off to the annual total dollars of residential billings. Figures used in the tables below do not include CAP Credits or Arrearage Forgiveness.

Gross Write-Offs Ratio - Electric Customers

| Company | All Residential Gross Write-Offs Ratio | Confirmed Low-Income Gross Write-Offs Ratio |
|------------------|--|---|
| Duquesne | 1.6% | 3.1% |
| Met-Ed | 2.4% | 10.6% |
| PECO-Electric | 1.2% | 5.1% |
| Penelec | 2.4% | 8.9% |
| Penn Power | 1.6% | 7.2% |
| PPL | 2.8% | 10.5% |
| West Penn | 1.9% | 10.9% |
| Industry Average | 2.0% | 9.1% |

Gross Write-Offs Ratio - Natural Gas Customers

| Company | All Residential Gross Write-Offs Ratio | Confirmed Low-Income Gross Write-Offs Ratio |
|-------------------|--|---|
| Columbia | 2.2% | 8.7% |
| NFG | 3.2% | 16.4% |
| PECO-Gas | 0.3% | 1.5% |
| Peoples | 4.4% | 4.4% |
| Peoples-Equitable | 2.2% | 2.2% |
| PGW | 15.0% | 21.0% |
| UGI-Gas | 2.5% | 16.3% |
| UGI Penn Natural | 1.9% | 11.3% |
| Industry Average | 5.0% | 12.5% |

Gross Write-Offs Ratio - Residential Electric Customers

| Company | 2014 Gross Write-Offs Ratio | 2015 Gross Write-Offs Ratio | 2016 Gross Write-Offs Ratio | Change 2014-16 |
|------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
| Duquesne | 0.7% | 2.2% | 1.6% | 128.6% |
| Met-Ed | 2.3% | 2.4% | 2.4% | 4.3% |
| PECO-Electric | 1.6% | 1.4% | 1.2% | -25.0% |
| Penelec | 2.2% | 2.5% | 2.4% | 9.1% |
| Penn Power | 1.4% | 1.5% | 1.6% | 14.3% |
| PPL | 3.2% | 3.3% | 2.8% | -12.5% |
| West Penn | 1.6% | 1.7% | 1.9% | 18.8% |
| Industry Average | 2.2% | 2.3% | 2.0% | -9.1% |

Gross Write-Offs Ratio - Residential Natural Gas Customers

| Company | 2014 Gross Write-Offs Ratio | 2015 Gross Write-Offs Ratio | 2016 Gross Write-Offs Ratio | Change 2014-16 |
|-------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
| Columbia | 2.2% | 2.5% | 2.2% | 0.0% |
| NFG | 2.1% | 3.3% | 3.2% | 52.4% |
| PECO-Gas | 0.5% | 0.6% | 0.3% | -40.0% |
| Peoples | 2.6% | 4.3% | 4.4% | 69.2% |
| Peoples-Equitable | 2.0% | 1.1% | 2.2% | 10.0% |
| PGW | 9.0% | 10.0% | 15.0% | 66.7% |
| UGI-Gas | 3.0% | 3.3% | 2.5% | -16.7% |
| UGI Penn Natural | 2.2% | 2.7% | 1.9% | -13.6% |
| Industry Average | 3.3% | 3.9% | 5.0% | 51.5% |

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 expenses. Dunning, in the business context, refers to the collections process, whereby a business communicates with customers who have fallen behind in paying their bills. 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 for Confirmed Low-Income Customers |
|--------------------|-----------------|----------------------|---|
| Duquesne | \$6,530,439 | \$5,322,308 | 81.5% |
| Met-Ed | \$16,438,551 | \$11,178,386 | 68.0% |
| PECO-Electric | \$13,820,051 | \$1,781,771 | 12.9% |
| Penelec | \$15,518,497 | \$11,244,979 | 72.5% |
| Penn Power | \$3,805,201 | \$2,456,690 | 64.6% |
| PPL | \$14,178,936 | \$7,514,836 | 53.0% |
| West Penn | \$14,741,360 | \$10,281,772 | 69.7% |
| Total/Industry Avg | \$85,033,035 | \$49,780,742 | 58.5% |

Annual Natural Gas Collection Operating Expenses

| Company | All Residential | Confirmed Low-Income | Percent of Collection Operating Expenses for Confirmed Low-Income Customers |
|--------------------|-----------------|----------------------|---|
| Columbia | \$3,289,473 | \$1,663,916 | 50.6% |
| NFG | \$533,740 | \$187,153 | 35.1% |
| PECO-Gas | \$1,708,096 | \$123,307 | 7.2% |
| Peoples | \$2,478,687 | \$446,163 | 18.0% |
| Peoples-Equitable | \$2,385,710 | \$429,427 | 18.0% |
| PGW | \$2,964,826 | \$933,884 | 31.5% |
| UGI-Gas | \$4,123,296 | \$1,719,414 | 41.7% |
| UGI Penn Natural | \$1,484,127 | \$749,484 | 50.5% |
| Total/Industry Avg | \$18,967,955 | \$6,252,748 | 33.0% |

3. Universal Service Programs

Demographics

The USRR requires EDCs and NGDCs to report the demographics of program recipients, including the number of household members under age 18 and over age 62, household size, income, and source of income. A low-income customer is defined²⁵ as a residential utility customer whose household income is at or below 150 percent of FPIG. Appendix 3 shows poverty levels in relation to household size and income. The following tables present some of the demographic information for low-income customers who participate in the universal service programs during 2016.

Average Household Income and Size

Electric customers who receive LIURP service have average annual household incomes of \$16,144, while gas customers' average income is \$16,667. Electric and natural gas households receiving CAP benefits in 2016 have average annual household incomes of \$13,986 per year. For all 2016 participants in universal service programs, average annual household income for electric customers was \$16,535, and \$15,750 for natural gas customers. In general, the households participating in universal service programs average three persons, with at least one member under 18 years old. Approximately one in three of these households has a member over the age of 62.

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

| Program | 2014 | 2015 | 2016 | Change 2014-16 |
|--------------------|----------|----------|----------|-------------------|
| LIURP | \$16,826 | \$16,722 | \$16,144 | -4.1% |
| CAP | \$14,304 | \$14,044 | \$14,298 | 0.0% |
| CARES | \$15,580 | \$16,250 | \$16,046 | 3.0% |
| Hardship Fund | \$19,940 | \$19,909 | \$19,651 | -1.4% |
| Total/Industry Avg | \$16,663 | \$16,731 | \$16,535 | -0.8% |

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

| Program | 2014 | 2015 | 2016 | Change 2014-16 |
|--------------------|----------|----------|----------|-------------------|
| LIURP | \$16,268 | \$16,864 | \$16,667 | 2.5% |
| CAP | \$13,196 | \$13,397 | \$13,674 | 3.6% |
| CARES | \$15,900 | \$16,571 | \$15,081 | -5.2% |
| Hardship Fund | \$17,554 | \$17,909 | \$17,578 | 0.1% |
| Total/Industry Avg | \$15,730 | \$16,185 | \$15,750 | 0.1% |

²⁵ 52 Pa. Code § 54.72

Source of Income

The majority of electric and gas customers participating in universal service programs have incomes from employment or pension/retirement benefits.

Participants in Universal Service Programs Source of Household Income - Summary for All Electric Customers

| | LIURP | CAP | Hardship Fund |
|---------------------------|-------|-------|---------------|
| Employment | 32.5% | 31.7% | 46.7% |
| Pension or Retirement | 19.4% | 20.7% | 17.9% |
| Unemployment Compensation | 15.6% | 2.9% | 3.3% |
| Disability | 12.5% | 23.4% | 14.3% |
| Public Assistance | 2.9% | 3.8% | 3.8% |
| Other | 17.2% | 17.5% | 14.1% |

Participants in Universal Service Programs Source of Household Income - Summary for All Natural Gas Customers

| | LIURP | CAP | Hardship Fund |
|---------------------------|-------|-------|---------------|
| Employment | 27.6% | 29.3% | 47.0% |
| Pension or Retirement | 31.8% | 27.1% | 16.4% |
| Unemployment Compensation | 7.1% | 2.5% | 3.5% |
| Disability | 19.3% | 22.4% | 16.7% |
| Public Assistance | 4.5% | 5.5% | 4.0% |
| Other | 9.8% | 13.3% | 12.4% |

Demographic data from the USRR reporting shows that **“working poor” households** in Pennsylvania do not always have incomes that exceed 150 percent of FPIG. According to the U.S. Bureau of Labor Statistics, the definition of a **“working poor” household begins with a wage-earner** who works full time (35+ hrs/week) at a minimum-wage job. In 2016, minimum wage in Pennsylvania was \$7.25 per hour, the same as it has been since 2011.²⁶ Annual income for an individual wage earner who works at a full time (40hr/week) minimum-wage job is \$15,080. By comparison, the average electric CAP household (three persons) had an income of \$14,298 in 2016, which placed **these households’ incomes at** approximately 71 percent of FPIG (for three persons) for 2016, and 70 percent for 2017. The average natural gas CAP household had an income of \$13,674, which placed the household at approximately 68 percent of FPIG for 2016, and 67 percent for 2017. Average household incomes for universal service program participants are well below 150 percent of FPIG for three persons (\$30,240 in 2016; \$30,630 in 2017). See Appendix 3.

²⁶<http://www.dol.gov/whd/minwage/america.htm> The Pennsylvania state minimum wage law adopted the federal minimum wage rate by reference for 2016.

Average Household Income and Energy Burden

Finally, it is important to understand the relationship between household income and the percent of income a household spends on energy. Energy burden was defined in 2002 as the percentage of household income that a household spends on total home energy needs.²⁷ Electric CAP households overall in 2016 paid about 11.4 percent of their household income for energy, while natural gas CAP households paid approximately 13.8 percent of their household income. By comparison, using the 2015 median household income (latest available) for Pennsylvania²⁸ of \$55,702, we can calculate that a typical Pennsylvania residential household paid about 3.2 percent of its income for home energy needs. Annual Residential Bill data used in the tables below is collected by the Commission and posted at: http://www.puc.pa.gov/filing_resources/biennial_report_pursuant_to_section_1415.aspx

Annual Electric Estimated Energy Burden

| Company | Annual Average Income for CAP Participants | Estimated Annual Residential Bill | Estimated Energy Burden for CAP Participants |
|--------------------|--|-----------------------------------|--|
| Duquesne | \$12,380 | \$1,272 | 10.3% |
| Met-Ed | \$14,832 | \$1,464 | 9.9% |
| PECO-Electric | \$13,332 | \$2,000 | 15.0% |
| Penelec | \$13,945 | \$1,368 | 9.8% |
| Penn Power | \$13,818 | \$1,872 | 13.5% |
| PPL | \$17,241 | \$1,999 | 11.6% |
| West Penn | \$14,538 | \$1,392 | 9.6% |
| Total/Industry Avg | \$14,298 | \$1,624 | 11.4% |

Annual Natural Gas Estimated Energy Burden

| Company | Annual Average Income for CAP Participants | Estimated Annual Residential Bill | Estimated Energy Burden for CAP Participants |
|--------------------|--|-----------------------------------|--|
| Columbia | \$14,418 | \$2,011 | 13.9% |
| NFG | \$15,089 | \$1,748 | 11.6% |
| PECO-Gas | \$15,017 | \$1,844 | 12.3% |
| Peoples | \$14,929 | \$1,839 | 12.3% |
| Peoples-Equitable | \$12,790 | \$1,801 | 14.1% |
| PGW | \$9,828 | \$2,080 | 21.2% |
| UGI-Gas | \$13,779 | \$1,770 | 12.8% |
| UGI Penn Natural | \$13,540 | \$1,997 | 14.7% |
| Total/Industry Avg | \$13,674 | \$1,886 | 13.8% |

²⁷U.S. Department of Health & Human Services, LIHEAP Home Energy Notebook for FY 2002: Appendix A Home energy estimates, p.45, 2004.

²⁸ <http://www.deptofnumbers.com/income/pennsylvania/> Derived from Census ACS 1-yr survey. 2015 data is most recent available.

Low Income Usage Reduction Program (LIURP)

LIURP is a statewide, utility-sponsored, residential usage-reduction program mandated by the PUC.²⁹ 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 FPIG. However, companies are permitted to spend up to 20 percent of their annual LIURP budgets on customers with incomes between 150 percent and 200 percent of FPIG. LIURP places priority on the highest energy users who offer the greatest opportunities for bill reductions. Generally, EDCs target customers with annual usage of at least 6,000 kWhs, and 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 often included in utility rates as part of the distribution cost passed on to all residential customers. The LIURP funding levels, which are often modified in rate case proceedings, are reviewed as part of the **company's** most recently filed universal service plans. The utilities file universal service plans approximately every three years, and the plans are reviewed by BCS. The utility is required to develop a LIURP funding level based upon a needs assessment,³⁰ 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 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. Some exceptions must meet a 12-year simple payback recovery. The exceptions 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, faucet aerators, light-emitting diode (LED) lighting, refrigerator replacement, incidental repairs (not home rehabilitation), health and safety measures such as smoke and carbon monoxide detectors, and energy conservation education.

The factors impacting 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.

LIURP benefits include: 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, reduction in homelessness, and less housing abandonment.

The USRR provisions require reporting 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.

²⁹ 52 Pa. Code, Chapter 58

³⁰ 52 Pa. Code, § 58.4(c)(1-4)

In addition, this report also includes data on completed jobs provided by EDCs and NGDCs in accordance with the LIURP Codebook.³¹

LIURP Spending

As a rule, companies try to spend all LIURP funds 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 | 2016 Actual Spending | 2017 Projected Spending* |
|---------------|-------------------------|-----------------------------|
| Duquesne | \$1,700,067 | \$1,655,700 |
| Met-Ed | \$4,266,267 | \$4,996,000 |
| PECO-Electric | \$5,600,000 | \$5,600,000 |
| Penelec | \$4,966,122 | \$5,978,000 |
| Penn Power | \$2,416,724 | \$2,600,000 |
| PPL | \$9,859,640 | \$10,286,606 |
| West Penn | \$4,426,313 | \$4,573,000 |
| Total | \$33,235,133 | \$35,689,306 |

*Includes carryover of unspent funds from previous Program Year.

LIURP Spending - Natural Gas Utilities

| Company | 2016 Actual Spending | 2017 Projected Spending* |
|-------------------|-------------------------|-----------------------------|
| Columbia | \$5,000,477 | \$4,750,000 |
| NFG | \$1,139,533 | \$1,786,958 |
| PECO-Gas | \$2,250,002 | \$2,250,000 |
| Peoples | \$1,249,763 | \$1,250,322 |
| Peoples-Equitable | \$799,802 | \$800,198 |
| PGW | \$7,638,390 | \$5,179,225 |
| UGI-Gas | \$853,543 | \$1,662,698 |
| UGI Penn Natural | \$881,288 | \$904,719 |
| Total | \$19,812,798 | \$18,584,120 |

* Includes carryover of unspent funds from previous Program Year.

³¹ Originally based in the LIURP regulations at 52 Pa. Code § 58.15 and incorporated in the Universal Service Reporting Requirements regulations

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-stock characteristics such as the type, size, and condition; contractor capability; contractor capacity; and to a lesser extent, customer demographics and customer behavior.

LIURP Electric Production

| Company | 2016 Actual Production | | | 2017 Projected Production | | |
|---------------|---------------------------|--------------------------|-------------------|------------------------------|--------------------------|-------------------|
| | Heating Jobs | Water Heating Jobs | Baseload Jobs* | Heating Jobs | Water Heating Jobs | Baseload Jobs* |
| Duquesne | 192 | 0 | 2,549 | 90 | 0 | 3,010 |
| Met-Ed | 534 | 617 | 405 | 643 | 502 | 359 |
| PECO-Electric | 1,316 | 0 | 6,361 | 1,100 | 0 | 6,375 |
| Penelec | 490 | 1,307 | 641 | 434 | 1,129 | 722 |
| Penn Power | 248 | 306 | 303 | 234 | 313 | 308 |
| PPL | 1,480 | 706 | 1,271 | 2,010 | 575 | 715 |
| West Penn | 553 | 397 | 107 | 550 | 299 | 121 |
| Total | 4,813 | 3,333 | 11,637 | 5,061 | 2,818 | 11,610 |

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

LIURP Natural Gas Production

| Company | 2016 Actual Production Heating Jobs | 2017 Projected Production Heating Jobs |
|-------------------|---|--|
| Columbia | 515 | 569 |
| NFG | 161 | 271 |
| PECO-Gas | 1,240 | 1,129 |
| Peoples | 215 | 210 |
| Peoples-Equitable | 140 | 135 |
| PGW | 3,815 | 2,587 |
| UGI-Gas | 124 | 238 |
| UGI Penn Natural | 149 | 129 |
| Total | 6,359 | 5,268 |

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 LIURP gas jobs are classified as heating. For electric jobs, the determination of the job type depends on whether 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. 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 Average Job Costs

| Company | 2016 Heating Jobs | 2016 Water Heating Jobs | 2016 Baseload Jobs |
|---------------|-------------------|-------------------------|--------------------|
| Duquesne | \$2,793 | \$0 | \$436 |
| Met-Ed | \$2,590 | \$1,754 | \$1,617 |
| PECO-Electric | \$1,352 | \$0 | \$507 |
| Penelec | \$2,149 | \$1,565 | \$1,175 |
| Penn Power | \$2,925 | \$1,668 | \$1,243 |
| PPL | \$3,846 | \$2,036 | \$1,081 |
| West Penn | \$3,095 | \$2,581 | \$1,695 |

LIURP Natural Gas Average Job Cost

| Company | 2016 Heating Jobs |
|-------------------|-------------------|
| Columbia | \$7,076 |
| NFG | \$4,585 |
| PECO-Gas | \$1,802 |
| Peoples | \$4,723 |
| Peoples-Equitable | \$4,733 |
| PGW | \$1,573 |
| UGI-Gas | \$6,240 |
| UGI Penn Natural | \$5,273 |

LIURP Energy Savings and Bill Reduction

LIURP energy savings are determined by calculating the difference in a **customer's usage during the 12** months following the installation of the LIURP measures, from the usage during the 12 preceding months. The energy savings reported are based on weather-normalized data and represent an average of the company results. LIURP reporting results for the program year always trail two years behind the USRR reporting year due to the process of evaluating post-installation usage for 12 months, with analysis performed in the following year.³²

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 that period. Companies voluntarily report pricing information annually. The 2014 estimated annual bill reductions presented below are based on the average of the company results from LIURP jobs completed in 2014, evaluated in 2015 (post period), and reported in 2016.

LIURP Energy Savings and Bill Reductions

| Job Type | 2014 Energy Savings | 2014 Estimated Annual Bill Reduction |
|------------------------|------------------------|--|
| Electric Heating | 10.6% | \$168 |
| Electric Water Heating | 10.0% | \$157 |
| Electric Baseload | 8.8% | \$115 |
| Gas Heating | 14.4% | \$257 |

Customer Assistance Programs (CAPs)

The PUC monitors implementation of the Commission's CAP Policy Statement and regulations³³ by the seven largest EDCs and NGDCs serving more than 100,000 customers. The USRR requires the companies to report the number of customers enrolled in CAP. The Commission uses the number of participants enrolled in CAP at the end of the program year to quantify participation. **Each company's restructuring** proceeding established a program phase-in enrollment size. Since then, each company submits a three-year universal service plan for Commission approval. PUC regulations³⁴ require the companies to submit a projected needs assessment and projected enrollment level for its universal service programs. **Universal Service Plans and Evaluations are posted on the Commission's website** (Appendix 4 contains viewing instructions).

The CAP Participation Rate is defined as the number of participants enrolled as of Dec. 31, 2016, divided by the number of confirmed low-income customers served by the EDC or NGDC. 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, as estimated numbers are much higher.

³² Example: 2014 LIURP program year installations were completed and evaluated after the post-installation period ended in 2015. Those results were then reported in 2016. LIURP program year 2015 results will be available in the 2017 version of this report.

³³ 66 Pa. C.S. §§ 2802(10), §§ 2804(9), §§ 2203(7) and §§ 2203(8)

³⁴ 52 Pa. Code § 54.74 for EDCs and 52 Pa. Code § 62.4 for NGDCs

CAP Participation - Electric Utilities

| Company | 2015 | | 2016 | |
|----------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | Participants Enrolled as of 12/31/15 | CAP Participant Rate | Participants Enrolled as of 12/31/16 | CAP Participant Rate |
| Duquesne | 35,865 | 70% | 40,521 | 90% |
| Met-Ed | 14,974 | 23% | 14,896 | 22% |
| PECO-Electric | 138,650 | 79% | 132,898 | 78% |
| Penelec | 21,195 | 26% | 21,528 | 25% |
| Penn Power | 4,558 | 24% | 4,646 | 24% |
| PPL | 46,936 | 27% | 56,223 | 32% |
| West Penn | 23,159 | 40% | 24,538 | 38% |
| Total | 285,337 | | 295,250 | |
| Weighted Avg.* | | 46% | | 47% |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

CAP Participation - Natural Gas Utilities

| Company | 2015 | | 2016 | |
|-------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | Participants Enrolled as of 12/31/15 | CAP Participant Rate | Participants Enrolled as of 12/31/16 | CAP Participant Rate |
| Columbia | 21,274 | 31% | 20,405 | 30% |
| NFG | 9,167 | 33% | 8,040 | 31% |
| PECO-Gas | 24,454 | 77% | 22,984 | 71% |
| Peoples | 19,591 | 33% | 19,333 | 32% |
| Peoples-Equitable | 13,799 | 31% | 13,289 | 30% |
| PGW | 58,282 | 36% | 49,321 | 33% |
| UGI-Gas | 7,962 | 21% | 7,725 | 23% |
| UGI-Penn Natural | 6,362 | 25% | 5,684 | 25% |
| Total | 160,891 | | 146,781 | |
| Weighted Avg.* | | 35% | | 34% |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

Monthly Average Electric CAP Participation by Poverty Level

| Company | 2015 | | | 2016 | | |
|---------------|-------------|---------------|----------------|-------------|---------------|----------------|
| | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG |
| Duquesne | 6,973 | 18,411 | 10,218 | 8,050 | 19,654 | 11,015 |
| Met-Ed | 3,180 | 7,383 | 5,077 | 3,102 | 6,819 | 4,829 |
| PECO-Electric | 31,002 | 65,942 | 43,525 | 30,399 | 64,441 | 42,001 |
| Penelec | 3,899 | 10,982 | 6,984 | 3,777 | 10,681 | 6,832 |
| Penn Power | 793 | 2,287 | 1,598 | 793 | 2,181 | 1,622 |
| PPL | 7,491 | 21,698 | 16,612 | 8,629 | 25,240 | 20,101 |
| West Penn | 5,486 | 10,606 | 6,980 | 5,623 | 11,009 | 7,261 |
| Total/Avg | 58,823 | 137,308 | 90,994 | 60,374 | 140,026 | 93,660 |

Monthly Average Natural Gas CAP Participation by Poverty Level

| Company | 2015 | | | 2016 | | |
|-------------------|-------------|---------------|----------------|-------------|---------------|----------------|
| | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG |
| Columbia | 4,667 | 10,267 | 6,990 | 4,537 | 9,922 | 7,050 |
| NFG | 1,313 | 4,884 | 3,379 | 1,078 | 4,519 | 3,018 |
| PECO-Gas | 5,333 | 9,962 | 9,519 | 5,278 | 9,593 | 9,044 |
| Peoples | 4,374 | 9,391 | 6,666 | 4,164 | 9,100 | 6,542 |
| Peoples-Equitable | 4,756 | 7,589 | 1,988 | 3,869 | 6,807 | 2,889 |
| PGW | 16,936 | 34,089 | 9,482 | 16,374 | 29,555 | 6,839 |
| UGI-Gas | 2,710 | 4,202 | 1,782 | 2,530 | 3,799 | 1,697 |
| UGI Penn Natural | 1,499 | 3,265 | 1,954 | 1,489 | 2,900 | 1,727 |
| Total/Avg. | 41,587 | 83,650 | 41,761 | 39,320 | 76,194 | 38,804 |

CAP Default Rate

The CAP default rate is calculated by dividing the average monthly CAP participation by the total annual number of default exits. CAP customers are considered non-compliant with program requirements and in default when they miss payments, make late payments, or fail to recertify. CAP customers who voluntarily leave the program are not counted in the default exit rate.

Annual Electric CAP Default Rate by Poverty Level

| Company | 2015 | | | 2016 | | |
|---------------|-------------|---------------|----------------|-------------|---------------|----------------|
| | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG |
| Duquesne | 16.5% | 13.0% | 11.6% | 13.1% | 7.49% | 7.55% |
| Met-Ed | 67.7% | 47.6% | 55.7% | 54.6% | 42.8% | 46.2% |
| PECO-Electric | 59.7% | 42.3% | 50.4% | 51.1% | 34.7% | 43.8% |
| Penelec | 64.3% | 40.8% | 47.2% | 57.1% | 36.4% | 39.9% |
| Penn Power | 65.8% | 39.4% | 43.5% | 61.0% | 38.3% | 39.6% |
| PPL | 23.0% | 17.9% | 16.9% | 22.2% | 14.7% | 12.5% |
| West Penn | 46.8% | 45.1% | 57.0% | 46.7% | 49.8% | 58.5% |
| Total/Avg | 49.5% | 34.8% | 40.4% | 42.2% | 29.0% | 33.7% |

Annual Natural Gas CAP Default Rate by Poverty Level

| Company | 2015 | | | 2016 | | |
|-------------------|-------------|---------------|----------------|-------------|---------------|----------------|
| | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG | 0%-50% FPIG | 51%-100% FPIG | 101%-150% FPIG |
| Columbia | 19.1% | 15.4% | 16.8% | 18.4% | 15.0% | 17.6% |
| NFG | 20.1% | 20.1% | 20.1% | 10.9% | 10.8% | 10.9% |
| PECO-Gas | 64.2% | 49.0% | 53.8% | 57.8% | 44.9% | 51.3% |
| Peoples | 24.8% | 15.9% | 22.4% | 19.2% | 12.5% | 25.0% |
| Peoples-Equitable | 17.2% | 16.5% | 68.8% | 29.7% | 22.6% | 56.6% |
| PGW | 15.3% | 15.2% | 23.3% | 20.8% | 17.0% | 23.5% |
| UGI-Gas | 20.0% | 18.6% | 21.8% | 12.2% | 11.7% | 13.0% |
| UGI Penn Natural | 18.8% | 16.0% | 18.0% | 10.6% | 9.9% | 10.2% |
| Total/Avg. | 23.8% | 19.9% | 30.6% | 25.0% | 19.3% | 29.6% |

CAP Benefits – Bills & Credits

The USRR requires companies to report data on CAP benefits. 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 PUC has identified the three components of CAP benefits as the average CAP bill, average CAP credits, and average arrearage forgiveness. The average CAP bill is the total billed (total of the expected monthly CAP payment) divided by the total number of CAP bills rendered. The average CAP credit is the difference between the usage-based bill and the CAP bill, divided by the average number of monthly CAP participants. The average arrearage forgiveness is the total preprogram arrearages forgiven as a result of customers making agreed upon CAP payments divided by the average monthly CAP participants. The tables show average monthly CAP bills and CAP benefits.

Average CAP bills and CAP credits fluctuate due to several factors: different CAP payment plans based on different income levels; type of usage (heating or non-heating); and changes in usage, weather and/or rates.

Average Monthly Electric CAP Bill

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|------|-------|------|----------------|
| Duquesne | \$69 | \$66 | \$79 | 14.5% |
| Met-Ed | \$69 | \$72 | \$68 | -1.4% |
| PECO-Electric | \$69 | \$71 | \$68 | -1.4% |
| Penelec | \$55 | \$57 | \$56 | 1.8% |
| Penn Power | \$57 | \$60 | \$63 | 10.5% |
| PPL | \$83 | \$85 | \$90 | 8.4% |
| West Penn | \$94 | \$100 | \$77 | -18.1% |
| Industry Average | \$71 | \$74 | \$73 | 2.8% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

Average Monthly Natural Gas CAP Bill

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|-------------------|------|-------|------|----------------|
| Columbia | \$59 | \$55 | \$51 | -13.6% |
| NFG | \$80 | \$64 | \$52 | -35.0% |
| PECO-Gas | \$67 | \$58 | \$48 | -28.4% |
| Peoples | \$67 | \$74 | \$68 | 1.5% |
| Peoples-Equitable | \$77 | \$106 | \$66 | -14.3% |
| PGW | \$86 | \$80 | \$73 | -15.1% |
| UGI-Gas | \$76 | \$74 | \$64 | -15.8% |
| UGI Penn Natural | \$86 | \$86 | \$72 | -16.3% |
| Industry Average | \$76 | \$74 | \$63 | -17.1% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

Average Annual Electric CAP Credits

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|---------|---------|---------|-------------------|
| Duquesne | \$347 | \$386 | \$396 | 14.1% |
| Met-Ed | \$800 | \$756 | \$763 | -4.6% |
| PECO-Electric | \$561 | \$594 | \$588 | 4.8% |
| Penelec | \$690 | \$660 | \$691 | 0.1% |
| Penn Power | \$646 | \$684 | \$754 | 16.7% |
| PPL | \$1,300 | \$1,187 | \$1,024 | -21.2% |
| West Penn | \$385 | \$482 | \$763 | 98.2% |
| Industry Average | \$648 | \$549 | \$676 | 4.3% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

Average Annual Natural Gas CAP Credits

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|-------------------|---------|-------|-------|-------------------|
| Columbia | \$761 | \$736 | \$567 | -25.5% |
| NFG | \$148 | \$97 | \$76 | -48.6% |
| PECO-Gas | \$164 | \$150 | \$78 | -52.4% |
| Peoples | \$415 | \$461 | \$142 | -65.8% |
| Peoples-Equitable | \$676 | \$532 | \$172 | -74.6% |
| PGW | \$1,008 | \$800 | \$695 | -31.1% |
| UGI-Gas | \$230 | \$328 | \$163 | -29.1% |
| UGI Penn Natural | \$275 | \$400 | \$193 | -29.8% |
| Industry Average | \$645 | \$669 | \$382 | -40.8% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

CAP Benefits - Arrearage Forgiveness

Amounts of arrearage forgiveness can differ depending on: the length of time over which forgiveness occurs; the length of time a customer is enrolled in CAP; and the amount of customer arrearages brought into the CAP program.

Average Annual Electric Utilities Arrearage Forgiveness

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|-------|-------|-------|----------------|
| Duquesne | \$65 | \$101 | \$109 | 67.7% |
| Met-Ed | \$130 | \$125 | \$118 | -9.2% |
| PECO-Electric | \$88 | \$73 | \$64 | -27.3% |
| Penelec | \$87 | \$83 | \$80 | -8.0% |
| Penn Power | \$78 | \$75 | \$73 | -6.4% |
| PPL | \$512 | \$587 | \$525 | 2.5% |
| West Penn | \$196 | \$206 | \$197 | 0.5% |
| Industry Average | \$153 | \$80 | \$170 | 11.1% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

Average Annual Natural Gas Utilities Arrearage Forgiveness

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|-------------------|-------|-------|-------|----------------|
| Columbia | \$40 | \$47 | \$15 | -62.5% |
| NFG | \$31 | \$39 | \$32 | 3.2% |
| PECO-Gas | \$30 | \$28 | \$20 | -33.3% |
| Peoples | \$106 | \$99 | \$138 | 30.2% |
| Peoples-Equitable | \$37 | \$43 | \$49 | 32.4% |
| PGW | \$94 | \$112 | \$177 | 88.3% |
| UGI-Gas | \$101 | \$110 | \$112 | 10.9% |
| UGI Penn Natural | \$112 | \$121 | \$122 | 8.9% |
| Industry Average | \$71 | \$173 | \$100 | 40.8% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

Percent of CAP Bill Paid

The percentage of CAP bill paid by CAP customers is calculated by dividing the total annual CAP payments by the total annual CAP amount billed. The higher the percent of CAP bill paid by the customer, the less the utility may have to recover in uncollectibles.

Percentage of CAP Bill Paid by Electric CAP Customers

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|-------|-------|-------|----------------|
| Duquesne | 80.2% | 65.9% | 62.0% | -22.7% |
| Met-Ed | 87.4% | 83.0% | 87.2% | -0.2% |
| PECO-Electric | 89.0% | 88.0% | 83.0% | -6.7% |
| Penelec | 90.3% | 86.8% | 91.2% | 1.0% |
| Penn Power | 85.9% | 88.4% | 91.4% | 6.4% |
| PPL | 90.4% | 94.2% | 78.4% | -13.3% |
| West Penn | 77.1% | 78.6% | 75.4% | -2.2% |
| Industry Average | 87.0% | 85.4% | 79.0% | -9.2% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

Percentage of CAP Bill Paid by Natural Gas CAP Customers

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|-------------------|-------|-------|-------|----------------|
| Columbia | 80.0% | 81.2% | 75.1% | -6.1% |
| NFG | 75.6% | 78.6% | 56.5% | -25.3% |
| PECO-Gas | 89.0% | 88.1% | 83.0% | -6.7% |
| Peoples | 71.1% | 71.5% | 67.4% | -5.2% |
| Peoples-Equitable | 91.0% | 54.3% | 66.6% | -26.8% |
| PGW | 77.1% | 83.1% | 84.2% | 9.2% |
| UGI-Gas | 75.5% | 80.0% | 78.5% | 4.0% |
| UGI Penn Natural | 70.7% | 77.0% | 73.3% | 3.7% |
| Industry Average | 79.1% | 77.9% | 77.0% | -2.7% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

CAP Payment Rate

The CAP Payment rate is calculated by dividing the total number of full monthly CAP payments by the total number of monthly CAP bills rendered. The CAP payment rate reflects overall program totals and is not a household average or broken out by poverty level.

CAP Payment Rate Electric CAP Customers

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|-------|-------|-------|----------------|
| Duquesne | 86.1% | 53.3% | 40.5% | -53.0% |
| Met-Ed | 59.8% | 63.3% | 66.3% | 10.9% |
| PECO-Electric | 66.3% | 66.4% | 67.7% | 2.1% |
| Penelec | 66.3% | 68.9% | 70.5% | 6.3% |
| Penn Power | 67.8% | 67.9% | 69.2% | 2.1% |
| PPL | 61.2% | 64.7% | 60.3% | -1.5% |
| West Penn | 42.7% | 43.2% | 54.7% | 28.1% |
| Industry Average | 65.7% | 62.7% | 61.8% | -5.9% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

CAP Payment Rate Natural Gas CAP Customers

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|------------------|-------|-------|-------|----------------|
| Columbia | 65.7% | 64.0% | 56.3% | -14.3% |
| NFG | 60.8% | 62.6% | 67.3% | 10.7% |
| PECO-Gas | 67.8% | 66.3% | 68.0% | 0.3% |
| Peoples | 54.1% | 50.3% | 51.1% | -5.5% |
| Peoples-Equitale | 63.3% | 53.6% | 47.3% | -25.3% |
| PGW | 77.0% | 78.7% | 80.1% | 4.0% |
| UGI-Gas | 62.9% | 64.1% | 62.4% | -0.8% |
| UGI Penn Natural | 58.1% | 60.0% | 54.9% | -5.5% |
| Industry Average | 68.2% | 66.9% | 65.7% | -3.7% |

*Industry average is based on industry totals and does not necessarily represent an average of the rates in the table.

CAP Costs

The USRR requires the companies to report data on the three components of CAP program costs: CAP administration, CAP credits and arrearage forgiveness. Administrative costs include: contract and utility staffing, account monitoring, intake, outreach, consumer education and conservation training, recertification processing, computer programming, program evaluation, and other fixed overhead costs. Account monitoring costs include collection expenses, as well as other operation and maintenance expenses. The tables below contain the percentage of CAP spending by program component.

Component 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 5 shows total universal service costs, universal service funding mechanisms, and average annual universal service costs per residential customer.

Percent of Electric Total CAP Spending by CAP Component

| Company | 2015 | | | 2016 | | |
|----------------|-------------|-------------|-----------------------|-------------|-------------|-----------------------|
| | Admin Costs | CAP Credits | Arrearage Forgiveness | Admin Costs | CAP Credits | Arrearage Forgiveness |
| Duquesne | 9% | 72% | 19% | 8% | 72% | 20% |
| Met-Ed | 9% | 78% | 13% | 9% | 79% | 12% |
| PECO-Electric | 3% | 86% | 11% | 3% | 87% | 10% |
| Penelec | 10% | 80% | 10% | 10% | 81% | 9% |
| Penn Power | 11% | 81% | 9% | 11% | 81% | 8% |
| PPL | 3% | 65% | 32% | 3% | 64% | 33% |
| West Penn | 4% | 67% | 29% | 7% | 74% | 19% |
| Weighted Avg.* | 4% | 76% | 20% | 5% | 76% | 19% |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

Percent of Natural Gas Total CAP Spending by CAP Component

| Company | 2015 | | | 2016 | | |
|-------------------|-------------|-------------|-----------------------|-------------|-------------|-----------------------|
| | Admin Costs | CAP Credits | Arrearage Forgiveness | Admin Costs | CAP Credits | Arrearage Forgiveness |
| Columbia | 6% | 89% | 6% | 8% | 90% | 2% |
| NFG | 13% | 62% | 25% | 20% | 56% | 24% |
| PECO-Gas | 10% | 76% | 14% | 18% | 65% | 17% |
| Peoples | 9% | 75% | 16% | 16% | 42% | 42% |
| Peoples-Equitable | 4% | 89% | 7% | 22% | 61% | 17% |
| PGW | 2% | 86% | 12% | 3% | 77% | 20% |
| UGI-Gas | 8% | 69% | 23% | 10% | 53% | 36% |
| UGI Penn Natural | 7% | 72% | 22% | 10% | 55% | 35% |
| Weighted Avg.* | 5% | 83% | 12% | 7% | 74% | 19% |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

CAP Electric Gross Costs

| Company | 2015 | | | 2016 | | |
|----------------|-----------------------|------------------------|--|-----------------------|------------------------|--|
| | 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 |
| Duquesne | \$18,984,666 | 35,602 | \$533 | \$21,244,454 | 38,719 | \$549 |
| Met-Ed | \$15,113,962 | 15,639 | \$966 | \$14,313,820 | 14,750 | \$970 |
| PECO-Electric | \$96,675,303 | 140,469 | \$688 | \$92,369,577 | 136,841 | \$675 |
| Penelec | \$18,127,221 | 21,865 | \$829 | \$18,254,884 | 21,291 | \$857 |
| Penn Power | \$3,970,526 | 4,678 | \$849 | \$4,275,287 | 4,596 | \$930 |
| PPL | \$83,614,471 | 45,801 | \$1,826 | \$86,446,411 | 53,970 | \$1,602 |
| West Penn | \$16,540,073 | 23,071 | \$717 | \$24,609,316 | 23,892 | \$1,030 |
| Total | \$253,026,222 | 287,125 | | \$261,513,749 | 294,059 | |
| Weighted Avg.* | | | \$881 | | | \$889 |

*Weighted Averages are based on industry totals and do not represent an average of the participation rates shown in the tables.

CAP Natural Gas Gross Costs

| Company | 2015 | | | 2016 | | |
|-------------------|-----------------------|------------------------|--|-----------------------|------------------------|--|
| | 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 |
| Columbia | \$18,204,869 | 21,925 | \$830 | \$13,544,667 | 21,509 | \$630 |
| NFG | \$1,489,477 | 9,577 | \$156 | \$1,169,595 | 8,615 | \$136 |
| PECO-Gas | \$4,905,156 | 24,813 | \$198 | \$2,857,660 | 23,915 | \$119 |
| Peoples | \$12,607,004 | 20,432 | \$617 | \$6,606,963 | 19,807 | \$334 |
| Peoples-Equitable | \$8,614,710 | 14,333 | \$601 | \$3,826,459 | 13,564 | \$282 |
| PGW | \$56,502,542 | 60,507 | \$934 | \$47,310,248 | 52,767 | \$897 |
| UGI-Gas | \$4,145,889 | 8,693 | \$477 | \$2,470,474 | 8,026 | \$308 |
| UGI Penn Natural | \$3,747,453 | 6,717 | \$558 | \$2,137,095 | 6,116 | \$349 |
| Total | \$110,217,100 | 166,997 | | \$79,923,161 | 154,318 | |
| Weighted Avg.* | | | \$660 | | | \$518 |

*Weighted Averages are based on industry totals and do not represent an average of the participation rates shown in the tables.

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 and maintain safe and adequate utility service. CARES staff provide 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 CARES changing over time because the expansion of CAP has reduced the number of customers who may need case management services. The utility often places those customers with unresolved hardship into CAP, where they would receive more affordable payments.

A utility CARES representative performs the task of strengthening and maintaining a network of community organizations and government agencies that can provide services to the program clients. CARES staff conduct outreach and make referrals to programs that provide energy assistance grants, such as LIHEAP,³⁵ hardship funds, and to other agencies that provide cash assistance. LIHEAP outreach and networking are vital pieces of CARES, especially when addressing important health and safety concerns relating to utility service.

CARES-LIHEAP

USRR requires companies to report data on their CARES program. CARES benefits are defined in the USRR as the total number and dollar amount of all LIHEAP benefits applied to all low-income customer accounts. LIHEAP benefits include both LIHEAP cash grants, sent directly to the utility company, and LIHEAP crisis grants for households in immediate danger of being without heat. The tables show the number of households receiving just LIHEAP cash grants, but the **“Total LIHEAP Grants”** dollar amounts include both cash and crisis LIHEAP benefits. The data is presented in this manner to avoid double counting, because typically, households that receive LIHEAP crisis grants also receive cash benefits. The total amount of LIHEAP dollars each utility receives depends primarily on the amount of the LIHEAP appropriation to the state and the number of low-income **customers in each company’s service** territory.

2016 Electric CARES-LIHEAP

| Company | Low-Income Households who Received LIHEAP Cash Grants | Low-Income Households who Received LIHEAP Crisis Grants | Total LIHEAP Grants for Low-Income Customers* |
|---------------|---|---|---|
| Duquesne | 4,537 | 81 | \$1,340,031 |
| Met-Ed | 8,284 | 1,679 | \$2,903,012 |
| PECO-Electric | 96,707 | 8,873 | \$14,971,213 |
| Penelec | 11,425 | 2,662 | \$4,377,878 |
| Penn Power | 3,227 | 1,043 | \$1,265,993 |
| PPL | 26,139 | 3,008 | \$8,816,935 |
| West Penn | 12,148 | 1,868 | \$4,234,893 |
| Total | 162,467 | 19,214 | \$37,909,955 |

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

³⁵ LIHEAP is a federally-funded program administered by the Pennsylvania Department of Human Services.

2016 Natural Gas CARES-LIHEAP

| Company | Low-Income Households who Received LIHEAP Cash Grants | Low-Income Households who Received LIHEAP Crisis Grants | Total LIHEAP Grants for Low-Income Customers* |
|-------------------|---|---|---|
| Columbia | 19,559 | 5,385 | \$7,366,395 |
| NFG | 16,831 | 3,300 | \$5,780,651 |
| PECO-Gas | 15,743 | 1,445 | \$2,437,174 |
| Peoples | 31,643 | 5,615 | \$7,141,239 |
| Peoples-Equitable | 20,823 | 4,642 | \$4,839,611 |
| PGW | 47,159 | 14,472 | \$20,049,783 |
| UGI-Gas | 9,808 | 2,008 | \$3,854,194 |
| UGI Penn Natural | 10,353 | 1,553 | \$3,641,270 |
| Total | 171,919 | 38,420 | \$55,110,317 |

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

CARES Costs, Direct Dollars and Net Benefits

The regulations define³⁶ direct dollars as the total of all dollars **applied to a CARES customer's utility account**, from all sources of energy assistance such as LIHEAP, hardship fund grants, **and local agencies' grants**. However, in our report, **the column "Direct Dollars in Addition to LIHEAP for CARES Participants" shows the total dollar benefits not related to LIHEAP**. These non-LIHEAP additional dollars come from Hardship fund grants and other sources (*i.e.*, charities, community programs, etc).

Gross CARES benefits, therefore, includes all LIHEAP cash and crisis grants, plus any additional non-LIHEAP direct dollars. The administrative costs of CARES are then deducted from the total/gross CARES benefits to yield net CARES benefits. The net CARES benefit reflects the effectiveness of the program in connecting customers with programs and resources that provide financial assistance.

³⁶ 52 Pa. Code § 54.72. Definitions.

2016 Electric CARES Benefits

| Company | CARES Administrative Costs | Direct Dollars in Addition to LIHEAP for CARES Participants | Net CARES Benefits (Includes LIHEAP) |
|---------------|----------------------------|---|--------------------------------------|
| Duquesne | \$135,000 | \$219,670 | \$1,424,701 |
| Met-Ed | \$8,226 | \$248 | \$2,895,034 |
| PECO-Electric | \$1,351,996 | \$146,765 | \$13,765,982 |
| Penelec | \$3,124 | \$0 | \$4,374,754 |
| Penn Power | \$696 | \$0 | \$1,265,297 |
| PPL | \$0 | \$1,300 | \$8,818,235 |
| West Penn | \$2,855 | \$556 | \$4,232,594 |
| Total | \$1,501,897 | \$368,539 | \$36,776,597 |

2016 Natural Gas CARES Benefits

| Company | CARES Administrative Costs | Direct Dollars in Addition to LIHEAP for CARES Participants | Net CARES Benefits (Includes LIHEAP) |
|-------------------|----------------------------|---|--------------------------------------|
| Columbia | \$241,037 | \$101,245 | \$7,226,603 |
| NFG | \$4,141 | \$343 | \$5,778,014 |
| PECO-Gas | \$220,092 | \$23,892 | \$2,240,974 |
| Peoples | \$120,010 | \$6,229 | \$7,027,458 |
| Peoples-Equitable | \$85,398 | \$1,378 | \$4,755,591 |
| PGW | \$665,128 | \$10,996 | \$19,395,651 |
| UGI-Gas | \$68,108 | \$26,120 | \$3,812,206 |
| UGI Penn Natural | \$36,617 | \$10,290 | \$3,614,943 |
| Total | \$1,440,531 | \$180,493 | \$53,851,440 |

Utility Hardship Fund Programs

Utility company hardship funds provide cash assistance to residential customers who need help in paying their utility bills, often after other resources (e.g., LIHEAP) have been exhausted. The utility or its agent will apply hardship fund payments directly to the utility account of eligible customers.

Ratepayer and Shareholder Contributions

The USRR requires companies to report data on the amount of ratepayer and utility contributions to hardship funds. Shareholders contribute a large portion of utility contributions. The Commission considers 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 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.

2015-16 Electric Hardship Fund Contributions

| Company | Voluntary Ratepayer Contributions | Average Voluntary Ratepayer Contribution per Customer | Utility & Shareholder Contributions |
|----------------|-----------------------------------|---|-------------------------------------|
| Duquesne | \$50,664 | \$0.10 | \$142,827 |
| Met-Ed | \$116,654 | \$0.24 | \$97,156 |
| PECO-Electric | \$170,237 | \$0.08 | \$394,518 |
| Penelec | \$74,000 | \$0.15 | \$60,196 |
| Penn Power | \$36,687 | \$0.26 | \$27,866 |
| PPL | \$559,507 | \$0.40 | \$777,486 |
| West Penn | \$159,365 | \$0.26 | \$109,000 |
| Total | \$1,167,114 | | \$1,609,049 |
| Weighted Avg.* | | \$0.23 | |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

2015-16 Natural Gas Hardship Fund Contributions

| Company | Voluntary Ratepayer Contributions | Average Voluntary Ratepayer Contribution per Customer | Utility & Shareholder Contributions |
|---------------------|-----------------------------------|---|-------------------------------------|
| Columbia | \$526,512 | \$1.35 | \$150,000 |
| NFG | \$42,961 | \$0.21 | \$67,000 |
| PECO-Gas | \$27,713 | \$0.04 | \$64,224 |
| Peoples | \$318,641 | \$0.96 | \$1,210,000 |
| Peoples-Equitable** | \$0 | \$0.00 | \$0 |
| PGW | \$1,494 | \$0.00 | \$766,822 |
| UGI-Gas | \$71,290 | \$0.21 | \$122,480 |
| UGI Penn Natural | \$13,198 | \$0.09 | \$66,000 |
| Total | \$1,001,809 | | \$2,446,526 |
| Weighted Avg.* | | \$0.38 | |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

**Peoples-Equitable's Hardship Fund Grants data is combined with Peoples' Hardship Fund Grants data and cannot be separated.

Hardship Fund Benefits

The USRR requires companies to also report data on hardship fund benefits. The Commission defines hardship fund benefits³⁷ as, "the total number and dollar amount of **cash benefits or bill credits.**" The cumulative total number and dollar amount of the grants disbursed for the program year are reported as of the end of the program year.

Electric Utility Hardship Fund Grant Benefits

| Company | Ratepayers Receiving Grants | | Average Grant | | Total Benefits Disbursed | |
|----------------|-----------------------------|---------|---------------|---------|--------------------------|-------------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| Duquesne | 1,845 | 1,843 | \$407 | \$75 | \$750,000 | \$137,328 |
| Met-Ed | 713 | 666 | \$328 | \$351 | \$234,000 | \$234,000 |
| PECO-Electric | 642 | 523 | \$462 | \$561 | \$296,313 | \$293,530 |
| Penelec | 420 | 421 | \$348 | \$347 | \$146,000 | \$146,000 |
| Penn Power | 223 | 212 | \$323 | \$340 | \$72,000 | \$72,000 |
| PPL | 3,956 | 2,697 | \$346 | \$334 | \$1,369,915 | \$902,123 |
| West Penn | 715 | 679 | \$305 | \$321 | \$218,000 | \$218,000 |
| Total | 8,514 | 7,041 | | | \$3,086,228 | \$2,002,981 |
| Weighted Avg.* | | | \$362 | \$284 | | |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

³⁷ 52 Pa. Code § 54.72 and § 62.5

Natural Gas Utility Hardship Fund Grant Benefits

| Company | Ratepayers Receiving Grants | | Average Grant | | Total Benefits Disbursed | |
|---------------------|--------------------------------|---------|---------------|---------|--------------------------|-------------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| Columbia | 1,565 | 1,491 | \$407 | \$401 | \$636,415 | \$597,432 |
| NFG | 316 | 97 | \$254 | \$241 | \$80,360 | \$23,413 |
| PECO-Gas | 105 | 85 | \$459 | \$562 | \$48,237 | \$47,784 |
| Peoples | 1,759 | 3,019 | \$376 | \$364 | \$660,814 | \$1,100,000 |
| Peoples-Equitable** | 1,258 | 0 | \$350 | \$0 | \$440,000 | \$0 |
| PGW | 992 | 1,377 | \$1,234 | \$1,141 | \$1,223,937 | \$1,571,635 |
| UGI-Gas | 469 | 698 | \$288 | \$259 | \$135,054 | \$180,791 |
| UGI Penn Natural | 363 | 521 | \$334 | \$259 | \$121,143 | \$134,681 |
| Total | 6,827 | 7,288 | | | \$3,345,960 | \$3,655,736 |
| Weighted Avg.* | | | \$490 | \$502 | | |

*Weighted Average is based on industry totals and does not represent an average of the participation rates shown in the table.

**Peoples-Equitable's Hardship Fund Grants data is combined with Peoples' Hardship Fund Grants data and cannot be separated.

Total Universal Service Program Spending

Total annual Universal Service program spending is calculated by adding the total program costs for CAP, LIURP and CARES. Stakeholder and voluntary contributions to hardship fund grants are not recovered in utility base rates. Only hardship fund administrative costs are recoverable for most utilities, so hardship fund program costs are not included in the Total Universal Service Program Spending tables below.³⁸

Total Annual Electric Universal Service Program Spending

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|----------------|---------------|---------------|---------------|-------------------|
| Duquesne | \$17,715,724 | \$21,364,333 | \$23,079,521 | 30.3% |
| Met-Ed | \$21,361,480 | \$19,266,696 | \$18,588,313 | -13.0% |
| PECO-Electric | \$101,663,844 | \$103,732,193 | \$99,321,130 | -2.3% |
| Penelec | \$24,410,743 | \$22,695,875 | \$23,224,130 | -4.9% |
| Penn Power | \$6,264,422 | \$5,765,980 | \$6,692,707 | 6.8% |
| PPL | \$81,704,642 | \$92,986,720 | \$96,306,051 | 17.9% |
| West Penn | \$16,792,245 | \$20,989,720 | \$29,038,484 | 72.9% |
| Industry Total | \$269,913,100 | \$286,801,022 | \$296,250,779 | 9.8% |

Total Annual Natural Gas Universal Service Program Spending

| Company | 2014 | 2015 | 2016 | Change 2014-16 |
|-------------------|---------------|---------------|---------------|-------------------|
| Columbia | \$22,825,440 | \$23,284,881 | \$18,786,181 | -17.7% |
| NFG | \$3,141,501 | \$2,495,982 | \$2,313,269 | -26.4% |
| PECO-Gas | \$7,746,973 | \$7,392,324 | \$5,327,754 | -31.2% |
| Peoples | \$12,661,301 | \$13,959,572 | \$7,976,736 | -37.0% |
| Peoples-Equitable | \$10,864,120 | \$9,609,317 | \$4,711,659 | -56.6% |
| PGW | \$79,016,258 | \$65,502,542 | \$55,613,766 | -29.6% |
| UGI-Gas | \$3,082,136 | \$4,875,929 | \$3,392,125 | 10.1% |
| UGI Penn Natural | \$3,186,673 | \$4,603,845 | \$3,055,000 | -4.1% |
| Industry Total | \$142,524,402 | \$131,303,428 | \$101,176,490 | -29.0% |

³⁸ Only PGW is permitted to recover all utility expenses related to its hardship fund program from its ratepayers. As a city-owned utility, PGW receives no shareholder contributions for this program. Only voluntary contributions to PGW's hardship fund program are not recovered.

4. Small Utilities' Universal Service Programs

The USRR has fewer data requirements³⁹ for small utilities. EDCs with fewer than 60,000 residential customers and NGDCs with fewer than 100,000 residential customers must file universal service plans every three years, but the plans are not subject to the Commission's formal approval process. Instead, the plans are informally reviewed by the Bureau of Consumer Services (BCS). In the plans, small utilities must describe the level of services provided by their plans as well as the expenses associated with the programs.

As a result of the Electricity Generation Customer Choice and Competition Act and the Natural Gas Choice and Competition Act, seven small utilities now have various universal service programs for their low-income customers.

Citizens' Electric (Citizens), Valley Energy (Valley), and Wellsboro Electric (Wellsboro) operate hardship funds through the Dollar Energy Fund.

Pike County Power & Light (Pike) operates its own hardship fund program (Neighbor Fund Program).

Peoples TWP (formerly T.W. Phillips Gas and Oil Company), operates hardship funds through the Dollar Energy Fund and offers a full-scale CAP program. As of Dec. 31, 2016, the program enrollment was approximately 3,214 customers. The company also operates a LIURP program, which completed 50 jobs in 2016.

UGI-Central Penn Gas offers a full-scale CAP program. As of Dec. 2016, the program enrollment was approximately 1,861 customers. UGI-Central Penn Gas also administers a LIURP program, completing 47 jobs in 2016.

UGI Utilites Inc. (UGI-Electric) offers a full-scale CAP program. As of Dec. 31, 2016, the program enrollment was approximately 2,322 customers. The company operates its own hardship fund and also administers a LIURP program, completing 16 jobs in 2016.

UGI-Central Penn Gas and UGI Utilites Inc. also operate CARES and Hardship Funds (Operation Share).

The small utilities also differ significantly from each other in the total number of residential customers each serves. For example, UGI-Central Penn Gas, UGI Electric, and Peoples TWP each serve more than 50,000 residential customers. Meanwhile, Citizens', Pike, Wellsboro, and Valley each serve fewer than 7,000 residential customers.

In addition to the utility-sponsored programs, LIHEAP benefits are available to all low-income households meeting the income guidelines for LIHEAP eligibility.

³⁹ 52 Pa. Code, Chapter 54, § 54.77 for EDCs and at 52 Pa. Code, Chapter 62, § 62.7 for NGDCs

5. Appendices

Appendix 1 - When is an Account Considered to be Overdue?

As mentioned previously in the sections dealing with “Debt”, two factors affect the uniformity of the data reported regarding the number of overdue customers and the dollars in debt associated with those 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. For USR reporting and comparative purposes, companies are requested to consider the due date as day zero and to report debt that is at least 30 days overdue. Appendix 1 shows the different methods companies use to determine overdue accounts and how they compare to the preferred method (30 days overdue).

| Company | When is Day Zero (0) | How Many Days Overdue | Days of Variance from BCS Interpretation* |
|--------------------|-----------------------|-----------------------|---|
| 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 | 30 Days | 20 Days Sooner |
| West Penn | Bill Due Date | 30 Days | 0 Days |
| | | | |
| Columbia | 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 |
| Peoples | Bill Transmittal Date | 30 Days | 20 Days Sooner |
| Peoples-Equitable | 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 |
| UGI Penn Natural | Bill Due Date | 30 Days | 0 Days |

*The PUC considers day zero to be the bill due date and the applicable regulations require companies to report arrearages beginning at 30 days overdue.

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

Appendix 2 - When Does an Account Move from Active to Inactive Status?

The second factor affecting the arrearage data uniformity is when a company moves a terminated or discontinued account from active status (included in the reporting) to inactive status (excluded from the reporting). Appendix 2 shows the methods companies use to determine when an account is removed from active status, after termination of service or discontinuance of service.

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

Appendix 3 – 2016 and 2017 Federal Poverty Guidelines

| 2016 Annual Federal Poverty Income Guidelines* | | | | |
|--|-------------------------|---------------------------|----------------------------|----------------------------|
| Size of Household | 0-50 percent of Poverty | 51-100 percent of Poverty | 101-150 percent of Poverty | 151-200 percent of Poverty |
| 1 | \$5,940 | \$11,880 | \$17,820 | \$23,760 |
| 2 | \$8,010 | \$16,020 | \$24,030 | \$32,040 |
| 3 | \$10,080 | \$20,160 | \$30,240 | \$40,320 |
| 4 | \$12,150 | \$24,300 | \$36,450 | \$48,600 |
| 5 | \$14,220 | \$28,440 | \$42,660 | \$56,880 |
| 6 | \$16,290 | \$32,580 | \$48,870 | \$65,160 |
| 7 | \$18,365 | \$36,730 | \$55,095 | \$73,460 |
| 8 | \$20,445 | \$40,890 | \$61,335 | \$81,780 |
| For each additional person, add | \$2,080 | \$4,160 | \$6,240 | \$8,320 |

* Income reflects upper limit of the poverty guideline for each column.

Effective: Jan.25, 2016. SOURCE: Federal Register, Vol. 81, Jan. 25, 2016, pp. 4036 -4037.

| 2017 Annual Federal Poverty Income Guidelines* | | | | |
|--|-------------------------|---------------------------|----------------------------|----------------------------|
| Size of Household | 0-50 percent of Poverty | 51-100 percent of Poverty | 101-150 percent of Poverty | 151-200 percent of Poverty |
| 1 | \$6,030 | \$12,060 | \$18,090 | \$24,120 |
| 2 | \$8,120 | \$16,240 | \$24,360 | \$32,480 |
| 3 | \$10,210 | \$20,420 | \$30,630 | \$40,840 |
| 4 | \$12,300 | \$24,600 | \$36,900 | \$49,200 |
| 5 | \$14,390 | \$28,780 | \$43,170 | \$57,560 |
| 6 | \$16,480 | \$32,960 | \$49,440 | \$65,920 |
| 7 | \$18,570 | \$37,140 | \$55,710 | \$74,280 |
| 8 | \$20,660 | \$41,320 | \$61,980 | \$82,640 |
| For each additional person, add | \$2,090 | \$4,180 | \$6,270 | \$8,360 |

* Income reflects upper limit of the poverty guideline for each column.

Effective: Jan.26, 2017. SOURCE: Federal Register, Vol. 82, Jan. 31, 2017, pp. 8831-8832.

Appendix 4 - Instructions to Access Universal Service Reports, Plans and Evaluations on PUC Website

To Access Universal Service Programs & Collections Performance Reports:

- Go to the PUC website at: www.puc.pa.gov. On the PUC's website, locate and click on the "Filings & Resources" tab on the headings bar.
- In the column of options on the left side of the page, locate and click on "Universal Service Reports".
- Choose the desired year of the Universal Service Programs & Collections Performance Report and click to access the report.

To Access Universal Service Plans and Evaluations:

- Go to the PUC website at: www.puc.pa.gov. On the PUC's website, locate and click on the "Consumer Info" tab on the headings bar.
- On the right side of the page, locate and click on "Consumer Information on Energy Efficiency, Assistance Programs, Safety, Shopping, & More" in the column of options. Click "Read More" to access the page.
- Under the header titled "Energy Assistance Information," click on "Energy Assistance" to access the Energy Assistance Programs page.
- Under the header "Universal Service Plans & Evaluations" you will find the most current Universal Service Plan and Evaluation for each major EDC and NGDC.

Appendix 5 - Universal Service Programs 2016 Spending Levels & Cost Recovery Mechanisms

| Company | CAP Cost Recovery Mechanism ¹ | Annual CAP Spending | Annual Total Universal Service Spending ² | Universal Service Spending Assessed on Residential Customers | Average Number of Residential Customers | Average Annual Universal Service Spending per Residential Customer |
|---------------------|--|---------------------|--|--|---|--|
| Duquesne | Base Rates | \$21,244,454 | \$23,079,521 | 100% | 526,283 | \$43.85 |
| Met-Ed | USC Rider-Annual | \$14,313,820 | \$18,588,313 | 100% | 495,698 | \$37.50 |
| PECO-Electric | Base Rates & Univ. Service Fund Charge | \$92,369,577 | \$99,321,130 | 100% | 1,450,942 | \$68.45 |
| Penelec | USC Rider-Annual | \$18,254,884 | \$23,224,130 | 100% | 501,820 | \$46.28 |
| Penn Power | USC Rider-Annual | \$4,275,287 | \$6,692,707 | 100% | 143,536 | \$46.63 |
| PPL | US Rider-Annual | \$86,446,411 | \$96,306,051 | 100% | 1,231,155 | \$78.22 |
| West Penn | Base Rates | \$24,609,316 | \$29,038,484 | 100% | 623,830 | \$46.55 |
| EDC Total | | \$261,513,749 | \$296,250,779 | | 4,973,264 | |
| EDC Weighted Avg.* | | | | | | \$59.57 |
| | | | | | | |
| Columbia | USP Rider | \$13,544,667 | \$18,786,181 | 100% | 390,394 | \$48.11 |
| NFG | Rider F | \$1,169,595 | \$2,313,269 | 100% | 197,992 | \$11.68 |
| PECO-Gas | Base Rates & Univ. Service Fund Charge | \$2,857,660 | \$5,327,754 | 100% | 470,133 | \$11.33 |
| Peoples | Rider F | \$6,606,963 | \$7,976,736 | 100% | 331,814 | \$24.04 |
| Peoples-Equitable | Rider D | \$3,826,459 | \$4,711,659 | 100% | 243,371 | \$19.36 |
| PGW ³ | USEC Surcharge | \$47,310,248 | \$55,613,766 | 70% | 473,019 | \$82.54 |
| UGI-Gas | Rider LISHP | \$2,470,474 | \$3,392,125 | 100% | 345,693 | \$9.81 |
| UGI Penn Natural | Rider E | \$2,137,095 | \$3,055,000 | 100% | 152,761 | \$20.00 |
| NGDC Total | | \$79,923,161 | \$101,176,490 | | 2,605,177 | |
| NGDC Weighted Avg.* | | | | | | \$32.48 |

*Weighted Averages are based on industry totals and do not represent an average of the participation rates shown in the tables.

¹Riders and USEC/USFM Surcharges for CAP costs are recovery mechanisms, in addition to base rates, that are adjusted quarterly or annually. This list is provided to show general recovery mechanisms, and may not apply to all Universal Service programs.

²Universal Service costs include CAP costs, LIURP costs and CARES costs.

³ PGW's 2016 CAP, LIURP and CARES program costs were assessed in the following manner: residential (70.2 percent), commercial (24.4 percent), industrial (2.0 percent), municipal service (2.0 percent) and Philadelphia Housing Authority (PHA) (1.4 percent). PGW's Annual Spending per Residential Customer is estimated by using 70.2% of PGW's Total Universal Service Spending: (\$39,040,864/473,019).

