



**PPL Electric Utilities Corporation**

**Appendix A**

Universal Service and Energy Conservation Plan  
for the Period 2011 - 2013

**OnTrack**

# PPL Electric Utilities Corporation OnTrack Payment Program

## 1. Program Description

### Overview

OnTrack is a special payment program for low-income households at or below 150 percent of the federal poverty level who are payment troubled. OnTrack is PPL Electric Utilities Corporation's ("PPL Electric" or the "Company") Customer Assistance Program ("CAP") and is one of its Universal Service Programs ("USP"). This program, funded by residential customers and administered by community-based organizations, started as a pilot in 1993.

The primary features of OnTrack include:

- A reduced payment arrangement based on ability to pay
- Arrearage forgiveness over a specified period of time
- Protection against shutoff of electric service
- Referrals to other community programs and services

Customers who consistently meet their monthly OnTrack payment arrangements receive two major benefits:

1. Complete elimination of their indebtedness to PPL Electric; and
2. Protection against shutoffs.

PPL Electric uses the amount of their outstanding balance at the time of enrollment to establish the following debt forgiveness timetable.

<b>Overdue Amount at Enrollment</b>	<b>Timeframe to Clear Debt</b>
Less than \$1,000	12 Months
\$1,001 – \$2,000	18 Months
\$2,001 – \$3,000	24 Months
\$3,001 or greater	36 Months

### Background

In July 1992, the Pennsylvania Public Utility Commission ("PUC" or the "Commission") adopted a Policy Statement that established guidelines for Customer Assistance Programs. The Commission encouraged all electric and gas utilities to implement CAP pilots.

After receiving approval from the Commission for its pilot proposal, PPL Electric implemented OnTrack in December 1993. The pilot began in one region and expanded to all regions by June 1994. The Company agreed to enroll 2,000 low-income customers in OnTrack. PPL Electric stopped the pilot program enrollments on July 31, 1995.

On December 3, 1996, Governor Tom Ridge signed a law that increased competition in the electric utility industry. The new law gave consumers the opportunity to choose their electric generation supplier. The legislation urged the electric distribution companies to continue their various assistance programs (e.g., CARES, Operation HELP, OnTrack and WRAP).

As a result of its August 12, 1998 Settlement Agreement with all interested parties, PPL Electric agreed to significantly expand OnTrack expenditures from 1999 through 2002. During this four-year period, the program's annual budget increased from \$5.875 million in 1999 to \$11.7 million in 2002. In December 2007, as part of base rate case proceeding at Docket No. R-00072155, the Commission approved an annual funding level of \$19.0 million for OnTrack.

### **Key Objectives**

PPL Electric recovers its universal service program costs through the Universal Service Rider ("USR").<sup>1</sup> The Company has proposed CAP expenditure funding of approximately \$46 million in 2011. PPL Electric has increased the number of active OnTrack participants to nearly 30,000 from 22,000 in 2007. The Company projects this growth to continue through 2013. PPL Electric has developed an effective strategy to increase the Company's ability to target low-income customers that are overdue and payment troubled. The key policy objectives for OnTrack are to:

- Administer a cost-effective program.
- Provide expanded services to low-income households.
- Identify for enrollment those customers who meet the OnTrack guidelines.
- Adhere to all PUC reporting requirements and policies.
- Identify and implement improvements to strengthen the effectiveness of OnTrack.

### **Statement of Purpose**

In performing collection functions, PPL Electric gives careful attention to the wide variety of circumstances that can affect customers. Financial hardships, physical disabilities, family problems and poor money management are but a few of the factors that can lead to non-payment of electric bills and, ultimately, overdue

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<sup>1</sup> As part of the settlement agreement for PPL's 2007 distribution rate case, the Commission approved a reconcilable USR to recover appropriate costs for PPL Electric's CAP and weatherization program (WRAP).

receivables and write-offs. The Company considers each customer’s situation in determining the appropriate collection action. PPL Electric has structured and implemented OnTrack in ways that address the needs of low-income customers while balancing business, financial, regulatory and social interests.

The four primary operating objectives of the OnTrack program are to:

- Improve customers’ bill-payment habits and attitudes.
- Stabilize or reduce customers’ energy usage.
- Decrease uncollectible balances for program participants.
- Determine overall impact on PPL Electric’s overdue accounts receivable.

Other ancillary objectives and areas of interest for PPL Electric include: learning more about the reasons why some customers cannot pay their bills, comparing OnTrack procedures to traditional collection methods and improving coordination with other assistance programs.

**Payment Plan Proposal**

A key feature of the OnTrack program is to establish payment plans based on customers’ ability to pay. In order to provide sufficient flexibility in selection and an appropriate payment plan, the system calculates the following four payment options for each OnTrack participant:

- Minimum payment
- Percent of bill payment
- Percent of income payment
- Annualized average payment

PPL Electric calculates the Minimum Payment by taking the customer’s estimated monthly budget amount and subtracting the billing deficiency (i.e., \$192/month for electric heat and \$75/month for non-electric heat) and adding the \$5 arrearage co-payment. The Company bases Percent of Bill and Percent of Income payments on the following:

<b>Income Categories</b>	<b>Percent of Bill Payment</b>	<b>Percent of Income Payment Non-heating</b>	<b>Percent of Income Payment Electric heating</b>
0 - 50% Poverty	50%	3%	7%
51 - 100% Poverty	70%	5%	9%
101 - 150% Poverty	80%	6%	11%

PPL Electric calculates the Percent of Bill payment by multiplying the estimated annual bill by the applicable percent of bill amount, adding the \$60 annual arrearage co-payment and dividing the total by 12 months. The Company

calculates the Percent of Income payment by multiplying the annual gross income by the applicable percent of income, adding the \$60 annual arrearage co-payment and dividing the total by 12 months.

PPL Electric calculates the Annualized Average Payment amount, which shows what the OnTrack applicant had paid to PPL Electric over the past 12 months. The total amount paid excludes energy assistance payments such as LIHEAP.

To improve accuracy and efficiency, the Company's customer service system automatically generates all OnTrack payment calculations. The system suggests a recommended payment amount. It looks for the payment calculations (i.e., minimum payment, percent of bill and percent of income) that are closest to the annualized average payment calculation. However, with permission from PPL Electric, OnTrack agency representatives have the flexibility to choose another payment amount based on customers' needs and circumstances.

The purpose is not simply to find the lowest payment amount; rather, the Company is trying to identify the payment amount that most closely matches the customer's ability to pay. PPL Electric believes that establishing a payment agreement amount that is too low results in greater costs for other residential customers. If, prior to enrolling in OnTrack, a low-income customer had paid an average of \$50 per month and his or her circumstances have not changed (i.e., drop in household income), the Company would not want to establish an OnTrack payment plan less than \$50 per month. A key objective for PPL Electric is to ensure that customers are successful in OnTrack by setting up reduced payment plans that reflect their ability to pay.

CAP evaluation work done by the Applied Public Policy Research Institute for Study and Evaluation ("APPRISE") has demonstrated that the best predictor of customers' success or failure is the difference between their CAP payment amounts and what they managed to pay prior to joining the program. In other words, if CAP payment plans are set too high, even though they are within the percentage of income guidelines, customers default because they cannot make the payments. This is particularly true for electric heat customers. Compared with other electric utilities in Pennsylvania, PPL Electric has the highest saturation of electrically-heated homes.

PPL Electric analyzed the annual electric bills of customers enrolled in OnTrack to determine the average benefits received through enrollment. The average monthly bills for heating and non-heating customers were \$170 and \$109, respectively. The average monthly OnTrack bills for heating and non-heating customers were \$99 for heating customers and \$60 for non-heating customers. PPL Electric believes the four payment options keep OnTrack customers' payment plans affordable.

PPL Electric chose a four-tiered payment plan approach for several reasons:

1. A broader payment plan methodology is likely to expand the eligible population for the program. For example, a strict percentage of income plans would exclude many electric heat customers because their monthly OnTrack payments would be unaffordable.
2. A multi-payment plan approach gives the OnTrack agencies more flexibility in selecting appropriate payment agreements.
3. One of the primary objectives of OnTrack is to improve customers' bill-payment habits. The ability to offer options that fit customers' circumstances result in an increase in payments.
4. The use of different payment plans allows PPL Electric to evaluate which options work best.

In 2011, PPL Electric will conduct an analysis of the four (4) payment plan options offered through OnTrack. The analysis will address issues including the number of customers participating in each payment option, the average payment amount of each option, and the default rate of each payment plan option. PPL Electric will complete this analysis within three (3) months of the Commission's final approval of the Company's universal service plan and will provide copies to interested parties.

## **2. Control Features**

### **Minimum Payment Terms**

Minimum monthly payment levels are \$30 - \$40 for heating customers and \$12 - \$18 for non-heating customers. The maximum annual revenue shortfall contributions for heating customers and non-heating customers are restricted to \$2,160 and \$850, respectively. PPL Electric waives late payment charges for OnTrack participants.

### **Consumption Limits**

Participants are required to maintain or reduce their pre-program energy usage. Failure to maintain pre-program kWh consumption can lead to dismissal from the program. Exceptions apply when there are extenuating circumstances, such as:

- Addition of a family member
- Serious illness or medical condition
- kWh consumption increase beyond control of customer
- Severe weather conditions
- Structural damage to home

The OnTrack administering agencies are responsible for reviewing the individual situations and for recommending changes to consumption limits if warranted by the circumstances. Agency representatives explain the customer's responsibility related to their annual kWh usage restrictions at the time of enrollment. If appropriate, the caseworkers review energy usage during re-certification interviews.

## **Customer Education**

Energy conservation education plays an important role in helping OnTrack customers control their energy usage. Through the OnTrack and the Winter Relief Assistance Program ("WRAP") partnership, PPL Electric attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Customers may receive consumer education in the following areas:

- Energy conservation tips
- Electric bill and analysis of usage
- Compact Fluorescent Lights ("CFL")
- Promote PPL Electric's Bill Analyzer

PPL Electric channels this aspect of the program through WRAP. This program provides free weatherization services to qualified homeowners and renters.

## **Weatherization**

If applicable, community-based organization ("CBOs") and PPL Electric refer OnTrack participants to WRAP<sup>2</sup>. The Company offers WRAP to OnTrack customers who have electric heat or electric water heating, as well as baseload customers who have the potential to receive energy-saving measures.<sup>3</sup> Under the umbrella of universal service programs, the Company provides weatherization measures, specifically approved appliance replacements and energy conservation education services to qualified customers. All installed measures must meet PUC's payback criteria. Weatherization activities for WRAP include energy audits, infiltration control, insulation measures, water heating treatment, appliance replacement and energy education.

Enrollment in OnTrack does not automatically qualify an applicant for WRAP measures. However, the Company gives preference to OnTrack applicants who have high usage and large overdue balances. It is not PPL Electric's intent to make WRAP services available only to OnTrack customers at the expense of other deserving customers.

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<sup>2</sup> Customers who have received WRAP services within the last seven years are ineligible.

<sup>3</sup> There is no minimum kWh usage threshold for WRAP.

WRAP has incorporated the OnTrack high-energy usage approach as a best practice. In addition, PPL Electric provides energy education for OnTrack customers who are ineligible for WRAP. This includes households that received WRAP within the past seven years and homes that do not receive property owner consent.

### **3. Default and Appeal Process**

#### **Default Process**

The OnTrack payment plan cannot function properly without the commitment and cooperation of customers, social services agencies and PPL Electric. Customers' non-compliance with any of the primary OnTrack components could lead to dismissal from the program. Failure to perform one or more of the following OnTrack customer responsibilities could also result in dismissal from the program.

1. Customers are responsible to submit their OnTrack payment by the due date during each current billing period. The consequence for non-payment is immediate initiation of termination procedures.
2. Participants must maintain historic electric consumption limits to remain in the program.
3. OnTrack program participants must provide access to their electric meters.
4. OnTrack customers must comply with WRAP or may be subject to removal and ineligible to participate in OnTrack until customer is in compliance.
5. OnTrack participants must provide verification of household income at least annually and report changes in the household immediately. The exception is for OnTrack participants when a third party verifies their income (i.e., LIHEAP or Supplemental Security Income). For third-party participants, income verification is required bi-annually.
6. The CBOs urge OnTrack participants to apply for the Low-Income Home Energy Assistance Program ("LIHEAP") benefits at the time of enrollment, if applicable.<sup>4</sup> PPL Electric annually initiates LIHEAP outreach efforts to encourage OnTrack customers to apply for benefits. See Appendix 1 for a copy of the Company's outreach plan.

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<sup>4</sup> The income guidelines for OnTrack and LIHEAP are 150 percent of the federal poverty level. In Pennsylvania, LIHEAP normally runs from November through March.

7. Income - eligible OnTrack applicants who have shelter expenses greater than reported income are eligible for a limited OnTrack enrollment of six-months.
8. Since applicants can choose where to send their LIHEAP payments (primary or secondary fuel vendor), eligible OnTrack participants are encouraged to apply for LIHEAP and to direct the grant to their electric bill. The Company will conduct outreach mailings to eligible participants to encourage increased awareness of LIHEAP.
9. The Company will continue to have its Customer Programs Directors meet with LIHEAP agencies to encourage OnTrack-eligible customers to direct their grants to their electric bills.
10. Participation in programs such as weatherization, energy conservation education, budget counseling and other related services are requirements for OnTrack customers.
11. Follow applicable provisions outlined in Chapter §56.116 for OnTrack customers with medical certifications:

“Whenever service is restored or termination postponed under the medical emergency procedures, the ratepayer shall retain a duty to equitably arrange to make payment on all bills.”

- For an OnTrack customer who fails to comply with this provision, the Company will remove the customer from OnTrack and advise the customer to enter a regular payment agreement with the Company.

The case management approach for the OnTrack program requires the coordination of both internal and external resources. These resources allow OnTrack customers to have a greater degree of control over their lives. The CBOs explain all of the program referrals in advance to OnTrack participants and include them in the OnTrack Certification Agreement.

PPL Electric extends every reasonable consideration to OnTrack participants to avoid dismissal from the program. The CBOs explain program requirements and benefits up-front, communicate regularly with participants if problems arise, and carefully evaluate extenuating circumstances. PPL Electric dismisses customers from OnTrack for other reasons such as voluntary withdrawal or they are no longer a customer. The Company returns customers who voluntarily withdraw to the normal collection process.

### **Appeal Process**

OnTrack participants maintain all their PUC dispute and informal/formal complaint rights as outlined in 52 Pa. Code Chapter 56. Clearly, PPL Electric does not accept all applicants and it dismisses others for defaulting on OnTrack requirements. For those who believe they were unfairly treated, the following appeal procedures are available:

Step 1: The applicant discusses his or her rejection/dismissal from the program with the regional Customer Programs Director, who investigates the reasons for rejection or dismissal.

Step 2: If the customer is dissatisfied with the results of the discussion with the regional Customer Programs Director, he/she can file an Informal Complaint with the PUC.

#### **4. Reinstatement Policy**

Reinstatement occurs when a customer meets the following conditions:

- Makes up his or her missed CAP payments and still meets the enrollment criteria;
- Complies with WRAP requirements; and
- Provides documentation of income that shows an increase in household income that is greater than shelter (e.g., this applies to customers enrolled in OnTrack Lifestyle when his/her reported income is less than their shelter costs).

#### **5. Eligibility Criteria**

OnTrack offers qualified customers payments less than current bills, arrearage forgiveness and a chance to get a fresh start with PPL Electric. In addition, the Company coordinates referrals with other low-income assistance programs such as WRAP, Operation HELP and LIHEAP, as well as other programs administered by the CBOs that administer OnTrack for PPL Electric.

PPL Electric designed OnTrack specifically for low-income customers with household income at or below 150 percent of the poverty level who are unable to pay their electric service bills in full. Eligibility criteria for OnTrack include:

- Households at or below 150 percent of the poverty level
- Payment troubled – defaulted one or more payment agreements in a 12-month period
- Must have a source of income

- The CBO caseworkers follow the Department of Public Welfare's LIHEAP guidelines, as included under the annual LIHEAP State Plan, to determine annual gross household income and annual gross income for self-employment as stated in Chapter §601.81 through §601.103.
- OnTrack participants who own a rental unit must be one of the occupants at the premise and cannot own multiple properties.
- OnTrack applicant household members must permanently reside in Pennsylvania.
- Caseworkers count all OnTrack applicant household members regardless of relationship, including a roomer who is a relative of a household member, when determining household size and income.
- OnTrack graduates are eligible to reapply after one year from the removal date. The Company defines OnTrack graduates as customers who have cleared their debt with PPL and are able to maintain either a regular payment agreement or budget billing payment with the Company at time of OnTrack removal.

### **Potential Participants**

Matching the proper assistance program with each potential applicant is an overriding objective in PPL Electric's administration of the universal service programs. PPL Electric personnel, as well as the community-based organizations that cooperate with the Company in administering these programs, seek to ensure that eligible residential customers have an opportunity to successfully maximize the benefits available to them via OnTrack, WRAP, Operation HELP, LIHEAP and other related programs.

The Company used the 2008 U.S. Census interim data provided by the PUC as well as past program performance to arrive at the recommended funding level. The 2008 U.S. Census extension data indicates the following:

- Approximately 23.7 percent (289,000) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.<sup>5</sup>

The Company's past performance indicates the following:

- OnTrack customers generally have overdue balances.

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<sup>5</sup> If appropriate, PPL Electric will revise this percentage based on the outcome of the 2010 U.S. Census.

- Approximately 17.7 percent (214,760) of PPL Electric's residential customers have an overdue balance; of that number, 39.6 percent (84,962) report an annual household income at or below 150 percent of federal poverty level (as of 12/31/2009).
- Approximately 70.7 percent of the 58,162 residential customers with active PPL Electric payment plans report an annual household income at or below 150 percent of federal poverty level (as of 12/31/2009).

To assist the most needy, PPL Electric regularly identifies and contacts residential customers who meet the income guidelines and have overdue balances. Depending on factors such as ability to pay, payment history and extenuating circumstances, the Company routinely refers these customers to OnTrack, Operation HELP, CARES and LIHEAP.

### **Referrals**

PPL Electric has found that the primary source of potential OnTrack participants is referrals from the Company's Payment Assistance group. Payment Assistance representatives have daily contacts with low-income, payment-troubled customers with overdue balances and routinely refer these customers to the CBOs who administer the program. During 2009, for example, Payment Assistance personnel made nearly 110,000 referrals to OnTrack administering organizations prompted by information provided by customers. Of this number, 53 percent (58,300) either did not follow-up with the agency contacts or, after follow-up, were ineligible because documentation proved them to be over the income limits for OnTrack.

In addition, other sources of potential participants include:

- Company-generated lists of low-income customers who currently have overdue balances
- OnTrack administering agencies
- Other CBOs
- Other universal service programs such as WRAP, CARES and Operation HELP
- Department of Public Welfare and LIHEAP

### **Program Recommendations and Proposed Enhancements**

In addition, staff from the PUC's Bureau of Consumer Services and PPL Electric discussed recommendations and findings regarding the recent six-year evaluation of the Company's Universal Service Programs conducted by APPRISE. The Company has already implemented key findings that will add value to the program.

Although the ten (10) OnTrack CBOs have demonstrated an effective capacity to administer the program, it is evident that PPL Electric must employ additional means to meet the present and future production requirements and to keep administrative costs within the program guidelines. The Company plans to implement or has already implemented the following changes:

- Manage administrative costs by continuing to use PPL Electric’s customer service representatives to work OnTrack collection issues, rather than CBO caseworkers.
- Continue to automate processes where appropriate and practical.
- If the customer’s account shows LIHEAP funds posted within the last heating season (defined as the last 16 months to include situations when currently in a heating season), the Company’s system will automatically recertify the customer for another year in the OnTrack program at the same payment amount. The automatic recertification is in effect for the second consecutive program year; the agency will request proof of income to evaluate payment plan and update information at the end of the two-year period.
- If the customer’s main source of income is SSI (Supplemental Security Income) or those with third-party verification and the most recent income statement is less than 375 days, the Company’s system will automatically recertify the customer for another year in the OnTrack program at the same payment amount. The automatic recertification is in effect for the second consecutive program year; the agency will request proof of income to evaluate payment plan and update information at the end of the two-year period.

The Pennsylvania Department of Public Welfare (“DPW”) has determined that utilities cannot use LIHEAP cash grants to offset the costs of CAP credits (i.e., the difference between actual bills and CAP payments). As a result, PPL Electric has changed its processes to apply LIHEAP cash grants as follows.

#### Automated Posting of LIHEAP/Crisis

- If an OnTrack customer receives LIHEAP cash or crisis grants, the funds post as follows:
  - Missed OnTrack payments
  - Current OnTrack bill due
  - Excess credit for payment of future OnTrack bills
- If the OnTrack account is current, any remaining grant monies will appear as an excess credit on the customer’s account.

- The customer is not required to make their monthly OnTrack payments until the LIHEAP credit is exhausted.
- PPL will not apply any of the LIHEAP cash or crisis grants to offset the cost of the program.

In the partial settlement of its 2010 distribution rate case at Docket No. R-2010-2161694, PPL Electric agreed to implement a CAP Plus program at the start of the 2011-2012 heating season. The purpose of CAP Plus is to help offset program expenses for all residential customers who pay for OnTrack through the reconcilable Universal Service Rider. The Company determines the CAP Plus amount by taking the total amount of LIHEAP funding received by OnTrack participants, dividing that dollar amount by the number of active OnTrack accounts as of September 30, and then dividing that annual amount by 12 months. The CAP Plus payment amount is applicable to all OnTrack participants and may change annually depending on the level of federal funding available for LIHEAP. PPL Electric will automatically include the CAP Plus payment amount in the formulas for the various OnTrack payment options (e.g., minimum payment, percent of income and percent of bill). OnTrack customers who have a credit balance due to a LIHEAP grant are exempt from the CAP Plus charge until they have exhausted their credit balance. (C)

PPL Electric's restructuring settlement agreement allows OnTrack customers to shop for a generation supplier. The Company's current process for handling OnTrack customers who shop is as follows.

#### Process for Handling OnTrack Shoppers

- Adjust OnTrack monthly payment amounts for those customers who selected a supplier to reflect the savings on the generation portion of his or her bill. Adjustments to OnTrack payments occur only for customers who shopped after their OnTrack enrollment date.
- The OnTrack monthly amount will not go below:
  - \$30 for electric heating customers
  - \$12 for non-electric heating customers
- Generate a letter to the customer that indicates to call PPL if the customer would like to receive the letter in Spanish.

PPL will calculate 75 percent of the average monthly bill amount (generation portion of the bill) and apply 10 percent savings. If the savings were \$84 annually, the Company would reduce the OnTrack customer's monthly payment amount by \$7 (\$84/12).

PPL Electric is using a 10 percent savings amount because, on average, most suppliers' generation offers are about 10 percent less than the Company's Price to Compare. This approach also simplifies the billing adjustment process, which PPL Electric must complete manually for each OnTrack customer who selects a generation supplier. The Company regularly runs customer lists to determine which OnTrack participants have shopped. PPL Electric proposes to continue using the above process until it can automate shopping procedures for OnTrack participants. The Company estimates that it will not complete this automated process until the second quarter of 2011.

PPL Electric also will implement a split savings approach for OnTrack customers who select a generation supplier. Under the split savings approach, both OnTrack customers and other residential customers who pay for the program through the Company's Universal Service Rider ("USR") will receive benefits. PPL Electric will adjust payment amounts only if non-heating customers save a

minimum of \$5 monthly and heating customers save a minimum of \$10 monthly by shopping.

PPL Electric will implement a split savings of 60 percent for OnTrack customers and 40 percent for non-participating residential customers. PPL Electric has based this 60/40 split on the fact that OnTrack customers (heating and non-heating) pay 60 percent of their normal budget-billing amount. In other words, OnTrack customers are receiving a 40 percent discount on their normal budget billing amount.

If, by shopping, an OnTrack customer could save \$84 dollars on his or her generation bill, the customer will receive \$50 (60 percent) and the other residential customers will receive \$34 (40 percent) reduction in the USR. PPL Electric will reduce the OnTrack customer's payment amount by \$4 (\$50/12). On the other hand, if the customer chose an EGS whose cost is higher than the price to compare, he or she is responsible to pay those excess costs.

## 6. Projected Enrollment Levels

PPL Electric will attempt to increase enrollments through process improvements and a reduction in administrative costs. The Company projects enrollments of 36,000 to 42,000 active OnTrack participants 2011 through 2013. The projected enrollment levels are as follows:

Year	OnTrack Enrollment Target
2011	36,000
2012	39,000
2013	42,000

## 7. Program Budget – Need to Change

In PPL Electric's most recent base rate proceeding, in which new rates became effective on January 1, 2008, the Commission approved \$19.0 million for OnTrack's annual funding. The Company's actual expenditures for OnTrack in 2009 were approximately \$28.1 million. PPL Electric projects the following level of expenditures for 2011 through 2013.

Year	Funding Level
2011	\$46 Million
2012	\$50 Million
2013	\$54 Million

## Proposed Changes

PPL incorporated the OnTrack eligibility guidelines into the programming of the Customer Transition Program ("CTP"), which is a web-based computer program

used to provide customers with a variety of payment agreement options. The program works directly with PPL's Customer Service System ("CSS") in extracting all applicable information needed to determine eligibility for payment assistance.

- This process improves the quality of referrals generated to the agencies that administer OnTrack.
- Reduces program costs because the agencies are receiving referrals that are more likely to qualify for the program; therefore, reducing the time following up with customers who may not qualify or are not interested in the program.

#### OnTrack Automated Enrollments

- Re-enrolls defaulted OnTrack accounts automatically when customers pay their missed OnTrack plan payments. They must do so within 6 months of default date.
  - Eliminates additional mailings to customers, reduces administrative cost and eliminates the need for customers to follow-up with agencies for re-enrollment.
- Automated calculation of OnTrack missed payments; CTP automatically calculates missed OnTrack payments, which eliminates calculation errors.
- Automated the removal of OnTrack customers who reach the maximum benefit limits of \$2,160 for electric heat and \$850 for non-electric heat.
- Company will continue to refer customers to weatherization and energy education.

System will monitor customer accounts and automatically generate letters: first when customers reach 50 percent of maximum benefits, second letter at 80 percent of benefits, and a letter at 100 percent informing customers of removal and date when they are eligible to re-apply. When households reach the 80 percent level, the Company will evaluate for WRAP services on a priority basis providing that they apply and are eligible for the program. If customers' premises have received WRAP services within the past seven (7) years, customers will only receive energy education and Act 129 or Weatherization Assistance Program referral information, including telephone and other contact information.

- Builds customer energy awareness and accountability.
- Encourages customers to lower energy usage to make their electric bill more affable.
- Allows more customers into the program.

## **8. Plans to Use Community-Based Organizations**

PPL Electric will continue to use community-based organizations (“CBOs”) to administer the OnTrack Payment Program. Presently, these ten (10) CBOs have 64 caseworkers at 27 sites (main office locations and satellite offices) using PPL Electric-provided personal computers to administer the program.

OnTrack administering agencies have the responsibility to take referrals from the various sources, contact the customers to conduct initial screening for potential program participation and arrange personal interviews to determine eligibility and finalize enrollment. Thereafter, the administering agency serves as the primary OnTrack contact with customers and works with them throughout their participation in the program.

Administering agencies enroll and maintain customers on-line in real time through direct connections with PPL Electric’s CSS. The Company has provided appropriate letters to aid in customer contact, along with the necessary training in the use of CSS and the administration of OnTrack. The Company has given this information to each agency and their caseworkers in a comprehensive manual entitled “OnTrack Payment Program Procedures and Processes.”

The list of OnTrack agencies, phone numbers and counties served follows:

### OnTrack Agencies – Counties Served

<b>Organization</b>	<b>Telephone</b>	<b>Served Counties</b>
Community Action Committee of the Lehigh Valley 1337 East 5 <sup>th</sup> Street Bethlehem, PA 18015	610/691-5620	Lehigh, Monroe, Northampton, Bucks, Montgomery
Community Action Commission of the Capital Region 1514 Derry Street Harrisburg, PA 17104	717/232-9757	Dauphin, Juniata, Perry, Cumberland, York
Schuylkill Community Action 217 Center Street Tamaqua, PA 18252 <i>or</i> 225 North Centre Street Pottsville, PA 17901	570/622-1995	Schuylkill
TREHAB, Inc. 1225 Main Street Honesdale, PA 18431	570/253-8941	Susquehanna, Pike, Wayne, Wyoming, Lackawanna
Community Action Program of Lancaster County 601 South Queen Street P. O. Box 599 Lancaster, PA 17608	717/299-7301	Lancaster, Lebanon, Berks, Chester, York
STEP, Inc. 2138 Lincoln Street P. O. Box 3568 Williamsport, PA 17701	570/327-5485	Clinton, Lycoming
Union-Snyder Community Action Agency 713 Bridge Street, Suite 10 Selinsgrove, PA 17870	570/374-0181	Union, Snyder, Northumberland
Columbia County Department of Human Services 11 W. Main Street P. O. 380 Bloomsburg, PA 17815	570/387-6501	Columbia
Commission on Economic Opportunity 165 Amber Lane, P. O. Box 1127 Wilkes-Barre, PA 18702	570/826-0510	Luzerne, Carbon
Montour County Department of Human Services 112 Woodbine Lane, Suite 3 Danville, PA 17821	570/271-3028	Montour

## **9. Organizational Structure of PPL Electric Staff**

Corporate administration of PPL Electric's OnTrack Payment Program is the responsibility of the Regulatory Programs & Business Services group of the Customer Services department. The staff provides program oversight and field personnel are responsible for the day-to-day administration of OnTrack. The key personnel include:

### **General Office Staff:**

- Robert M. Geneczko – Vice President - Customer Services
- Timothy R. Dahl – Mgr.- Regulatory Programs & Business Services
- Evelyn Soto – Customer Relations Specialist

### **Regional Customer Programs Directors:**

- Gladys T. Malone – Southwest Region, Lancaster
- Florence M. McNelis – Northeast Region, Hazleton
- Joy E. Schmalzle – Northeast Region, Scranton
- Chris R. Schoemaker, Jr. – Lehigh Region
- Angela R. Tracy – Susquehanna – Harrisburg Region

### **Regional Administrative Support:**

- Debra L. Sager – Southwest Region

## 10. Differences Between Approved Plan and the Proposed Plan

PPL Electric is conducting the OnTrack Payment Program consistent with the guidelines and procedures of the PUC-approved plan and those changes that emanated from the Commission's CAP Policy Statement adopted May 8, 1999. All major policies regarding intake, payment plans, account monitoring and program referrals remain the same except for the following:

1. The Company will change its OnTrack formulas to revise the CAP credit benefit limits to \$850 for non-electric heat and \$2,160 for electric heat.
2. PPL Electric continues to offer energy education opportunities to customers to help them make wise energy choices.
3. The OnTrack bill presentation shows the difference between the customer's actual bill and their OnTrack payment amount.
4. If the OnTrack customer is a shopper, the bill presentation shows the supplier.
5. The Company continues tracking the number of OnTrack enrollments and re-certifications completed by phone and mail to ensure the Company and CBOs are serving the hard-to-reach customers. In 2009, the CBOs completed 91.5 percent of enrollments by mail, 4.6 percent by phone and 3.9 percent by office visits. This switch in business practice by the CBOs has allowed the caseworks to serve more customers and operate a more cost-effective program.
6. Adjust OnTrack monthly payment amounts for those customers who selected a supplier after OnTrack enrollment date to reflect the savings on the generation portion of his or her bill. If an OnTrack customer selects a supplier and the monthly savings amount is \$5 or more for a non-heating account and \$10 or more for a heating account, the Company would split the savings between the customers (60 percent) and the USR (40 percent). If an OnTrack customer selects a supplier and the monthly savings are at least 10 percent lower than PPL's Price-to-Compare, the Company would split the savings between the customers and the USR in 2011.

Adjust OnTrack monthly payments if customers drop a supplier or the supplier drops the OnTrack customer. For OnTrack participants who select an EGS whose cost is higher than the price to compare, the OnTrack participant is responsible to pay those excess costs.

7. Modified the methodology used by PPL when applying LIHEAP funds to comply with the federal regulations.
  - If an OnTrack customer receives LIHEAP or Crisis funds, the funds post as follows:
    - Missed OnTrack payments
    - Current OnTrack bill due
    - Excess credit for future OnTrack bills
8. PPL Electric will meet with key Area Agencies on Aging to review and discuss the Company's programs and services for low-income customers; LIHEAP; credit and collection procedures; and various billing options and services (e.g., third-party notification). Prior to holding these meetings, PPL Electric will provide an agenda to parties in this proceeding and give them the opportunity to provide input on the agenda. PPL Electric retains its sole discretion in determining whether to make any changes to its meeting agenda. The Company will complete these meetings within six (6) months of the Commission's final approval of the Company's USP Plan. PPL Electric will consider changes, if any, to its programs and services for low-income customers based on information obtained from these meetings.

<b>USP Outreach Strategies</b>	
<b>Activity</b>	<b>Timeline</b>
Develop outreach queries by operating area	<u>As needed</u>
Monitor volume of referral pre-cut and post-cut season	March, April, July, September, October, November
Review, monitor and track: <ul style="list-style-type: none"> <li>• Monthly report activity</li> <li>• Referral WFM activity</li> <li>• Budget activity</li> </ul>	Ongoing
Advertising: <ul style="list-style-type: none"> <li>• Newspapers</li> <li>• Presentations at non-USP agencies</li> </ul>	As Needed
Outreach mailings: <ul style="list-style-type: none"> <li>• To customers identified by various queries</li> <li>• To non-USP agencies</li> </ul>	As Needed
Internal presentations: <ul style="list-style-type: none"> <li>• To the collection group to encourage referrals to OnTrack, Operation HELP, WRAP and LIHEAP</li> </ul>	<u>Pre-cut season</u>
OnTrack/WRAP referrals: <ul style="list-style-type: none"> <li>• Enhancements</li> <li>• Training of CSRs/CAs</li> </ul>	Pre-cut season and 4 <sup>th</sup> Quarter
Bill Insert: <ul style="list-style-type: none"> <li>• To help promote OnTrack, WRAP, Operation HELP and LIHEAP</li> </ul>	Pre-cut season

**WRAP**

# **PPL Electric Utilities Corporation Winter Relief Assistance Program (WRAP)**

## **1. Program Description**

### **Overview**

The Winter Relief Assistance Program (“WRAP”) reduces electric bills and improves living comfort for low-income customers. PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) has funded and administered the program since 1985. Contractors install weatherization measures and provide energy education services.

There are three classifications of WRAP job types:

Full Cost – The customer has installed electric heat and uses electric heat as the primary heating source.

Low Cost – The customer has an electric water heater and there is the potential to install water-heating measures.

Baseload – The customer has the potential to receive energy-saving measures.

The WRAP services and measures installed by contractors depend on the customer’s use of electricity and the result of a home energy audit. PPL Electric encourages customers to participate as “partners” in the audit and energy education session(s) so that they can maximize their savings’ success.

In 1985, the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) directed the Company to design a \$2,000,000 weatherization program for customers at or below 150 percent of poverty level. At that time, customers needed to have electric heat or an electric water heater to qualify.

In 1988, the PUC required that all covered electric and gas utilities in Pennsylvania establish a low-income usage reduction program (“LIURP”) for customers in their service territories. WRAP became PPL Electric’s LIURP program and the Company agreed to expand program funding to \$3,023,000. The Company also added energy education as part of WRAP. In 1998, PPL Electric conducted a refrigerator replacement pilot that included the installation of “baseload” measures for households without electric heat or electric water heating.

In 1999, PPL Electric implemented the concept of universal service programs for low-income customers as part of the settlement agreement associated with utility restructuring. Universal service programs include WRAP (LIURP), OnTrack (Customer Assistance Program or “CAP”), CARES and Operation HELP. The Company agreed to expand its annual funding to \$4,700,000 and serve “an appropriate” amount of non-heating or baseload customers as part of its settlement agreement.

PPL Electric increased its current LIURP funding in conjunction with its 2005 and 2007 distribution rate case settlements. The current annual program funding is \$7,750,000. The Company will also spend an additional \$29,000,000 on WRAP for low-income customers from November 2009 through May 2013, as part of its Act 129 Energy Efficiency and Conservation Plan.

### **Objectives**

The primary objectives for WRAP are to:

1. Reduce the energy usage and electric bills of low-income customers.
2. Increase the ability to pay/decrease arrearages of low-income customers.

Secondary objectives include:

1. Improve comfort for low-income customers.
2. Promote safer living conditions of low-income customers through the reduction of secondary heating devices.
3. Maintain/establish partnerships with social service agencies, community-based organizations and local contractors to ensure maximum and timely assistance.
4. Make tailored referrals to Company and other assistance programs such as OnTrack, Operation HELP, LIHEAP and other weatherization programs.

### **Energy Survey**

PPL Electric uses the energy survey or “audit” to identify what measures and services the contractor will install in the customer’s home. Decisions made during the audit are based on:

1. Customer interview/occupant practices
2. Electric usage history
3. Site-specific diagnosis
4. Prioritization of measures
5. PUC payback criteria

In 2002, PPL Electric implemented Audit & Diagnostics Priority Lists for baseload, low-cost and full-cost (with and without combustion appliances) job types. The objectives of the Priority Lists are:

1. To reduce electric consumption through installed WRAP measures and occupant education.

2. To comply with PA State Weatherization Health & Safety standards.
3. To provide customers in PPL Electric's service area with an equal opportunity for receiving WRAP services and measures.

The content on the Priority Lists may change based on the Company's consumption savings and evaluation results, changes in state regulations, the implementation of new measures/technologies, and changes in customer demographics and housing stock. PPL Electric will meet with WRAP contractors on a regular basis to review and possibly modify audit criteria.

PPL Electric will generally assign an electric heat job for full cost audit and a non-electric heat job for baseload audit. The contractor can change the job type depending on audit findings and the potential for usage reduction measures. For example, a baseload job with high summer usage attributed to central cooling may become a full cost job, whereas a baseload job with high summer usage attributed to a swimming pool filter and a dehumidifier will remain a baseload job.

### **Installation of Measures – Baseload**

All WRAP customers are eligible for baseload measures. Standard measures and services include:

- Energy education
- Installation of Compact Fluorescent Lights (CFLs)
- Refrigerator replacement
- Air conditioner replacement
- Waterbed replacement with a mattress
- Changing or cleaning of heating/cooling filters
- Dryer venting (electric dryer)
- Water heater set-back (electric water heater)
- Water heater pipe insulation
- Power Strip/Smart Plug
- Dehumidifier replacement

PPL Electric has no limit on the amount of money spent on baseload measures in a home. However, measures must meet the PUC's payback criteria as defined in the *WRAP Standards and Field Guide*. The Company approves exceptions on a case-by-case basis.

WRAP contractors can spend up to \$200 per baseload job on comfort and safety measures (e.g., caulking, door sweeps and carbon monoxide detectors). Baseload customers often complain of comfort problems. Minor comfort measures may improve

the quality of life for customers, many of whom are not eligible for other weatherization programs.

### **Installation of Measures – Low Cost**

If a baseload customer has an electric water heater and has the potential for major water heating measures, PPL Electric may upgrade the WRAP job to “low cost” at the time of the baseload audit (or downgrade the job during the full-cost audit).

Low-cost measures include:

- Water heater replacement
- Gravity Film Exchange (GFX)
- Repair of water leaks
- Water pipe insulation, if done in conjunction with other measures
- Showerheads/aerators, if done in conjunction with other measures
- Solar Water Heating System Maintenance (existing systems)
- Heat Pump Water Heater
- Water Heater Timer
- All baseload measures
- Other measures that meet PUC payback criteria

The Company has no limit on the amount of money spent on low-cost measures. With the exception of solar water heating, measures must meet the PUC’s payback criteria as defined in the *WRAP Standards and Field Guide*.

### **Installation of Measures: Full Cost**

Customers with installed electric heat are normally eligible for full cost WRAP. The baseload auditor can also upgrade a job when full cost measures will reduce electric energy. This includes homes with de facto electric heat or high cooling usage. Conversely, full cost WRAP jobs may be reclassified as “baseload” or “low cost.” This often happens when WRAP has previously installed measures, the home has major safety issues that impact weatherization, or the landlord does not consent to WRAP.

Standard full cost measures include:

- Blower door testing and associated air sealing
- Attic, wall and floor insulation
- Sealing of attic bypasses
- Attic vents and hatches
- Crawl space and header insulation

- Heating equipment repair/retrofit/replacement
- Central cooling system repair and replacement
- Duct insulation and repair
- Caulking and weather-stripping
- Door sweeps
- Storm windows
- Window tints
- Window replacement
- Thermostat replacement/programmable thermostats
- Other measures that meet the PUC payback criteria
- Water heating measures, if customer has an electric water heater
- Baseload measures

The PUC LIURP guidelines suggest a seven- or twelve-year payback for most measures. In 2002, PPL Electric implemented an aggregate payback formula based on the customer's electric seasonal usage. The Company assigns a "shell allowance" for each full cost job based on the payback formula. The shell allowance serves as a spending guideline for full-cost measures in order to reduce electric usage. Examples of shell measures include insulation and air sealing.

**Incidental Repairs** – Contractors can make small incidental repairs needed for the installation of other weatherization measures. As a general guideline, the suggested spending allowance for incidental repairs is 30 percent of the shell allowance. (This is an increase over the 20 percent allowance as submitted in the 2008-2010 WRAP Plan.)

**Comfort Repairs** – Contractors can repair, replace or add (rare) electric heating equipment in homes where there is inadequate heat to maintain comfort. These cases will usually result in an increase in electric usage. As a result, PPL Electric may not analyze them in the pre- to post-usage evaluation of WRAP.

**Health & Safety** – Contractors are required to conduct combustion safety testing before installing any measures that will affect the air change per hour in a home (e.g., insulation, caulking and weather-stripping). Contractors may spend up to \$250 in diagnostic health and safety measures.

If a home "fails" combustion and safety tests, contractors are required to fix any combustion problems before installing full-cost measures. Contractors should use funds from the state weatherization program, gas utilities or LIHEAP crisis wherever possible. If other funding sources are not possible, PPL Electric may approve the replacement, repair of combustion equipment, or provide the customer with baseload/low-cost services.

**Indoor Air Quality** – Contractors may choose to do air-sealing measures in homes where there are comfort and/or moisture problems, even if the home is below the minimum ventilation guidelines (MVG). If the home is below MVG before or after the installation of WRAP measures, contractors should add mechanical ventilation to ensure proper indoor air quality.

### **Energy Education**

Energy education is a critical component of WRAP. All WRAP customers are eligible for at least one site energy education session. There are two types of sessions:

**Initial** – The educator works with the customer to itemize electric costs and to influence choices that will save energy and improve comfort and safety. For baseload/low-cost customers, the educator conducts the initial energy education session during the audit or the installation of measures. The educator conducts the initial session for full-cost customers during the audit or as part of the post-installation inspection.

**Additional Session** – The educator offers a follow-up session to customers in conjunction with the inspection or within six months after the installation of full cost measures. If a customer receives full cost measures without a site inspection, PPL Electric will offer follow-up education via a phone call or postcard.

Educators can conduct follow-up education as a site visit or phone session. The educator reviews the installed measures, discusses any changes in electric usage with the customer and continues to work with the customer to influence good choices.

WRAP contractors are required to integrate education into all aspects of WRAP. This is especially critical for the auditor who uses the customer interview and bill analysis to make key recommendations.

### **OnTrack Education**

PPL Electric offers remedial energy education to OnTrack customers that are in danger of exceeding their benefits and are not eligible for WRAP. The educator explains the customer's OnTrack bill and the benefit limits; identifies reasons for consumption; works with the customer to influence choices that will reduce electric usage; and refers the customer to other programs when applicable. OnTrack educators usually conduct sessions by phone.

### **Quality Assurance**

PPL Electric requires an attempted site inspection for at least 60 percent of all full cost WRAP jobs that receive at least \$750 of installed measures, excluding appliances. The

Company will conduct phone inspections for a minimum of 25 percent of baseload and low cost recipients.

The objectives of the inspection are:

1. To ensure that all installed measures and services listed on the WRAP Job Ticket are in accordance with PPL Electric's standards.
2. To identify major missed opportunities and adherence to the Priority Lists.
3. To gather customer satisfaction data.

The inspector records any customer concerns or problems on an inspection action sheet. The contractor has 30 days to respond to the customer. The Company uses contractors to conduct most inspections. WRAP installers can also be inspectors as long as they do not inspect their own work.

## **2. Program Eligibility**

### **Participation Eligibility**

Effective 2011, PPL Electric proposes that customers meet the criteria listed below to qualify for WRAP.

- Household gross income is at or below 200 percent of poverty level.
- Customer is at least 18 years old.
- Customer's home has its own electric meter.
- Customer's home is a primary home, not a "second" or vacation home.
- PPL Electric has not performed WRAP services to the premise in the past seven years. This includes customers served under Act 129 WRAP.
- Customer has lived in the home for at least nine months.

If an apartment building contains at least three units and at least two-thirds of the tenants qualify for WRAP, PPL Electric may provide weatherization measures and services to all tenants in the building.

A customer does not need to have an overdue amount with PPL Electric to be eligible for WRAP. If there is a surplus of customers eligible for WRAP, the Company gives priority to customers who have the highest electric usage history and greatest arrearages.

## **Customer Consent**

The Company requires customers who apply for WRAP to sign a Customer Partnership Agreement/Consent Form. In addition to authorizing WRAP work, the agreement encourages customers to be actively involved in the WRAP processes.

## **Landlord Consent**

Homeowners and renters are eligible for WRAP. PPL Electric requires that the landlord sign a consent form before a tenant receives most measures. WRAP will offer limited Baseload WRAP if the landlord does not respond to the consent letter. Limited Baseload WRAP includes the following measures:

- Phone, site or written energy education
- Installation of Compact Fluorescent Lights
- Smart Power Strip
- Refrigerator Replacement, if customer owns the refrigerator
- Energy-Saving Kit, if customer does not receive a home visit

If a landlord refuses WRAP, PPL Electric will offer energy education and/or refer to other programs and services.

## **Lifestyle**

In 2005-2006, PPL Electric conducted the Managing CAP Credits (“MCC”) Pilot. The MCC Pilot targeted OnTrack customers whose rent or mortgage exceeded their gross reported income, “high usage” customers that used more than 36,000 annual kWh, and OnTrack customers that exceeded their benefit levels.

Pilot findings showed that lifestyle choices contributed to high usage in some households. The majority of pilot participants reduced their usage after the audit and education session, and prior to the installation of any full cost measures. As a result of the MCC Pilot results, PPL Electric incorporated the “lifestyle” component of WRAP in 2008.

PPL Electric provides baseload or partial WRAP where lifestyle choices account for the major usage in the household. The Company also offers baseload WRAP when a family’s income is less than their monthly rent or mortgage payment and, if sold, the next occupant is not likely to be low income. This enables the Company to serve more customers through WRAP and allows the program to operate more efficiently and cost effectively.

## **Program Ineligibility**

PPL Electric will refer low-income customers not qualified for WRAP to other utility and weatherization programs. The Company also offers energy-saving kits and/or phone

energy education to customers with low usage that do not have the potential for installed measures.

### **3. Needs Assessment**

#### **Participant Eligibility**

Based on the 2008 U.S. Census interim data, PPL Electric estimates that there are approximately 289,000 households at or below 150 percent of poverty level. This equates to 23.7 percent of the Company's residential rate base or a 6 percent overall increase in low-income customers since 2000.

PUC guidelines allow PPL Electric to provide WRAP for up to 20 percent of total WRAP recipients that are between 150-200 percent of poverty level. Census data does not track customers at this income level. However, the Company promotes the maximum income guidelines in all WRAP communications and accepts all qualified candidates that apply for the program.

PPL Electric's weatherization database does not track the number of customers that are under 18-years old, living in secondary homes, or living in a home without nine months usage history. The Company "holds" all applications from customers with less than nine months at a premise until they meet the residency requirement, or assigns the work as part of Act 129 WRAP.

PPL Electric usually disqualifies a WRAP application if the premise received WRAP within the past seven years. PPL completed 22,940 WRAP jobs from 2002 through 2009. This drops the maximum number of potential customers to 266,031. An additional 10,763 applicants did not receive WRAP due to lack of landlord consent, lack of customer cooperation during the scheduling process, low usage, finalized account, or contractor deferral due to health and safety issues.

Historical data reveals that the number of customers that "need" WRAP is far less than the number of potential customers. For example, PPL Electric conducted aggressive outreach to 3,473 "high usage" LIHEAP recipients in 2008. A total of 1,974 (57 percent) customers refused WRAP or did not respond to PPL Electric's calls and letters and an additional 97 customers (3 percent) did not respond to contractor scheduling efforts. These are not "hard-to-reach" customers as they had the skills or resources to know when and how to apply for fuel assistance. PPL Electric's preliminary results show that a total of 4,031 out of 6,059 high usage LIHEAP recipients (67 percent) refused or did not respond to WRAP outreach in 2009.<sup>6</sup>

PPL Electric periodically conducts outbound calling to low-income customers with high consumption.<sup>7</sup> The Company also conducts general outreach to increase customer

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<sup>6</sup> PPL Electric submitted the Final LIHEAP-LIURP Report to the PUC on 4/15/2010.

<sup>7</sup> PPL Electric can only identify a customer as "low income" if that customer made one or more payment arrangements in the past twelve months.

awareness and increase program referrals. Less than one percent of eligible customers respond to any single outreach effort; for example, a WRAP advertisement in PPL Electric's "Connect" bill insert yielded 1,110 new applications or 0.42 percent successful response from eligible low-income households.

### **Potential for WRAP Measures and Services**

The need for WRAP funding is not directly proportional to the amount of customers served. The amount of WRAP dollars allocated to each home varies with the job type, household consumption and the potential to install WRAP measures.

PPL Electric's weatherization records show an increased trend in the number of non-heating customers that apply for WRAP. For example, 66 percent of WRAP referrals from the Company's bill insert are baseload or water heating customers. Thirty-five percent of customers enrolled in OnTrack between September and December 2009 do not have installed electric heat or have electric heat in less than 50 percent of the home.<sup>8</sup>

PPL Electric's historical data reveals that many customers with "installed" electric heat use supplemental fuel(s), thus reducing their potential for weatherization treatments and savings. Some homes are beyond the scope of full-cost weatherization (e.g., combustion problems, mold and no interior walls). The Company offers baseload or low-cost measures in these situations. A number of electrically heated single-family homes and multi-unit projects have received WRAP multiple times; each time a home receives WRAP, the potential for major measures diminishes. Still others have received weatherization through the Pennsylvania Weatherization Assistance Program (WAP) or are receiving weatherization through the American Recovery and Reinvestment Act (AARA).

PPL Electric served 23,109 customers through WRAP during the past seven years. A total of 7,230 or 31 percent of these customers received less than \$750 of installed measures. Many of these customers were "baseload" customers with modest electric usage or high usage electric devices not replaced through WRAP. Some households received partial WRAP due to health and safety issues, no landlord consent, finaled account or scheduling difficulties. A number of homes did not need space conditioning measures, or conversely, were in such poor shape that contractors could not install space-conditioning measures without significantly exceeding the incidental repair budget.

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<sup>8</sup> Some non-heating customers will receive Full Cost WRAP due to high cooling usage.

## **4. Outreach and Intake**

### **Promoting WRAP**

Comprehensive and well-planned outreach is an essential component of WRAP. PPL Electric advertises WRAP in its bill insert periodically so that all residential customers can learn about WRAP. The Company also promotes WRAP on its Web site.

The Company also requires that all eligible OnTrack customers participate in WRAP and approximately 60 percent of WRAP customers are OnTrack participants.

Depending on the availability of qualified applicants, the Company will use some or all of the following outreach methods:

- Presentations and communications to PPL Electric employees, including program information on the Customer Service internal website
- Cross marketing to other weatherization and utility programs
- Program information on PPL Electric's website ([www.pplelectric.com](http://www.pplelectric.com))
- Presentations and mailings to social service agencies, senior citizens' groups, and other organizations such as Head Start
- Telephone and personal contact of housing authorities, multi-unit project managers, and community groups
- Press releases and public service announcements
- Print advertising
- Radio and television advertising
- Door-to-door canvassing
- Word-of-mouth/WRAP Contractor referrals
- Other, as identified by PPL's Corporate Communications Department or advertising agency

The Company tracks the number of WRAP applicants and "how they heard about WRAP" through its internal WRAP database system.

### **Inter-Utility Coordination**

PPL Electric provides and accepts referrals to the gas utilities' weatherization programs and the state Weatherization Assistance Program. Attachment 1 is a matrix of PPL Electric's coordination processes by job type, which the Company developed in conjunction with the Commission's Universal Service Coordination Working Group. PPL Electric also revised its 2011 process to include the addition of an electronic mailbox to receive agency referrals.

## **Intake**

PPL Electric most frequently uses five methods of intake to generate program participants:

1. Customer Contact Center referrals – Customer Service Reps and Collection Assistants refer payment-troubled customers or customers experiencing hardships to WRAP. The Universal Service Rep or support person in the appropriate area follows up with a letter and/or phone call.
2. OnTrack Agency referrals – Customers who apply for OnTrack are required to apply for WRAP. The Company provides a list of newly-enrolled OnTrack customers to a designated call center for WRAP intake and follow-up. OnTrack caseworkers may also make electronic WRAP referrals directly to PPL Electric. The Company may remove customers from OnTrack that do not comply with WRAP.
3. Advertising – Customers call a designated call center in response to WRAP outreach or advertising. The representative usually completes the application with the customer over the phone. PPL Electric also uses call centers to do outbound calling for customers.
4. Direct referrals – The customer or a caseworker calls PPL Electric's Customer Contact Center (1-800-342-5775) or the WRAP toll-free number (1-888-232-6302). The customer can also request WRAP information via the Company's website. A Customer Service Representative responds to inquiries and mails the customer an application or completes the application with the customer over the phone. The Company is also in the process of developing an on-line WRAP application.
5. Weatherization program referrals – A representative from the gas utility or a local agency that performs weatherization in conjunction with the state Weatherization Assistance Program refers a customer through an electronic mailbox (WRAPReferrals@pplweb.com). A PPL Electric Universal Service Rep or other support person screens for eligibility and follows up with a telephone call or letter.

## **5. Funding and Enrollment Levels**

PPL Electric's current WRAP budget is \$7,750,000. The Company is also spending \$29,000,000 million in Act 129 WRAP from January 2010 until May 2013.

PPL Electric proposes to increase annual WRAP funding to \$8,000,000 for years 2011 - 2013. The Company expects to see a slight increase in customers served as the majority of customers currently applying for WRAP are non-heating customers.

The chart below depicts the 2011 – 2013 funding levels and projected enrollment by job type:

<b>Year</b>	<b>Expenditures</b>	<b>Full Cost</b>	<b>Low Cost</b>	<b>Baseload</b>
2011	\$8,000,000	1,300	300	1,800
2012	\$8,000,000	1,300	300	1,800
2013	\$8,000,000	1,300	300	1,800

In addition to the projected numbers by WRAP job type listed above, the Company expects to serve an additional 400 customers not eligible for WRAP through energy education, weatherization kits and referral services.

## **6. Future Enhancements and Technologies**

### **Program and Computer Enhancements**

PPL Electric is committed to the continuous improvement of WRAP. For example, the Company developed a web-based Job Ticket (years 2006 - 2009) to facilitate WRAP invoicing and reporting. The Company developed a *WRAP Standards and Field Guide* in 2004 and revised the guide in 2009.

PPL Electric plans on modifying the *WRAP Standards and Field Guide* in 2010 (2011 publication) to incorporate new information such as the time-of-day rate and load control devices. The Company will also continue to make computer and electronic adjustments as identified by the PUC, PPL Electric staff, WRAP Contractors and customers. PPL Electric is also in the process of developing an on-line WRAP application.

The Company will reserve up to \$30,000 per year for process improvements, technical enhancements, consulting services and evaluation. If the money is not used, PPL Electric will apply it to direct measures and services.

### **Renewable Measures**

PPL Electric implemented Solar Water Heating (“SWH”) as a “standard” WRAP measure in 2005 and WRAP Contractors installed 155 systems from 2005-2009. The average price for a SWH installation is \$6,800 – a 42 percent increase since the PA Renewable Pilot (2001-2004) – with an estimated savings of \$324 per year.<sup>9</sup> Increases in labor (the average SWH installation takes 40 hours), transportation, copper piping and the solar components themselves have contributed to price increases.

Customers receive a two-year warranty and a Final SWH Inspection as part of WRAP. Approximately half of systems have experienced maintenance problems during the two-year period and customers continue to report problems beyond the warranty period. PPL Electric faces the dilemma over whether to spend LIURP dollars to repair system problems or to let the customer abandon the system after a substantial investment.

<sup>9</sup> Actual savings will vary with weather conditions, water heating usage and temperature, system efficiency and electric rates

Despite multiple educational efforts, some customers cannot determine if their SWH is operating properly. They also are unable to identify if a water heating problem involves the domestic water tank or the solar system.

PPL Electric also struggles to maintain an installer network throughout certain areas. Solar work is seasonal and WRAP cannot guarantee enough suitable sites to enable organizations to hire more workers. Also, there is no weatherization “solar” infrastructure in Pennsylvania; low-income customers do not receive SWH through State weatherization or other utility weatherization programs.

As part of its 2011 - 2013 Plan, PPL Electric will offer a specific list of maintenance items for SWH systems installed through WRAP for income-eligible customers. However, the Company will no longer install new SWH systems as part of WRAP. For WRAP participants interested in solar water heating application, the Company will refer them to the PA Sunshine Program, which offers up to a 35 percent grant for a low-income homeowner that installs a renewable system (i.e., SWH or photovoltaic).

Key advantages of utilizing the PA Sunshine Program include:

1. The customer is committed to saving energy since he or she is making a financial investment in the system.
2. The customer can “shop” for an installation price from an extensive list of qualified installers.
3. The customer can utilize tax credits and the Keystone Home Energy Efficiency Loan Program.
4. PA Sunshine waives the costly site selection fee for low-income customers.

PPL Electric proposes to reserve up to \$75,000 per year to subsidize the training and certification costs for existing WRAP contractors that want to obtain a SWH and/or PV certification through the PA Sunshine Program. PPL Electric will monitor customer grant recipients through its WRAP V Database and report the pre- and post- WRAP kWh as a special section of the LIURP Annual Report.

PPL Electric’s Customer Strategy work group coordinated a Heat Pump Water Heater (HPWH) Pilot in 2009 and the Company began implementing the HPWH as a LIURP and Act 129 measure in December 2009. The HPWH is an approved electric Energy Star Water Heater with an Energy Factor Rating of 2.35. The cost of a HPWH is about one-third of a SWH with a similar estimated savings value. Over the next three years, PPL Electric plans on offering the HPWH as part of WRAP and tracking performance and maintenance issues.

## **Pilots**

In 2011, PPL Electric will work cooperatively with the Commission on Economic Opportunity (“CEO”) regarding the in-home energy display pilot. Subject to customers’ consent, PPL Electric will provide referrals to CEO for the pilot, kWh usage (pre-and

post-usage information in a format determined by PPL Electric) for low-income customers who participate in CEO's in-home display pilot, and gross value (total expenditures) of the weatherization work done under the pilot for grant match purposes. PPL Electric agrees to work with CEO in providing information necessary pursuant to the pilot and the pilot program evaluation requirements.

PPL Electric also plans on promoting Act 129 approved load control devices and time-of use options as part of WRAP education. In compliance with PPL Electric's Act 129 Plan, WRAP contractors will not install the load control devices pursuant to any Act 129 programs.

The Company will continue to investigate other pilot opportunities in 2011-2013 and, if feasible, seek approval from the Commission to implement.

## **7. Organizational Structure**

The Regulatory Programs & Business Services section of PPL Electric's Customer Services Department administers WRAP. The staff provides program oversight and reporting, and the Customer Programs Directors (CPDs) manage the regional WRAP budget and contractors. A team of Universal Service Reps is responsible for the day-to-day operations of USP and Act 129 WRAP. The key personnel include:

### **Staff:**

- Robert M. Geneczko – Vice President - Customer Services
- Timothy R. Dahl – Mgr. - Regulatory Programs & Business Services
- Linda Melenchek – Customer Relations Specialist

### **Regional Customer Services Directors:**

- Gladys T. Malone – Lancaster Region, Lancaster
- Florie M. McNelis – Northeast Region, Hazleton
- Joy E. Schmalzle – Susquehanna Region, Honesdale
- Chris R. Schoemaker, Jr. – Lehigh Region, Allentown
- Angela R. Tracy – Harrisburg Region, Harrisburg

### **Universal Service Reps**

- Linda R. Banzhof – Lancaster Region, Lancaster
- Kimberly K. Brummett – System wide, Frackville
- Diane L. Cosner – Northeast Region, Scranton
- Brad R. Eidemiller – Lancaster Region, Lancaster
- James G. Matter – Harrisburg Region, Hazleton
- Ann M. Miller – Susquehanna Region, Montoursville
- Zachary J. Reynolds – Harrisburg Region, Harrisburg

- Debra L. Sager – System-wide, Harrisburg (also supports CARES and OnTrack)
- June S. Schaffer – Lehigh Region, Allentown
- Kathleen M. Stefanyak – Lehigh Region, Allentown
- Andrea Walsh – Susquehanna Region, Scranton
- Pamela Yale – Northeast Region, Hazleton

## **8. Contractor Selection, Requirements and Support**

### **Contractor Selection and Requirements**

PPL Electric uses contractors to install weatherization measures and conduct audits, inspections and energy education sessions. The Company's Customer Programs Directors select contractors from qualified and reputable weatherization agencies and local private contractors. Weatherization contractors may use sub-contractors for specialized work (e.g., electrical, plumbing and heating equipment repair).

Effective 2011, PPL Electric plans to issue WRAP contracts on a three-year basis with the opportunity for annual adjustments. PPL Electric staff will select the contractors through a request for proposal process in accordance with the Company's procurement guidelines and policies.

The Company expects contractors to conform to all federal, state and local requirements. Materials and the installation of materials must comply with WRAP standards. Effective 2011, all Full Cost Auditors, all Inspectors, and at least one member of each installation agency must have their Building Performance Institute (BPI) Building Analyst I Certification.

In addition, contractors must meet the following requirements:

1. Complete and invoice all work within a specified time mutually agreed upon by PPL Electric and the contractor.
2. Complete an approved WRAP assessment (audit) form and adhere to the audit priority lists as a guideline for each job.
3. Submit a web-based job ticket that includes itemized material and labor costs for each job.
4. Submit invoices in accordance with the policies issued by the Company's Financial Department.
5. Provide a one-year warranty on all labor and materials.
6. Correct problems upon notification and no later than 30 days.
7. Correct problems identified by PPL Electric as emergencies within 24 hours. Contractors should provide customers with their names and phone numbers upon completion of work.
8. Attend required meetings and training provided by PPL Electric.

9. Adhere to a performance review (minimum once per year).

10. Contractors must procure all materials, including CFLs.

PPL Electric assigns work to contractors based on customer need, location, skill sets, experience and ability to handle increased workload. Habitual delays may result in the assignment of work to another contractor(s).

### **Training**

PPL Electric provides specialized training for WRAP contractors on an ongoing basis. In 2011 - 2013, the Company will reserve at least \$50,000 of the annual WRAP budget for contractor training. PPL Electric applies any unspent training budget to WRAP measures and services.

Over the next three years, PPL Electric will continue to offer sponsorships to the annual Affordable Comfort Conference and will pay contractors to attend training courses/events on a situational basis. In addition, the Company will work with WRAP contractors and/or external consultants to develop and conduct the training. Training topics may include but are not limited to:

- Combustion and back draft testing
- Mold/mildew/indoor air quality
- Zonal pressure diagnostics/pressure pan testing
- Insulation and air sealing techniques
- Infrared technology
- BPI Certification/Re-Certification
- OnTrack education
- Electric consumption tools (e.g., Bill Analyzer)
- Electric choice education
- New measures/pilot measures, as needed
- New weatherization techniques, as needed
- Changes in Company policies and procedures, as needed

The Company offers a training stipend to contractors who attend mandatory training. This is to help offset productivity losses and does not apply to training at the job site.

### **Performance**

PPL Electric will conduct a performance review with individual WRAP contractors at least once per year. The Company evaluates contractors on their ability to complete assigned work on time, quality of their work, cost-effectiveness and customer

satisfaction. The performance review also gives contractors the opportunity to express any problems and concerns and to make suggestions for improvement.

PPL Electric may request additional meetings and/or training for contractors that do not meet WRAP requirements. If performance does not improve, the Company may terminate the WRAP contract.

## **1. Reporting and Evaluation**

### **Reporting**

PPL Electric is required to submit the following reports to the PUC on an annual basis on or near the following dates:

1. LIURP Productivity Report – February 28
2. USP Report (LIURP Section) – April 1
3. LIURP Annual Report – April 30
4. LIURP Annual Narrative Report – April 30

The reports due on April 30 reflect jobs completed in the calendar year two years prior to the due date. In other words, PPL Electric will submit jobs completed in 2009 in the 2011 LIURP report. This gives the Company the opportunity to collect twelve months of post-WRAP data for analysis.

Information in the reports includes, but is not limited to:

1. Number of homes weatherized by job type
2. Annual expenditures
3. Annual household income and source of income
4. Number of household members by USP age categories
5. Cost per job
6. Name of WRAP contractor(s) for each job
7. Measures installed and their associated material and labor costs
8. Costs for administration, field support, inspection and energy education
9. Twelve months pre- and post-electric usage and billing amounts
10. Customers who are on OnTrack (CAP) or receive fuel assistance during the pre- and post-periods
11. Outreach efforts
12. Customer satisfaction information
13. Program goals and future initiatives

The Company analyzes trends and patterns of electric savings' results in the narrative report. The information for the reports comes from the WRAP V database and reporting

system, Company accounting reports, and customer surveys. PPL Electric excludes jobs weatherized through Act 129 WRAP from the LIURP Reports.

## **10. Conclusion**

PPL Electric is committed to providing affordable and reliable service to low-income customers. The Company is incorporating BPI standards for WRAP and will continue to partner with other programs and services – including the PA Sunshine Program – to implement a cost-efficient program and provide maximum benefits to the customer.

## PPL ELECTRIC UTILITIES IDENTIFICATION AND COORDINATION PROCESS BY JOB TYPE

Job Type	First In Contractor	PPL Electric Utilities Coordination Process
1. EDC LIURP Electric Heating	WAP Agency	The WAP agency provides a full array of LIURP or Act 129 Measures that meet program guidelines. The WAP agency coordinates with traditional WAP/ARRA in situations where the household can benefit from measures that exceed LIURP payback criteria.
2. EDC LIURP Electric Heating	Non-WAP Contractor	The Non-WAP contractor provides a full array of LIURP or Act 129 Measures that meet program guidelines – If the non-WAP agency is a county agency, the agency coordinates with county weatherization where the household can benefit from measures that exceed LIURP criteria.
3. EDC LIURP Electric Non-Heating/Gas Heating	WAP Agency	The WAP agency provides baseload and when applicable, water heating and seasonal measures through LIURP or Act 129. The WAP agency screens the customer for WAP/AARA or gas company weatherization when providing baseload measures. Some agencies also prioritize the work so that LIURP/Act 129 and WAP/ARRA is done concurrently, particularly if the household can benefit from the CRISES Interface Program. If the WAP Contractor identifies a major gas safety problem while conducting LIURP, the WAP Contractor or PPL will notify the gas company.
4. EDC LIURP Electric Non-Heating/Gas Heating	Non-WAP Contractor	The Non-WAP Contractor provides baseload and when applicable, water heating and seasonal measures through LIURP or Act 129. If the Non-WAP Contractor also provides gas weatherization, the contractor screens the customer for gas weatherization. Non-WAP contractors also provide the customer with the appropriate WAP/ARRA and gas utility contact information as part of the energy education process. PPL will notify the WAP agency in situations where the customer can benefit from the CRISES Interface Program. If the Non-WAP Contractor identifies a major safety problem while conducting LIURP, PPL will notify the gas company.
5. EDC LIURP Electric Non-Heating/Deliverable Fuel Heating	WAP Agency	The WAP agency provides baseload and when applicable, water heating and seasonal measures through LIURP or Act 129. The WAP agency screens the customer for WAP/ARRA when providing baseload measures. Some agencies also prioritize the work so that LIURP/Act 129 and WAP/ARRA is done concurrently, particularly if the household can benefit from the CRISES Interface Program.

## PPL ELECTRIC UTILITIES IDENTIFICATION AND COORDINATION PROCESS BY JOB TYPE

6. EDC LIURP Electric Non-Heating/Deliverable Fuel Heating	Non-WAP Contractor	The Non-WAP Contractor provides baseload and when applicable, water heating and seasonal measures through LIURP or Act 129. Non-WAP contractors provide the customer with the appropriate WAP/ARRA contact information as part of the energy education process. PPL notifies the WAP agency if the customer can benefit from the CRISES Interface Program. The Company will also provide a list of LIURP/Act 129 recipients to WAP agencies upon request.
7. NGDC LIURP Gas Heating	WAP Agency or Non-WAP Contractor	If the WAP agency identifies an opportunity for electric savings not funded through gas company LIURP, the agency asks the customer to complete a WRAP Application and will complete baseload and/or water heating measures at the same time as gas LIURP when feasible. PPL also accepts ongoing referrals from the gas company or gas weatherization recipients. PPL will prioritize the job if there is an immediate need (e.g., leaking water heater). The Company has an electronic mailbox to accept referrals from the gas company.
8. Traditional WAP - Heating is Other Than Electric	WAP Agency	If the WAP agency identifies the opportunity for electric savings not funded through WAP, the agency asks the customer to complete a WRAP Application. PPL determines if the customer qualifies for LIURP or Act 129. The WAP agency completes baseload and/or water heating measures at the same time as traditional WAP when feasible (e.g., landlord consent obtained). Some agencies scan and e-mail the paperwork to PPL to expedite the process. PPL also has a "mailbox" to receive referrals from WAP agencies, especially from those agencies that are not under contract to perform LIURP or Act 129.
9. ARRA WAP – Heating is Other Than Electric	WAP Agency	Same as above

# **Operation HELP**

# **PPL Electric Utilities Corporation Operation HELP**

## **1. Program Description**

### **Overview**

Operation HELP is a hardship fund supported by donations from PPL Corporation, its employees, retirees and customers. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. Operation HELP defines low income as households that have annual incomes at or below 200 percent of the federal poverty level.

The primary features of Operation HELP include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs
- Referrals to other programs and services

A key feature of Operation HELP is that the program operates year-round throughout the Company's service area. Because of ongoing donations from contributors, PPL Electric Utilities ("PPL Electric" or the "Company") disburses funding quarterly to the 15 community-based organizations ("CBOs") that administer Operation HELP. Funding for the program pays for any type of home energy bill (e.g., gas, coal, oil and electric).

### **Background**

Begun in March 1983, Operation HELP was one of the first utility-sponsored hardship funds in the nation. Through its annual promotional campaign, PPL Electric encourages customers to contribute by adding an extra \$1, \$2, or \$5 to their monthly electric bill or by sending in one-time, lump-sum checks. Nearly 19,000 customers give to Operation HELP via their electric bill payments. PPL Electric's customer service system has the flexibility to allow customers to give any amount to the program and to choose a specific period (e.g., contribute \$10 monthly over the winter).

Employees may support Operation HELP as customers or through payroll deduction. Over 21 percent of employees (approximately 1,300) give to the program via payroll deduction. In addition, PPL Electric encourages retirees to give in two ways: pension deduction or a one-time separate check donation.

### **Key Objectives**

The overall objectives of Operation HELP are as follows:

1. Provide financial assistance to qualified low-income families who are having difficulty paying the full amount of their energy bills;
2. Offer financial assistance to low-income households that are ineligible for the federally funded Low-Income Home Energy Assistance Program (“LIHEAP”);
3. Coordinate and expand the activities of CBOs that provide energy-related assistance; and
4. Administer a year-round cost-effective program.

### **General Administration**

PPL Electric partners with 15 CBOs that have solid reputations and experience in delivering services to administer Operation HELP. The administration of the program is collaboration between these organizations and the Company. The primary duties include the following.

#### **PPL Electric:**

- Collect and disburse contributions to the CBOs.
- Provide corporate funding to support the effective administration of the program.
- Process Operation HELP payments.
- Solicit donations annually from customers, employees and retirees.
- Oversee the administration of the program.
- Maintain close working relationships with the CBOs.
- Conduct procedural audits to review performance.

#### **Operation HELP CBOs:**

- Conduct intake and verify applicants’ eligibility.
- Process Operation HELP authorization forms.
- Send timely payments directly to energy vendors.
- Refer applicants to other assistance programs.
- Establish a separate account for processing donations and disbursements.
- Maintain detailed program records and arrange for an annual financial audit of Operation HELP.

### **Control Features**

The decision to donate to any charitable cause involves several factors. One of the most important is the belief by contributors that the charitable organization uses their funds prudently. PPL Electric requires that the Operation HELP administering organizations have a Certified Public Accounting (“CPA”) firm conduct an annual

financial audit of the program. Most of the CBOs complete their Operation HELP audit in conjunction with their annual federal and state-funded program audits.

To supplement the CPA audit, PPL Electric conducts annual procedural audits of the CBOs that administer Operation HELP. The primary purposes of the audit include:

- Review the CBOs' record keeping procedures.
- Discuss the findings with the CBOs and implement corrective action where necessary.
- Monitor the CBOs adherence to Operation HELP guidelines and procedures.
- Ensure the proper expenditure of donations.

PPL Electric prepares monthly reports that monitor and track the CBOs' performance. The Company provides monthly feedback (e.g., electronic copy of reports) to the agencies regarding Operation HELP results. PPL Electric also conducts an annual meeting with the CBOs to discuss Operation HELP and the Company's other universal service programs.

The Company uses its outside auditor to review internal procedures and records regarding Operation HELP. The audit includes, among other things, a review of record-keeping procedures and a reconciliation of donations from a sampling of customers.

PPL Electric has registered Operation HELP with the Pennsylvania Department of State's Bureau of Charitable Organizations. The Company provides a report (e.g., projected receipts) to the Bureau as part of the annual registration process.

## **2. Eligibility Criteria**

PPL Electric established the eligibility criteria in cooperation with the Operation HELP administering organizations. As a general rule, customers with limited incomes and other hardships are eligible for assistance.

Under the Operation HELP guidelines, a customer can receive assistance once in a calendar year. However, the Company gives the CBOs the flexibility to review referrals on a case-by-case basis if customers have compelling and extenuating circumstances. The Operation HELP organizations must consult with PPL Electric's Customer Programs Directors ("CPDs") to discuss the individual cases with extenuating circumstances. The CPDs have responsibility for the day-to-day administration for the Company's universal service programs.

Operation HELP applicants are not automatically eligible for assistance by virtue of their income, age or family circumstances. The Company targets program funds for income-eligible customers confronted with hardships and an inability to pay the full amount of their energy bills. PPL Electric does not use customer, employee or retiree donations for administrative expenses, weatherization measures, food, winter clothing or promotional activities.

When interviewing applicants for Operation HELP, the CBOs generally consider the following factors:

- Death of primary wage earner
- Serious injury or illness to primary wage earner
- Life-threatening or health-threatening situations
- Families with infants
- Households with elderly or disabled occupants
- Eligibility for LIHEAP
- PPL Electric overdue amount and payment history

### **3. Projected Needs Assessment**

The need for energy assistance exceeds the resources currently available through Operation HELP. Although donations have increased over the years, the program cannot serve all eligible households. PPL started Operation HELP to address customers' needs and to supplement LIHEAP's efforts. Nevertheless, the Company is committed to increasing donations and to improving implementation processes.

The Company used the 2008 U.S. Census interim data provided by the PUC as well as past program performance to arrive at the recommended funding level. The 2008 U.S. Census extension data indicates the following:

- Approximately 23.7 percent (289,000) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.<sup>10</sup>

The Company's past performance indicates the following:

- Operation HELP customers have an overdue balance or tend to be low income.
- Approximately 17.7 percent (214,760) of PPL Electric's residential customers have an overdue balance; of that number, 39.6 percent (84,962) report an annual household income at or below 150 percent of federal poverty level (as of 12/31/2009).
- Approximately 70.7 percent of the 58,162 residential customers with active PPL Electric payment plans report an annual household income at or below 150 percent of federal poverty level (as of 12/31/2009).

Depending on factors such as overdue amount, payment history and extenuating circumstances, the Company's customer service representatives refer these customers to programs like the Customer Assistance Program ("CAP") known as OnTrack, the

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<sup>10</sup> If appropriate, PPL Electric will revise this percentage based on the outcome of the 2010 U.S. Census.

Company’s Low-Income Usage Reduction Program (“LIURP”) known as the Winter Referral Assistance Program (“WRAP”), Customer Assistance and Referral Evaluation Service (“CARES”), Operation HELP and LIHEAP when available.

A recent internal analysis of PPL Electric’s universal service programs showed that at least 35,000 low-income customers could benefit from OnTrack, which is a special payment program for low-income customers with household income at 150 percent or below of the federal poverty guidelines.

On the other hand, because the Company uses 200 percent of the federal poverty guidelines for the Operation HELP program, PPL Electric projects it can assist about 4,700 customers annually (2011 through 2013) with estimated funding of \$1.3 million yearly.

#### 4. Projected Enrollment Levels

PPL Electric based its projected enrollment levels for 2011 through 2013 on estimated funding amounts for Operation HELP from all donation sources (e.g., PPL Corporation, customers and employees) and the average grant amount. Historically, the average Operation HELP grant is about \$287 per customer. The projected enrollment levels are as follows:

Year	Enrollment Level
2011 <sup>11</sup>	4,700
2012	4,500
2013	4,500

#### 5. Program Budget

The projected level of donations from PPL Electric, its customers, employees and retirees determines the number of customers assisted annually. The Company will actively solicit donations from these groups from 2011 through 2013. Solicitation activities will include, but are not limited to, the following:

Method	Timeframe	Audience
Bill Insert	December	All Customers
Enrollment Form	December	All Customers
Return Postcard	December	EFT Customers <sup>12</sup>
PPL Electric President Letter	December	Employees and Retirees
News Release	December	General Public
Response to Customer Inquiries	December	All Customers

<sup>11</sup> Includes PUC settlement of \$400,000 to be evenly split between 2010 and 2011

<sup>12</sup> EFT (electronic fund transfer) pertains to customers who have given PPL Electric permission to deduct their bill payments and donations automatically from their bank accounts.

In addition, PPL Electric conducts other fund-raising activities (e.g., golf tournament for the program). The Company's tariff has a provision that directs all final bills with balances under one dollar to the Operation HELP fund.

The projected budget amounts shown below for 2011 through 2013 will remain relatively flat.

<b>Year</b>	<b>Funding Level</b>
2011	\$1,300,000
2012	\$1,300,000
2013	\$1,300,000

## **6. Plans to Use Community-Based Organizations**

PPL Electric collaborates with 15 CBOs to administer Operation HELP throughout its 10,000 square mile service area in central and eastern Pennsylvania. Almost all of these CBOs have administered the program since its inception in March 1983. Many of them were involved in the planning meetings the Company conducted in 1982 to develop the guidelines and procedures for Operation HELP. The CBOs use approximately 32 caseworkers at 31 sites (main and satellite offices) to administer the program.

The Operation HELP CBOs process referrals, schedule and conduct interviews, determine eligibility, refer applicants to other assistance programs, and send payments to energy vendors. In addition, the Company has implemented a process improvement whereby the CBOs enter the information directly into a database via a web-based authorization form. PPL Electric's database is a repository for record keeping, analysis of program performance and to generate various reports. The authorization forms include demographic and funding data for every customer assisted by Operation HELP.

The following table includes the 15 Operation HELP administering organizations and the 29 counties they serve.

<b>Organization</b>	<b>Phone</b>	<b>Counties Served</b>
Carbon County Action Committee	610/377-6400	Carbon
Casa Guadalupe Center	610/435-9902	Bucks, Lehigh, Northampton
Christian Churches United	717/230-9550	Dauphin, York, Juniata, Cumberland
Columbia County Human Services	570/387-6501	Columbia
Commission on Economic Opportunity	570/826-0510	Luzerne
Community Action Program of Lancaster County	717/299-7301	Lancaster, Lebanon, Berks, Chester
Montour County Human Services	570/271-3028	Montour
Open Line, Inc.	215/679-4112	Montgomery
Perry County Family Center	717/582-3656	Perry
Schuylkill Community Action	570/622-1995	Schuylkill
STEP, Inc.	570/327-5485	Lycoming, Clinton
The Salvation Army	570/969-6399	Lackawanna
TREHAB, Inc.	570/253-8941	Monroe, Pike, Wayne, Wyoming, Susquehanna
Union-Snyder Office of Human Resources	570/374-0181	Union, Snyder, Northumberland
Upper Dauphin County Human Services	717/262-3321	Dauphin

## **7. Organizational Structure of PPL Electric Staff**

The Regulatory Programs & Business Services (“RP&BS”) group oversees the administration of Operation HELP. RP&BS is part of the Customer Services department. RP&BS staff provides program oversight and field personnel manage the day-to-day administration of Operation HELP.

### **General Office Staff:**

- Robert M. Geneczko - Vice President-Customer Services
- Timothy R. Dahl - Mgr.- Regulatory Programs & Business Services
- Evelyn Soto - Customer Relations Specialist

### **Regional Customer Programs Directors:**

- Gladys Malone - Southwest Region, Lancaster
- Florence M. McNelis - Northeast Region, Hazleton
- Joy Schmalzle - Northeast Region, Scranton
- Chris R. Schoemaker, Jr. - Lehigh Region
- Angela Tracy - Susquehanna Region

### **General Office Administrative Support:**

- Sharon L. Gallagher - Steno/Clerk
- Melissa M. Manning - Steno/Clerk

### **Regional Administrative Support:**

- Cynthia M. Wesolowski - Steno/Clerk

The five regional Customer Programs Directors and the Customer Relations Specialist report to the Manager-Regulatory Programs & Business Services. This manager reports directly to the Vice President - Customer Services.

## **Differences Between Approved Plan and the Proposed Plan**

PPL Electric has consistently administered Operation HELP according to long-established guidelines and procedures. There have been no major changes in the program since the approval of the Company’s universal service and energy conservation plan for the years 2008 - 2010 with the exception of two minor changes. The Company enhanced our electronic system to be more efficient and closed one agency leading to a more efficient program.

- The first change was to develop a process where the CPDs can conduct their audits directly from the Operation HELP database. This process allows a more comprehensive audit of agency approvals.

- The second change in 2009 was merging the work handled by the Salvation Army of East Stroudsburg with that of TREHAB, Inc. of Honesdale, PA.

**CARES**

# **PPL Electric Utilities Corporation CARES**

## **1. Program Description**

### **Overview**

The Customer Assistance and Referral Evaluation Service (“CARES”) program is a special referral service for customers with temporary hardships such as illness, injury, loss of job or high medical bills. The program recognizes that people are sometimes victims of circumstances beyond their control. These conditions create hardships that are difficult to address without some type of assistance. CARES plays a role in responding to customers who have special circumstances.

The primary features of CARES include:

- Protection against shutoff of electric service
- Referrals to other programs and services
- Possible financial assistance for overdue electric bills

The program is available to residential customers, regardless of income level, who face a temporary hardship that could result in the loss of electric service. PPL Electric Utilities (“PPL Electric” or the “Company”) defines temporary as a time period of three months or less. The Company refers low-income customers with long-term problems to its Customer Assistance Program (“CAP”) known as OnTrack.

### **Background**

PPL Electric started CARES as a six-month pilot program in 1980-81. The Company conducted the pilot in three areas: Lancaster, Harrisburg and Hazleton. Following an extensive evaluation of the pilot, the Company implemented CARES as a system-wide program in February 1982. PPL Electric appointed CARES Representatives in each region and they reported to the local Consumer Affairs Directors.

In April 1995, PPL Electric merged the positions of Consumer Affairs Director and CARES Representative into a new position called Customer Assistance Representative. PPL Electric renamed this position as the Customer Programs Director (“CPD”) in March 1997. The CPD provides the day-to-day administration of the Company’s four major universal service programs: WRAP, OnTrack, Operation HELP and CARES. In addition, the CPD develops and maintains effective working relationships with a variety of community-based organizations (“CBOs”) and supports outreach efforts for LIHEAP in each of their operating areas.

The primary objectives of the CARES program are to:

- Help customers who are experiencing temporary hardships to manage their overdue electric bills by providing them with information and resources.
- Make tailored referrals to Company and/or community assistance programs.
- Maintain and/or establish partnerships with CBOs to ensure maximum and timely assistance for CARES customers.
- Act as an internal advocate for payment-troubled customers.

## **Program Design**

### **Referrals/Assistance Coordination**

PPL Electric's support staff communicates directly with CARES customers. They attempt to match customers' needs with existing Company and/or community programs. The CPDs or support staff analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services offered by various agencies or PPL Electric.

### **Home Visits**

The CPDs do not normally conduct home visits for CARES participants. Given the breadth of the CPDs' responsibilities regarding all of PPL Electric's universal service programs, it is impractical for them to conduct home visits. If there were a particularly difficult and compelling situation, they would attempt to schedule a home visit. However, these types of situations are rare. The CPDs do help coordinate home visits conducted by caseworkers from CBOs, such as the Area Agency on Aging ("AAA"). The frail elderly are vulnerable and the AAA caseworkers have the appropriate skill set and ability to conduct effective home visits.

### **Networking**

Another key responsibility of the CPDs is to establish close working relationships with CBOs and departments within PPL Electric. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The CPDs have established a strong network of agencies throughout PPL Electric's service area. The Company has nearly 30 years of experience in working effectively with CBOs.

## **CARES Credits**

A unique feature of PPL Electric's CARES program is a provision for CARES Credits. The CPDs use these credits to help pay electric bills for customers who have run out of options. There are circumstances where neither PPL Electric nor social service agencies can provide sufficient and/or timely assistance to customers. Programs may have closed (e.g., LIHEAP) or the customer is ineligible for services because his or her household income is above program guidelines.

The CPDs have a maximum of \$54,000 annually in CARES Credits (\$10,800 per CPD), which come from PPL Corporation's annual donation to Operation HELP. No formal guidelines exist for the use of CARES Credits because PPL Electric applies the funds on a case-by-case basis. The CPDs often use the credits for customers confronted with high medical bills or the death of the primary wage earner and have the flexibility to shift credits from one program to another. In 2009, for example, because of the economic hardships and the increase in unemployment, PPL Electric shifted an additional \$10,000 from the Operation HELP matching credits to CARES Credits. The CPDs applied \$64,000 in CARES Credits to 290 accounts, with an average grant of \$221.

## **Eligibility Criteria**

Referrals to CARES come from three primary sources: PPL Electric's Customer Contact Center ("CCC"), social agency caseworkers and self-referrals. PPL Electric established referral criteria for CCC employees and CBO caseworkers to use as a screening device to ensure appropriate referrals to CARES services. In practice, the CCC telephone representatives refer most customers to the program.

CCC employees and CBO caseworkers refer customers to CARES when the following conditions exist:

- Illness, injury or high medical bills
- Previously good-paying customers with temporary hardship situation
- Recent loss of job or major reduction in household income
- Abandoned spouse
- Confused and disoriented customer

The above referral criteria cannot, of course, cover every customer situation or hardship. The CCC representatives and agency caseworkers use their judgment and discretion in referring customers to CARES who do not precisely match the referral criteria. If unusual conditions exist, the support staff consults with a Customer Programs Director to determine the best solution for the customer.

## 2. Projected Needs Assessment

The program is available to any residential customer regardless of income. However, CARES bases eligibility on customers' individual needs and concerns, and targets households with temporary hardships.

Due to the unpredictable nature of the above criteria, the Company used the 2008 U.S. Census extension data provided by the PUC as well as past program performance to arrive at the recommended funding level. The 2008 U.S. Census interim data indicates the following:

- Approximately 23.7 percent (289,000) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.<sup>13</sup>

The Company's past performance indicates the following:

- CARES customers generally have an overdue balance or tend to be low income.
- Approximately 17.7 percent (214,760) of PPL Electric's residential customers have an overdue balance; of that number, 39.6 percent (84,962) report an annual household income at or below 150 percent of federal poverty level (as of 12/31/2009).
- Approximately 70.7 percent of the 58,162 residential customers with active PPL Electric payment plans report an annual household income at or below 150 percent of federal poverty level (as of 12/31/2009).

The number of low-income households with overdue balances and other hardships has provided a sufficient number of referrals to CARES in the past. However, with the implementation of OnTrack, the Company statistics show that the number of CARES referrals has decreased over the years. PPL Electric has nearly 30 years of experience with the program and supports the conclusion that CARES will continue to serve the needs of a specific segment of residential customers.

## 3. Projected Enrollment Levels

PPL Electric bases the projected enrollment levels based on its historical experience with CARES. In 2009, for example, there were 900 customer referrals to the program. Of this total, 290 (32 percent) received CARES Credits applied to their account. The Company projects that the number of CARES referrals will remain at approximately 900 annually. PPL Electric now refers most low-income, payment-troubled customers to

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<sup>13</sup> If appropriate, PPL Electric will revise this percentage based on the outcome of the 2010 U.S. Census.

OnTrack, which is a special payment program, instead of CARES. Because OnTrack offers a long-term solution, it is often a better alternative than CARES.

The projected enrollment levels will remain flat as shown in the table below for 2011 through 2013:

<b>Year</b>	<b>Enrollment Level</b>
2011	900
2012	900
2013	900

#### **4. Program Budget**

The annual expenditure for CARES is approximately \$94,000: \$40,000 for staff who support the program and \$54,000 for CARES Credits. There is no specific operating and maintenance budget for CARES per se. PPL Electric estimates that the time spent by the CPDs and other staff in support of the program is valued at \$40,000 annually. As noted earlier, the CPDs use the remaining \$54,000 of CARES Credits, which come from a donation by PPL Corporation, to assist customers who need help and have run out of options.

The projected budget amounts shown below for 2011 through 2013 will remain relatively flat.

<b>Year</b>	<b>Funding Level</b>
2011	\$94,000
2012	\$96,000
2013	\$98,000

#### **5. Plans to Use Community-Based Organizations**

PPL Electric recognizes the importance of establishing and maintaining its network of contacts and working relationships with the CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. Public-private partnerships can best provide services and programs to residential customers and particularly low-income households. Because of the significant expansion of funding for universal service programs at PPL Electric and the increased responsibilities of the CPDs, the role of CBOs is more important than ever.

Although the total number of agency contacts is more extensive, the following list is a fair representation of agencies that the CPDs work with regularly to address customer problems.

## **Lehigh Region**

- Area Agencies on Aging
- Carbon County Action Committee
- Casa Guadalupe
- Children and Youth Protective Services
- Community Action Committee of the Lehigh Valley
- Conference of Churches
- Consumer Credit Counseling Service
- Lehigh County Assistance Office
- Lehigh County Office of Adult Services
- Lehigh Valley Hospital Center
- Monroe County Assistance Office
- Northampton County Assistance Office
- Open Line, Inc.
- Pathways
- Second Harvest Food Bank
- The Salvation Army – Stroudsburg

## **Northeast Region**

- Area Agencies on Aging
- Area Office of Aging
- Columbia County Human Services
- Commission on Economic Opportunity
- Consumer Credit Counseling Service
- County Assistance Offices
- Penn State Cooperative Extension
- Schuylkill Community Action
- Scranton/Lackawanna Human Development Agency
- The Salvation Army
- TREHAB, Inc.

## **Susquehanna Region**

- Area Agencies on Aging
- Consumer Credit Counseling Services
- County Assistance Offices
- Lycoming County Task Force
- Interdiscipline Human Resource Council
- Montour County Human Services
- Penn State Cooperative Extension
- STEP, Inc.
- Union/Snyder Office of Human Resources

## **Southwest Region – Lancaster**

- Catholic Charities
- Central Pennsylvania Legal Services
- Community Action Program of Lancaster County
- Consumer Credit Counseling Service
- Council of Churches
- Hospice of Lancaster
- Spanish-American Civic Association
- Tabor Community Services
- United Way LINC

## **Southwest Region – Harrisburg**

- Area Agencies on Aging
- Christian Churches United
- Consumer Credit Counseling Service
- County Assistance Offices
- Cumberland County Community Services
- Cumberland County Human Services
- Dauphin County Food Bank
- New Hope Ministries
- The Salvation Army
- Tri-County Commission on Community Action
- Urban League of Metropolitan Harrisburg

## **6. Organizational Structure of PPL Staff**

Regulatory Programs & Business Services (“RP&BS”) has oversight responsibility for CARES. RP&BS is part of the Customer Services department and provides direction for the program. The Customer Programs Directors conduct the day-to-day administration of CARES.

### **General Office Staff:**

- Robert M. Geneczko - Vice President - Customer Services
- Timothy R. Dahl - Mgr.- Regulatory Programs & Business Services
- Evelyn Soto - Customer Relations Specialist

### **General Office Administrative Support:**

- Sharon L. Gallagher - Steno/Clerk
- Melissa M. Manning - Steno/Clerk

**Regional Customer Programs Directors:**

- Gladys T. Malone - Southwest Region, Lancaster
- Florence M. McNelis - Northeast, Hazleton
- Joy E. Schmalzle - Northeast, Scranton
- Chris R. Schoemaker Jr.- Lehigh Region
- Angela R. Tracy - Susquehanna Region

**Regional Administrative Support:**

- Staff Support - Harrisburg

**7. Differences between Approved Plan and the Proposed Plan**

PPL Electric is conducting CARES consistent with long-established guidelines and procedures. All major policies regarding eligibility, payment plans, referrals to other assistance programs, and CARES Credits remain the same. The only difference is the shift of Operation HELP matching credits to CARES Credits. The Company has the flexibility to shift these credits back and forth as needed between Operation HELP and CARES to help meet the needs of customers.