



2010

An independent analysis of Universal Service Programs prepared for

Columbia Gas of Pennsylvania, Inc.

UNIVERSAL SERVICE IMPACT EVALUATION

November 1, 2010

Melanie K. Popovich
Utility Business Consultant

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FOREWORD

This evaluation provides the evaluator's perspective of the design, management, and implementation improvements viewed as most relevant to Columbia Gas of PA Inc.'s (Columbia or the Company) management to assure their continuing efforts toward effective and efficient Universal Service program implementation.

Throughout this document, the evaluator makes note of the proactive approach taken by the Company's management team in order to address barriers to program effectiveness. The Company is to be commended on its willingness to engage third party experts to undergo external studies for further program improvement. In addition, the Company has developed pilot programs to further explore solutions to problems. The Company has gone well beyond its obligatory six year Universal Service third party evaluation review. In my opinion as an evaluator, Columbia strives for continuous improvement and has one of the most efficient and effectively managed Universal Service Program in the state.

The Company has adhered to its Universal Service and Conservation Plan for 2009-2011 as currently filed.

Data sources for this evaluation included:

- Departmental reports from Customer Programs, Rates, Call Center, and Revenue Recovery.
- Ad Hoc Universal Service System data base reports.
- 2009 Bureau of Consumer Services Annual Universal Service and Conservation Report.
- Interviews of Columbia Gas Supervisory and Management Staff.
- Interview of Dollar Energy Fund, Inc.—CAP Administration and Hardship Fund.
- Interview of Conservation Consultants, Inc.-Weatherization Inspector for Low Income Usage Reduction Program (LIURP).
- Interview of LIURP subcontractor-Weatherization services provider.
- Interview of Essential Energy-Quality Assurance contractor for CAP administration and CAP High Usage Pilot.
- On site interviews and assessment of Vertex Call Center-Contractor for Universal Service Call Group and general customer service calls.

In addition to responding to the BCS questions for third party evaluators, the evaluation included a compliance review of the following:

- 2004 Universal Service Impact Evaluation recommendations.
- 2004 BCS Recommendations from the 2004 Universal Service Impact Evaluation.
- 2009-2011 Universal Service Plan.
- 2006-2009 BCS annual Conservation and Universal Service data reports as submitted by the Company.

Melanie K. Popovich
November 1, 2010

EVALUATION SCOPE

As required by the Bureau of Consumer Services (BCS) this evaluation addresses the following questions as relates to the effectiveness and efficiency of Columbia Gas Company's (CPA or the Company) Universal Service Programs:

1. Is the appropriate population being served?
Yes. See Page 27.
2. What is the customer distribution by CAP payment plan? Payment plans are defined at 52 PA Code §69.265(2) of the CAP Policy Statement.
See Page 31 and 32.
3. Generally do participants' energy burdens comply with the CAP Policy Statement? Energy burden is defined as the percentage of household income spent on energy services.
Yes. See Page 33 and 34.
4. What are CAP retention rates? Why do customers leave CAP?
75% Retention Rate See Page 38, 41-43.
5. Is there an effective link between participation in CAP and participation in energy assistance programs (LIHEAP, Hardship Funds, and other grants)?
Yes. See Page 54.
6. How effective are CAP control features as defined in 52 PA Code §69.265(3) of the CAP Policy Statement at limiting program costs?
See Page 44.
7. How effective is the CAP and LIURP link? Is the Company's procedure for dealing with excessively high usage effective? If not, how can it be improved?
See Page 44 and 45.
8. Has collection on missed CAP payments been timely? Has the Company followed its own default procedures in its Commission approved Universal Service Plan for CAP customers?
Yes. Page 36, 39-40.
For the most recent 12-month period provide findings for the following Data Requests:
Number of CAP accounts that have missed 3 or fewer payments.
Number of CAP accounts that have missed 4-6 payments.
Number of CAP accounts that have missed 7-12 payments
Number of CAP accounts that have missed more than 12 payments.
9. Does participation in Universal Service Programs decrease service terminations?
Yes. See Page 37, 48-49.
10. Does participation in Universal Service programs decrease collection costs?
Yes. See Page 49.
11. Is the CAP program cost effective?
Yes. See Page 52.
12. How can Universal Service programs be more cost effective and efficient?
See Summary Index Pages 6-13.

The evaluator also conducted a compliance review of the information contained within the following documents:

July 2004

Columbia Gas of PA, Inc. Universal Service Program Impact Evaluation

Melanie K. Popovich Utility Business Consultant
Review of evaluation recommendations and Company action items.

December 2004

Janice Hummel, BCS Letter to Columbia Gas

Review of key priority recommendations from the 2004 evaluation.

May 2005

**Barriers to CAP Recertification
Customer Phone Survey Results**

Marcia Lehman, Essential Energy
Review of recommendations and Company action items.

March 2007

**Columbia Gas of Pennsylvania Warm Choice Program: 2005 Impact
Evaluation**

M. Blasnik & Associates
Review of recommendations for Warm Choice.

January 2009 (Filing Date)

**Columbia Gas of PA, Inc.
Universal Service and Energy Conservation Plan 2009-2011**

Review for compliance of most recently filed Universal Service Plan.

2006-2007-2008-2009

Universal Service Programs and Collections Performance Reports

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
CAP- 1	<p>Although CAP aggregation proved to be a successful alternative to CHOICE, the Company has not been successful in enrolling any marketers interested in CAP aggregation since 2002.</p> <p>Marketers find it difficult to bid below the Company's Price to Compare.</p>	Eliminate CAP aggregation from the 2012 Universal Service Plan filing.
CAP-2	The Company utilizes state of the art Call Center technology, highly skilled Customer Service Representatives specializing in Universal Service programs and a unique electronic case management data base system (OSCAR) to efficiently and effectively manage CAP.	None
CAP-3	CAP inquiries from CSR's/Team Leaders/Coaches are sent via electronic memos to the Universal Service Liaison for resolution. The Liaison cannot always respond in a timely fashion.	Create a specialized internal Help Line for Call Center staff with CAP specific problems for more immediate customer resolution and improved customer satisfaction.
CAP-4	CAP bills are well designed and customer friendly. Positive reinforcement is the standard used throughout the Billing and Payment Note section of the bill. CAP benefits are clearly defined. The Company's CAP bill is considered a model in best practices of utility bill plain language.	None
CAP-5	<p>The number of 2009 CAP participants accurately reflects the potential number of customers estimated as being eligible for the Company's Universal Service Programs as indicated in the most current needs assessment.</p> <p>Columbia ranks 4th in CAP participation rate (36%) as compared to the PA Natural Gas Company peer group.</p>	Continue to update needs assessment annually to capture changes in both the estimated and confirmed number of low income and payment troubled customer category. Adjust CAP enrollment proportionate to these changes.

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
CAP- 6	<p>The Company successfully implemented CAP telephonic enrollment in order to increase customer ease and efficiency, increase the number of applications completed, and limit administrative costs.</p> <p>In 2009</p> <p>The percentage of CAP customers enrolled telephonically was 83%.</p> <p>The percentage of CAP customers enrolled by agencies on site was 17%.</p>	<p>The Universal Service call group should continue to encourage telephonic CAP enrollments when appropriate at initial intake.</p>
CAP-7	<p>Based on a three year average, CAP participation percentages are as follows: 46% are in the 51%-100% of FPL. 32% are in the 101%-150% of FPL. 22% are in the 0%-50% of FPL.</p> <p>This is representative of the other PA Natural Gas Company peer group's CAP participation percentages.</p>	<p>None</p>
CAP-8	<p>In general customers' energy burdens comply with the CAP policy statement.</p> <p>85% of CAP customers are enrolled in either the Average Monthly Customer Bill Payment or the Percentage of Bill Option.</p> <p>This leads to the question, can customers within these two options pay more?</p>	<p>Study the effects of restructuring payment options from the current 7%-9% to 7%-8%-9% of FPL.</p> <p>Look at the effect of transferring customers from the Average Monthly Customer Bill Payment and Percentage of Bill Options into these new levels. What effect will this have on the percentage of bill paid? On CAP Credits?</p>
CAP-9	<p>Columbia has the lowest average CAP bill of \$49 with the second highest Percentage of Bill Paid at 93% as compared with their PA Natural Gas Company peer group.</p>	<p>See Recommendation CAP-8</p>
CAP-10	<p>The USS Data Base limits the ability to capture continuous payment history information on CAP participants.</p> <p>The Company can only provide sample sizes for analysis. 2,463 out of a sample size of 2,714 CAP customers missed 3 or fewer payments.</p>	<p>Develop programming with the internal IT department to more accurately reflect changes in CAP payment behavior by capturing payment history data pre-CAP and post-CAP. This should serve to evaluate the benefits of CAP and address the BCS "number of missed payment" question.</p>

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
CAP-11	On average, CAP customers pay consistently and on-time at least seven out of twelve payments on an annual basis or 58% of the time.	Capture the number of full on-time payments of customers pre-CAP in order to evaluate comparative payment history data post-CAP. See Recommendation CAP-10
CAP-12	In 2010, approximately 15% (3,549) of customers currently enrolled in CAP have a continuous retention history of three years or more.	None
CAP-13	In 2009, over 60% of CAP customers who were removed for non-pay are enrolled in either the 7% of Income Option or the Percentage of Bill Option.	Investigate reasons for non-pay in the Percentage of Bill Option. This option annually readjusts the CAP monthly pay amount dependent on the actual tariff usage bill amount from the previous year. Determine if the reason for default has been due to significant bill increases due to weather, etc.
CAP-14	As of December 2009, of the 25,201 CAP participants, 25% (6,233) of the customers were removed, a 3% increase from 2008. The 2009 retention rate for customers remaining in CAP was 75%.	None
CAP-15	Over the most current four year period the largest percentage and reasons for CAP customer removal were as follows: 49% of CAP customers moved or had finaled accounts. 24% of CAP customers failed to recertify.	<ol style="list-style-type: none"> 1. Include in the CAP Customer Acceptance Letter a highly visible due date field for recertification of income. 2. Include on the CAP bill, a date field and message which notifies the customer 60 days prior of their recertification due date. 3. Include a self addressed stamped envelope with the new recertification application attached to the customer recertification reminder letter. 4. Provide Dollar Energy Fund CAP Administrators with a list of customers with "recertification due" in order to make telephone reminder calls 30 days prior to due date.

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
CAP-16	<p>The Company is in compliance with all of the CAP control features as described in their 2009-2011 Universal Service Plan except for the following:</p> <p>Item on pg 21-Cap recertification income step that partners with electric CAP programs to obtain proper verification to retain customers in CAP.</p>	<p>Implement partnership with electric CAP's as defined the Company's 2009-2011 Universal Service Plan in order to limit the number of customer removals due to failure to recertify.</p>
CAP-17	<p>According to Essential Energy's 2007-'08 report, ninety-eight CAP weatherized HURP customers experienced a CAP Credit of \$1300 or more due to:</p> <ul style="list-style-type: none"> • Inefficient furnace/boilers. • Inability to install sidewall insulation (double brick; asbestos; bad electrical wiring). • Large square footage homes. • Poor thermal integrity due to durability of material and/or poor workmanship. • Low CAP payment compared to high consumption \$25-\$45 PP). • Customers not applying for LIHEAP (37 out of 98) • PP that stayed the same despite increased income. • PP changed to the Avg. Payment at recertification resulting in lower payment even though income increased. • PP went down when shortfall went up. 	<ul style="list-style-type: none"> • Check that reduced CAP payment plans are from decreased income only. • Develop a field on DIS for HURP identification alerting CAP administrator that customer's CAP Credits are extremely high. • Grant password access to Essential Energy for Warm Choice electronic data to facilitate understanding of weatherization measures installed. • Develop effective call back protocol to LIURP contractors who need to revisit the customer's premise to remedy poor workmanship. • Company to facilitate quarterly contractor meetings with HURP educator.
CAP-18	<p>Customers enrolled in the 9% CAP Plan Option during 2007-2008-2009 experienced the highest pre program arrearage as compared to the other plan options.</p> <p>Compared to 2008, all CAP Plan Option enrollees experienced an increase in the average pre-program arrearage enrollment.</p>	<p style="text-align: center;">None</p>
CAP-19	<p>The Company's CAP Arrearage Forgiveness component benefited 68% or 15,579 customers out of the total 2010 CAP enrolled by reducing their pre program arrearage to zero. This was due to an arrearage forgiveness program redesign that reduced the forgiveness period from six to three years. The Company is to be complimented on applying CAP benefits in a timelier manner.</p>	<p style="text-align: center;">None</p>

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
CAP-20	<p>A sample size of 600 CAP customers analyzed with 12 months pre and 12 months post-CAP collection history showed a slight decrease of \$1,887 in collection costs after enrollment into CAP.</p> <p>Although there was an increase in the number of customer phone attempts and number of termination notices, actual customers terminated decreased by 65 customers</p>	None
CAP-21	<p>As compared with the PA natural gas company peer group's CAP spending percentages, the Company's</p> <ol style="list-style-type: none"> 1 Administrative costs of 4% are the second lowest in the industry. 2 CAP Credits of 76% are the third lowest in the industry. 3 Arrearage Forgiveness costs of 20% are the highest in the industry. 	See Recommendation CAP-8
CAP-22	<p>The Company is extremely effective in linking CAP customers to other Universal Service programs. Improvements needed in CAP/LIHEAP percentages.</p> <p>In 2009</p> <ul style="list-style-type: none"> • 89% of LIURP completions were high usage CAP customers. • 47% of total CAP participants received LIHEAP grants. 	Develop pilot program for CAP outreach to increase LIHEAP participation by an additional 15% for CAP customers.

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
CARES-1	<p>In the '08-'09 LIHEAP program year the Company:</p> <ul style="list-style-type: none"> • Increased LIHEAP and Crisis benefits by \$9,010,923 and increased the number of recipients by 17,545 customers. • Increased direct dollars to CARES by \$56,218 and increased the number of recipients by 71 customers. 	None
CARES-2	<p>In 2006-2009, the Company's low income customers realized significant benefits from Dollar Energy Fund grants of an average of \$386 per customer.</p> <p>The Company is to be commended for developing and sponsoring a number of creative and successful fund raising events which resulted in significant contributions to the Dollar Energy Fund.</p>	Continue partnering with Dollar Energy Fund for future fundraising events.
LIURP-1	<p>The Company currently determines which homes are weatherized based solely on customer income and condition of the home. This can result in excessive dollars spent to weatherize extremely large square footage homes in expensive neighborhoods. Circumstances may warrant the Company to place these customers on a "wait list" depending on available funds.</p>	The Company to modify LIURP eligibility criteria to permit it to deem customers ineligible for LIURP for "just cause".
LIURP-2	<p>There is no Company quality assurance in effect to provide checks and balances with respect to LIURP contractor performance. This includes oversight and quality assurance of contractor field work performed and contractor invoice reconciliation.</p>	<p>Implement contractor invoice reconciliation and provide quality assurance oversight to all LIURP contractors.</p> <p>Fill the Quality Performance job vacancy which currently exists within the Company's organization.</p>
LIURP-3	<p>DCED agencies are now requiring pre and post consumption usage for combined DCED and LIURP jobs. Information obtained from the USS data base is manually intensive and not user friendly.</p>	The Company to consider developing and redesigning a more efficient LIURP data base similar to the data base utilized by Dollar Energy.

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
LIURP-4	Customer LIURP information letters are mailed but are unnoticed by the customer.	Consider stamping the outside mailing envelope with "Free Weatherization Benefits Inside" to prompt the customer to open the letter. Develop other creative solutions for communications.
LIURP-5	Coordination with other utilities and the Company's JUUMP program has been a challenge due in part to the manually intensive referral process.	Develop a consistent and effective referral approach and expand JUUMP to the other electric providers with the Company's shared service territory. (i.e. Duquesne Light; First Energy)
LIURP-6	In 2009, 47% of all LIURP jobs completed involved replacement of furnace, boiler or water heating equipment.	None
LIURP-7	The Company's LIURP has the highest percentage of energy savings at 29% as compared to those utilities in their PA Natural Gas Company peer group.	None
LIURP-8	In 2009, although meetings took place between individual contractors and Columbia, contractors would like to meet more often as a collaborative group to share program findings and solutions.	The Company to hold quarterly LIURP contractor meetings.
LIURP-9	In 2009, the Company appropriately increased their LIURP budget to \$3 million annually in order to more accurately reflect the potential customer LIURP population of 22,000 as identified in the Company's need assessment.	None
LIURP-10	Approximately 60% (316) of the projected 500 LIURP job completions for 2010 were cancelled due to uncooperative landlords or non receipt of landlord approvals. Customers otherwise eligible are being penalized from receiving LIURP benefits.	Develop a Landlord communication letter which clearly outlines the benefits to landlords and to their property value by participating in the Company's LIURP.

SUMMARY INDEX

ITEM	FINDINGS	RECOMMENDATIONS
LIURP-11	<p>The Company's LIURP spending level of \$3 million annually is the highest as compared to their PA Natural Gas Company peer group. Expenditure per job completed in 2009 is also the highest at \$5,865.</p> <p>In Columbia's case, there appears to be a correlation between energy savings percentage and expenditure per job completed. The more money spent per job results in more comprehensive weatherization which results in greater energy savings. See Finding LIURP-3</p>	None

COMPANY DESCRIPTION

Columbia Gas Company of Pennsylvania, Inc. (Columbia or the Company) serves approximately 413,000 residential, commercial, and industrial customers throughout 26 counties in Pennsylvania, primarily in the western and central part of the state. Columbia headquarters are located in Canonsburg, Pennsylvania.

Of the 370,838 residential customers the Company serves, 18.9% or 69,927 residential customers were identified on their Distribution Information System (DIS) as confirmed low income customers.¹ By definition, all customers who met the 150% or less of the Federal Poverty Level guidelines (FPL) as shown in their financial summaries were included in the low income group.

Additional criteria for the identification process included the following:

- All Level 1 and Level 2 customers who have had payment agreements.
- All customers that have received the Low Income Usage Reduction Program (LIURP); the Customer Assistance Program (CAP); the Low Income Home Energy Assistance Program (LIHEAP); Hardship Funds; or other energy assistance programs.
- All customers that met the income criteria but who were not on payment plans.

The Company's CAP has been in existence for 18 years, evolving from a 1992 pilot of 1000 customers into the current fully implemented program of 25,201 customers. Not only is Columbia's program well run it is considered a standard by which other companies are held to by Pennsylvania's regulatory body.²

¹ 2009 BCS Universal Service Programs & Collection Performance Report

² 2010 PUC Settlement Conditions for the Sale of Peoples Natural Gas Section F Universal Services p.9-10

COMPANY DESCRIPTION

Universal Service Team

Columbia’s Universal Service Team includes internal staff reporting to the Director of Rates and Regulatory Policy and external subcontractors as indicated in the tables below.

**Table 1
Internal Universal Service Staff**

Position	Responsibility
Director Rates and Regulatory Policy	Director’s oversight of Company’s Universal Service and Customer Programs to ensure regulatory compliance and alignment with revenue requirements.
Manager Customer Programs	Implementation and compliance of all non Universal Service Customer Programs. Oversight of all Universal Service and Customer Program evaluations and process improvements.
Manager Universal Service	Implementation and compliance of all Universal Service Programs.
Coordinator Customer/Community Outreach & Education (2)	Outreach coordination of all programs. CARES; LIHEAP; Dollar Energy for Western and Central PA. and vulnerable CAP customers.
Program Clerk (currently a temp position)	LIURP Pre-Screen.
Universal Service Liaison (2)	Supervises LIHEAP hotline; coordination of LIHEAP, Fuel Fund, CAP agencies for customer grants and applications; accounting support for CAP and other Universal Service Programs.

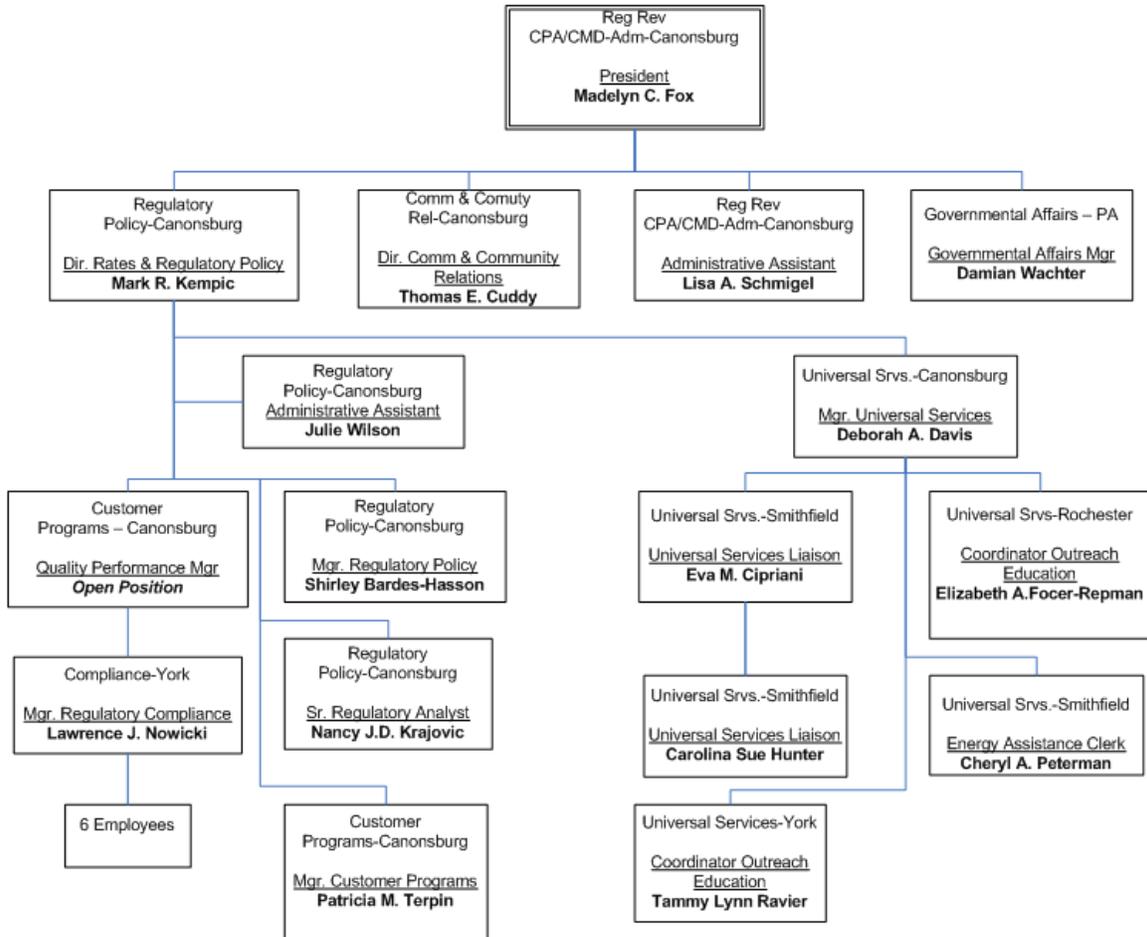
COMPANY DESCRIPTION

Table 2
External Universal Service Partners

Contractor	Responsibility
Vertex Customer Contact Center Universal Service Call Group Reps (26) Team Leaders (2)	Customer information Referral to all Universal Service Programs including CAP, CARES, LIURP, Fuel Funds, LIHEAP. Enrollments.
Dollar Energy Fund, Inc.	Outreach and intake administration for CAP and Fuel Funds.
Dollar Energy Fund Screening Agencies 47 Agencies	On site income verification and applications for CAP, Fuel Funds, LIHEAP.
Citizen's Energy Corporation	Fuel fund administrator for Citizen's Energy Program.
Essential Energy, Inc.	Quality control-CAP administration. High Usage Remediation Pilot-CAP.
Conservation Consultants, Inc.	LIURP Conservation education/inspection.
Pure Energy, Inc.	LIURP Conservation education/inspection.
Private Weatherization Contractors (3)	LIURP Weatherization Service Provider.
Department of Community Economic Development (DCED) Agencies (7)	LIURP Weatherization Services Provider.

COMPANY DESCRIPTION

Columbia Gas of Pennsylvania
October 21, 2010



CAP PROGRAM DESCRIPTION

Since the establishment of the Company's CAP in 1992 over 37,000 customers have been enrolled in the program with a current active total of 25,201 participants.³ The program was created as an alternative to traditional credit and collection policies to assist long-term, payment troubled customers by offering affordable payment plan options towards monthly bill amounts in combination with a plan to reduce arrearages.

Enrollment Limit

Under provisions of the 1999 Natural Gas CHOICE and Competition, the Company filed a settlement agreement under which it expanded the program to 22,000 customers. Through a subsequent settlement agreement approved by the Commission in Docket P-00032057 the upper enrollment limit of CAP was modified to 27,100 customers. To date this limit has not been reached with the Company currently operating under an open enrollment policy.

CAP Objectives

The Company defines its key objectives for CAP as follows:

- Provide affordable bill payment options.
- Reduce credit and collection costs.
- Reduce arrearage write-offs.
- Increase frequency of customer "on-time" payments.
- Promote customer understanding of program benefits.
- Encourage energy efficiency.
- Target identification of low-income payment-troubled customers.
- Minimize shortfall through conservation and energy supplements.
- Reduce Public Utility Commission complaints.

CAP Eligibility Requirements

- Columbia residential heat customer.
- Household income at or below 150% of Federal Poverty Level (FPL) guidelines. Payment troubled is defined as having received a termination notice and or at least one failed payment agreement within the past 12 months, or otherwise identified through cross utility referral and/or credit scoring.
- Renters living in multi unit dwellings must be served by individual meters.

³ 2009 BCS Universal Service Programs and Collections Performance Report

CAP PROGRAM DESCRIPTION

CAP Customer Benefits

- Affordable monthly payments based on ability to pay.
- Monthly CAP credits.
- Annual arrearage forgiveness over a three year period.
- Exemption of late payment charges.
- Exemption from security deposit charges.
- Referrals to other Universal Service and assistance programs.

CAP Customer Responsibilities

In exchange for the benefits of CAP as defined in the previous paragraph the customer must agree to:

- Consider the initial CAP application and subsequent recertification applications as a contract between the customer holding to the agreed upon conditions.
- Recertify income on an annual basis or as required.
- Pay the monthly CAP payment amount plus the five (\$5) dollar co-pay towards the pre program arrears by the due date.
- Apply for all available energy LIHEAP assistance which is applied towards the customer's monthly payment on the Columbia Gas account.⁴
- Apply for any eligible free weatherization services offered through the (DCED) state weatherization agencies and the Company's LIURP.
- Agree that the Company can act as the customer's purchasing agent for CAP Choice Aggregation.
- Discontinue use of any non essential gas appliance (i.e. gas pool heater) in an effort to contain energy consumption.

Notes

Any paid security charges on accounts with an approved CAP application will be credited according to the provisions of 66 PA. C.S. § 1404 c to the arrears prior to CAP enrollment. Unpaid security deposits on customers entering CAP will be waived after the completion of income verification.

CAP customers are ineligible for hardship grants unless the customer's service is off in Oct-Nov-Dec or the customer has been out of CAP for one year and the grant is used to make up missed CAP payments

⁴ Due to changes in the Department of Public Welfare 2010 regulations, LIHEAP grants will be applied to the customers' monthly CAP payment amount in lieu of reducing the CAP shortfall amount.

CAP PROGRAM DESCRIPTION

Flexible payment arrangements are offered to potential customers eligible for CAP to ensure affordability and maintain payment of no less than the average bill amount received from the customers over the previous 12 months.

**Table 3
CAP Payment Plan Options**

Option 1	Option 2	Option 3	Option 4	Option 5
Percentage of Income	Average Monthly Payment	Percentage of Bill Amount	Minimum Payment	Senior CAP
0%-110% FPL* <hr/> 7% of income	Average of last 12 months of customer payments.	50% of budget billing. Annually adjusted in August.	\$25 flat rate.	75% of budget bill for customers 60 years and over with zero arrears and/ or payment defaults.
111%-150% FPL <hr/> 9% of income	Must have six months of uninterrupted service.			

*Federal Poverty Level

Arrearage Retirement

To receive the benefits of CAP arrearage forgiveness the customer must pay their regular monthly CAP payment plus the five (\$5) dollar co-pay towards their pre program arrears. Each month of regular payment, the arrears are retired by 1/36. The customer co-pay and forgiveness amount is clearly noted on the account summary portion of the monthly CAP bill.

CAP PROGRAM DESCRIPTION

CAP Aggregation

Within the settlement of Columbia's restructuring filing under the 1999 Pennsylvania Choice and Competition Act, the Company formulated a low-income aggregation for CAP customers concurrent with Columbia's Choice program. As a condition of CAP, the customer is required to agree in writing to allow Columbia to act as an agent, on their behalf to contract for the purchase of gas supplies from a licensed natural gas supplier ("NGS"). The NGS is selected by Columbia based upon responses to a Request for Proposal (RFP), which is sent to license NGSs on the Columbia system. In order to make CAP more cost-effective, the RFP seeks to obtain a cost of gas that is lower than Columbia's sales service rate. Through this arrangement, CAP customers may benefit from the competitive market for gas supply, and from the economies of scale gained through the aggregation of their volumes into the larger CAP group.

In 2001, Columbia presented a feasibility study to the Public Utility Commission on its CAP aggregation. In summary, the aggregation model proved to be a successful alternative to traditional CHOICE. External studies offered additional support for the continuance of an aggregation.

Columbia has not received a competitive bid from NGSs for the last two years. Marketer bids must be below the Company's quarterly Price to Compare (PTC) which is hard for the Company to project ahead of their quarterly filing. Therefore, CAP customers are currently on tariff sales gas. Columbia will continue the RFP process to obtain a qualified bid through subsequent RFPs.

Finding CAP-1

Although CAP aggregation proved to be a successful alternative to CHOICE, the Company has not been successful in enrolling any marketers interested in CAP aggregation since 2002.

Marketers find it difficult to bid below the Company's Price to Compare.

Recommendation

Eliminate CAP aggregation from the 2010 Universal Service Plan filing.

CAP PROGRAM DESCRIPTION

CAP Referrals and Administration First Call Resolution

The goal for Columbia's Call Center and for Universal Service (US) related calls is first call resolution.

Columbia contracts with Vertex, a United Utilities United Kingdom spin-off call center located in Smithfield, PA. to handle all of their residential, commercial, and industrial customer calls. In 2009, Columbia expanded from one to two US Call Group teams comprised of a total of sixteen (16) highly trained Customer Service Representatives (CSR's) to handle all low income customer calls and screen for eligibility for CAP, CARES, LIURP, LIHEAP, and Hardship Funds. The expansion of US reps was due to the significant increase in low income customer calls from 800 calls daily in 2008 to 2000 calls daily in 2009. This increase was due to the increase in gas costs, colder weather, and the economic downturn and unemployment.⁵

Low income customers are routed to the US Call Group in one of three ways:

- As customers give their financial information to a CSR over the phone, the rep ascertains that the customer is low income and payment troubled and transfers the call to the US Call Group.
- Interactive Voice Response Unit (IVRU)
As customers enter their account number into the IVRU with a touch tone phone or speaks the number verbally, there is system recognition and the call routes directly to the US Call Group.
- Agency referrals route through the Company's toll free Universal Service Line. 1-800-537-7431

⁵ Interview: Vicky Garred, Director of Operations. Vertex Call Center

CAP PROGRAM DESCRIPTION

Performance Standards

The US Call Groups are held to the same performance service levels as the CSRs who handle traditional calls. The focus is on customer satisfaction and first call resolution with Columbia continually seeking ways to improve the overall customer experience.⁶ Technology improvements at the Call Center have made significant improvements to the US Call Group reps Percentage of Calls Abandoned; Average Speed of Answer (ASA); Average Call Handle Time (AHT); and Percentage of Calls Answered in 30 Seconds.⁷

Table 4
Universal Service Call Group Team Performance Metrics
Jan-Sept 2010

Contact Center	SM
LDC (State)	PA
Skill	7

Month	Handled	Percent	ASA	AHT
2010 01 January	11967	1.34%	15	281
2010 04 April	18416	1.98%	31	329
2010 02 February	14598	2.54%	35	308
2010 03 March	19907	2.20%	29	323
2010 07 July	15874	2.42%	36	317
2010 06 June	17129	2.20%	34	312
2010 08 August	16245	2.10%	34	317
2010 09 September	11552	2.18%	27	297
Grand Total	125,688	2.14%	31	313

Vertex Customer Call Center

During 2009, Columbia implemented a number of new options to its IVRU phone system as well as a variety of enhancements to its web-based self-serve applications. These options have proven successful in reducing calls to the Call Center, while at the same time providing customers the opportunity to better manage their own gas accounts.⁸ For example, the Call Center has a call back feature whereby the customer can request a call back during a designated time during periods when the call volume is extremely heavy.

⁶ Interview George Dice Manager Service Performance, Columbia Gas

⁷ Interview Carmelita Clark US Call Group Team Leader, Vertex

⁸ 2009 BCS Quality of Service Report- Columbia Gas of PA.

CAP PROGRAM DESCRIPTION

State-of-the-Art Electronic Case Management System

There are four (4) CAP screens on Columbia's Distribution Information System (DIS). Customer demographics, income, payment history, and CAP payment option data are populated on these screens. This data is then transferred onto the Dollar Energy Online System for Customer Assistance Records (OSCAR). The OSCAR system is a state-of-the-art casework data base system developed specifically by Dollar Energy in partnership with Columbia's management to manage and track CAP customers throughout the entire process of pre-screening, scheduling customer appointments, completing CAP intake, enrollment, recertification, and reporting.

See Appendix A-OSCAR

The US Call Group encourages the customer to call the Dollar Energy Administrator (the Administrator) for telephonic enrollment or if the customer requires additional assistance, to call the participating CAP screening agency nearest their location for in-person enrollment. (Columbia currently utilizes forty-seven screening agencies throughout their twenty six county service territory).

The US Call Group sends the OSCAR screens electronically either to the Administrator or to the selected screening agency for customer follow-up. In both cases, customer income is verified either via fax or in person documentation.

The agency schedules the customer appointment, verifies customer income and assists with completing the CAP application. The agency populated OSCAR screen pre-selects the appropriate payment option for each customer based on affordability. These screens are sent electronically to the Dollar Energy administrative offices for review and final approval.⁹

Finding CAP-2

The Company utilizes state of the art Call Center technology, highly skilled Customer Service Representatives specializing in Universal Service programs and a unique electronic case management data base system (OSCAR) to efficiently and effectively manage CAP.

⁹ Interview Carmelita Clark US Call Group Team Leader, Vertex

CAP PROGRAM DESCRIPTION

CAP Back Office and Accounting

Equally important at maintaining an efficient CAP operation are the functions comprising CAP accounting and back office work. In the Company's 2004 Universal Service Program Evaluation a recommendation was made to cross train a representative for CAP back up work due to the sheer volume of manual accounting necessary to run CAP.¹⁰ Currently, this function is handled by one Universal Service Liaison and one back-up Liaison located on site at the Smithfield, PA. Call Center. The Liaison's daily activities are intensely manual and include solving CAP issues, answering internal emails, maintenance of CAP on OSCAR, and Hardship Fund Grant Approvals.¹¹

Included in daily CAP activities are the following:

- Preparation of account for enrollment into CAP.
- CAP balance due and balance transfers.
- CAP adjustments and resulting CAP amount owed.
- Replies to Universal Service Rep memos; Q&A from CSR's, Team Leaders, and Coaches on CAP questions they cannot answer.
- CAP finalized accounts.
- CAP non-billed accounts.
- IT interface for posting CAP cash transfers.

Finding CAP-3

CAP inquiries from CSR's/Team Leaders/Coaches are sent via electronic memos to the Universal Service Liaison for resolution. The Liaison cannot always respond in a timely fashion.

Recommendation

Create a specialized internal Help Line for Call Center staff with specialized CAP problems for more immediate customer resolution and improved customer satisfaction.

¹⁰ Popovich, Melanie K. 2004 CPA Universal Service Program Impact Evaluation -Section 5.2 CAP Administration pg. 27

¹¹ Interview Eva Cipriani Universal Service Liaison-Columbia Gas

The CAP Bill

A Tool for Customer Understanding of CAP Benefits

Included in this evaluation is a review of CAP customer bills. The evaluator looked at various types of CAP bills and bill messages in order to ascertain if the bill was a tool or a hindrance to customer understanding of CAP benefits.

Columbia took a thoughtful and proactive approach when designing their CAP bills during the inception of CAP in 1992. An internal committee was established to study best practices of utility bills employing plain language and applied those results to both their tariff and CAP bills.

The evaluator deems the Company's CAP bills as one of the best designed in the industry. There is plain language on both page 1 and 2 of the CAP bill. Under a section titled Billing and Payment Notes, there is verbiage complimenting the customer on making on time payments; payment reminders for customers who are behind and the amount; arrearage retirement benefit amounts; and how energy and hardship fund grants are applied.

See Appendix B-CAP Bills

Finding CAP-4

CAP bills are well designed and customer friendly. Positive verbiage is the standard used throughout the Billing and Payment Note section of the bill. CAP benefits are clearly defined. The Company's CAP bill is considered a model in best practices of utility bill plain language.

CAP NEEDS ASSESSMENT

Is the appropriate population being served?

The most recent CAP needs assessment submitted by the Company within their 2009-2011 Universal Service Plan and the more current census data provided by BCS reveals that there is an estimated low income population of 89,682 customers with 68,396 confirmed low income and payment troubled. The CAP participation year end 2009 was 25,201 customers. Using a 36% CAP participation percentage to the overall confirmed low income population, the needs assessment shows that Columbia's enrollment numbers are right on target.

A confirmed low income customer is a customer whose gross household income has been determined by the Company as meeting the stated Federal Poverty Level Income Guidelines. Most household incomes are verified through customers' receipt of a LIHEAP grant or determined during the course of making a payment arrangement. Confirmed low income numbers are updated annually by the Company for inclusion in the BCS Universal service and Collections Report.¹²

**Table 5
CAP Needs Assessment 2009**

	Number of Customers	Percentage
Columbia Gas Residential *	373,690	
Estimated Low income – Census Data	89,682	24%- Residential customers who are estimated as low income.
Confirmed Low Income & Payment Troubled *	68,396	18% -Residential customers who are confirmed low income and payment troubled.
Recommended CAP Participant Rate Based on Confirmed Low Income**	36%	36% -Columbia Participation Rate for 2009 40% -Weighted Average of PA Natural Gas Companies
Calculated Number of CAP Eligible	24,622 @ 36% 27,358 @ 40%	
Current CAP Participants	25,201	

* BCS Universal Service Report 2009-Columbia Report Section on Collections Item #6

** BCS Universal Service Report 2009 –pg 39- CPA CAP Participation Rate for 2009; CAP Participation

¹² Definition as reported in 2009 BCS Universal Service Programs and Collections Performance Report.

Finding CAP-5

The number of 2009 CAP participants accurately reflects the potential number of customers estimated as being eligible for the Company's Universal Service Programs as indicated in their most current needs assessment.

Columbia ranks 4th in CAP participation rate (36%) as compared to the PA Natural Gas Company peer group.

Recommendation

Continue to update needs assessment on an annual basis to capture changes in both the estimated and confirmed number of low income and payment troubled customers. Adjust CAP enrollment proportionate to these changes.

CAP Enrollment and Trends

Dollar Energy Fund (DEF) as the CAP Administrator enrolls customers into CAP based on the program eligibility criteria. Referring to Table 6 below, an average of 84% of all customers who apply for CAP actually are enrolled into CAP. This is due to customers being over income, customers not sending proper income verification, or customers self-selecting out of the process.¹³ A customer who refuses to enroll in CAP is subject to the provisions of Columbia's traditional credit and collections practices governed by Chapter 14. This includes paying a reconnect and security deposit fee if service is off.

In 2009, of the 6,519 customers enrolled, 17% were in-person agency enrollees and 83% were enrolled by DEF telephonically. Telephonic enrollments decrease administrative costs and are believed to be the most cost effective. However if the customer chooses, or they need to apply for a Dollar Energy grant, they may visit an agency in person for more individual assistance.

The Company notes that CAP enrollment has been considerably lower in the first three quarters of 2010 as compared to previous years. Increased LIHEAP grants, Tennessee Pipeline Refund monies, disgorgement fund distributions, and Columbia's accelerated refund in November 2009 of nearly \$80,000,000 in over collected gas costs as approved by the Commission in Docket P-2009-2130769 were all cited as possible financial preventions from customers needing CAP¹⁴

A customer without service having a balance from a prior account is required to pay a maximum of \$150, apply for all available energy assistance programs and complete a CAP application to restore service.

**Table 6
Number CAP Applicants vs. CAP Enrolled
2006-2010**

Year	Intake Count	Enroll Count	Enroll %	CAP Total
2010 *	5,911	3,102	52.48%	22,999
2009	7,231	6,519	90.15%	25,201
2008	8,151	7,396	90.74%	24,675
2007	6,711	6,240	92.98%	23,604
2006	5,178	4,462	86.17%	24,106
Totals	33,182	27,719	83.54%	

* Jan-Sept 30, 2010 Dollar Energy OSCAR Database ; 2006-2009 BCS Universal Service Programs and Collection Performance Report –Columbia Report Section CAP #33-#35

¹³ Interview Mary Sally Columbia Coordinator for CAP, Dollar Energy Fund

¹⁴ Interview Patty Terpin Manager Customer Programs, Columbia Gas

Finding CAP-6

The Company successfully implemented CAP telephonic enrollment in order to increase customer ease and efficiency, increase the number of applications completed, and limit administrative enrollment costs.

In 2009:

The percentage of CAP customers enrolled by telephone was 83%.

The percentage of CAP customers enrolled by agencies on site was 17%.

Recommendation

At initial customer intake, the US Call Group should continue to encourage telephonic CAP enrollments when appropriate at initial intake.

CAP ENROLLMENT

What is the customer distribution for CAP by poverty guidelines?

Enrollment trends over the past three years indicate that the majority of CAP participants fall into the 51%-100% of the Federal Poverty Level. This is consistent with the other PA Natural Gas Company peer group findings.

Table 7
CAP Distribution by Income Level
As of December 2007-2008-2009

Year	CAP Distribution Federal Poverty Levels	Number of Customers on CAP
2009	0-50%	5,313
	51%-100%	11,741
	101%-150%	8,147
	Total	25,201
2008	0-50%	5,271
	51%-100%	11,025
	101%-150%	8,379
	Total	24,675
2007	0-50%	5,004
	51%-100%	10,521
	101%-150%	8,079
	Total	23,604

2007-2009 BCS Universal Service Report Columbia Report Section Item #33-#35.

Finding CAP-7

Based on a three year average CAP participation percentages are as follows:

- 46% are in the 51%-100% of FPL.
- 32% are in the 101%-150% of FPL.
- 22% are in the 0%-50% of FPL.

This is representative of the other PA Natural Gas Company peer group CAP participation percentages

CAP PAYMENT PLANS

What is the customer distribution by CAP payment plan?

Generally, do participants energy burdens comply with the CAP Policy statement at §69.265(2) (i)-(B)?

Which Payment Plan is the Right One for the Customer?

At the time of CAP enrollment, the Company's DIS is programmed to highlight which of the six payment plan options is the most appropriate for the CAP customer. If the CAP monthly payment is a greater amount than the promoted budget amount, then the customer is advised to stay on their current plan.

Table 8 below reflects the two most populated options of CAP customers in 2009 and the average monthly CAP payment amount those customers actually paid.

- 55% of CAP participants were enrolled in the Average Monthly Customer Bill Payment Option with CAP requested payments averaging \$48 monthly. Customers must have at least six months of uninterrupted service to qualify for this option.
- 30% of CAP participants were enrolled in the Percentage of Bill Option with CAP requested payments averaging \$57 monthly. This option calculates 50% of customers' bill usage to arrive at the CAP monthly payment. The CAP payment may be readjusted once a year to reflect changes in gas costs, weather, and changes in customer usage.

Table 8
2009 CAP Customers Enrolled
Distribution by Payment Option

Payment Plan Option	# Customers	Avg. CAP Payment Requested
7% of Income (0%-110% FPL)	4,930	\$ 31
9% of Income (111%-150% FPL)	106	\$109
Average Monthly Customer Bill Payments	10,475	\$ 48
Percentage of Bill	7,420	\$ 57
Minimum Payment	1,605	\$ 25
Senior CAP	6	\$ 71
Total Participants*	24,542	
Average CAP Payment Requested		\$ 57

USS Data Base

*The participant total represents the number of customer billings as of December 2009.

Finding CAP-8

In general customers' energy burdens comply with the CAP policy statement. 85% of CAP customers are enrolled in either the Average Monthly Customer Bill Payment Option or the Percentage of Bill Option.

This leads to the question, can customers within these two options afford to pay more?

Recommendation

Study the effects of restructuring payment options from 7%-9% FPL to 7%-8%-9% of FPL.

Look at the effect of transferring customers from the Average Monthly Customer Bill Payment and Percentage of Bill Options into these new levels.

What effect, if any, will this have on the percentage of bill paid? On CAP credits?

CAP PAYMENT FREQUENCY

What is an Average CAP Bill?

The BCS defines average CAP bill as the total CAP amount billed (total of the expected monthly CAP payment) divided by the total number of CAP bills rendered. Average CAP bills will fluctuate due to several factors:¹⁵ Columbia CAP customers have different payment plan options based not only on income percentage but on the 12 month average of bill payments and percentage of bill which correlates to weather, gas costs, and usage.

What is Percentage of Bill Paid?

The BCS defines percentage of bill paid as the total amount paid by CAP customers divided by the total dollar amount of CAP billed.¹⁶ Is the affordability of the CAP bill directly related to the percentage of bill paid?

Table 9
Average CAP Bill and % of Bill Paid
PA Natural Gas Peers

Company	Average CAP Bill	% Bill Paid
Columbia	\$ 49	93%
Peoples	\$ 83	82%
Equitable	\$ 77	94%
National Fuel	\$ 91	74%
PECO-Gas	\$ 57	88%
Philadelphia Gas Works	\$ 88	84%
UGI-Gas	\$ 86	89%
UGI Penn Natural	\$130	78%

2009 BCS Universal Service Programs and Collections Performance Report

CAP Average Bill: Amount billed of \$14,685,386 divided by 25,201 CAP customers= \$49

% of Bill Paid: Amount billed of \$14,685,386 divided by 13,660,778 total amount of CAP pmts=93%

¹⁵ 2009 BCS Universal Service Programs and Collections Performance Report pg 40

¹⁶ Ibid. pg 43

CAP PAYMENT FREQUENCY

Finding Cap-9

Columbia has the lowest average CAP bill of \$49 with the second highest Percentage of Bill Paid at 93% compared with their PA Natural Gas Company peer group.

Recommendation

See Recommendation CAP-8

CAP PAYMENT FREQUENCY

CAP Customers with Missed Payments

The Company provided a sample size of 2,714 CAP customers who joined CAP prior to 2009, with 12 months of billings, and who have never been removed from CAP, in order to evaluate their payment behavior while on CAP.

Table 10
CAP Missed Payments

CAP Missed Payments	# of CAP Customers
3 or fewer	2,463
4-6	7
7-12	3
More than 12 missed payments	241

Universal Service System Data Base

Finding CAP- 10

The USS Data Base is limited in its ability to capture complete payment history information on all CAP customer participants in any given year. As a result, the Company provided a sample size only.

The majority of CAP customers in the sample size of 2,714 customers missed fewer than three payments.

Recommendation

Develop programming with the internal IT department to more accurately reflect changes in payment behavior by capturing payment history information pre-CAP and post-CAP. This should serve to evaluate the benefits of CAP and address “the number of customers with missed payments” question.

CAP PAYMENT BEHAVIOR

Does CAP participation improve payment behavior?

Although there was no data to compare 12 months pre-CAP payment history with 12 months post-CAP payment history, the Company submits data annually on the number of full on time payments once active in CAP.

**Table 11
Number of CAP
Full On-Time Payments
2006-2009**

	2009	2008	2007	2006
Total CAP Cash Payments	\$13,660,778	\$13,166,944	\$12,075,282	\$12,102,080
# Full on-time Payments	169,716	157,549	158,578	159,558
Average # Active Participants	25,229	24,978	24,519	24,096
Average # Full Payments/Active Participant	7	6	7	7

2006-2009 BCS Universal Service Programs and Collection Performance Report - Columbia Report Sections CAP Items #33-#35 and #45-#46.

Finding CAP-11

On average, CAP customers pay consistently and on-time at least seven out of twelve payments on an annual basis or 58% of the time.

Recommendation

Capture the number of full on-time payments of customers pre-CAP in order to evaluate comparative payment history data post-CAP.

See Recommendation CAP-10

What are the CAP retention rates? Why do customers leave CAP?

CAP Continuous Participation

One indicator as to the success of a company's CAP is the length of continuous participation of its enrollees. A retention history of Columbia CAP customers with continuous participation in CAP from their date of enrollment to the most current month of August 2010 revealed that 7,668 customers remained in CAP between a time period of less than six months to five years or more.

Table 12
CAP Continuous Participation

Length of Time	Number of CAP Customers
Less than 6 months	1603
6-12 months	922
1-2 years	1594
3-5 years	2338
5 years or more	1211
Total	7668

Universal Service System (USS) Database

Finding CAP-12

Approximately 15% (3,549) of customers currently enrolled in CAP in 2010 have a continuous retention history of three years or more.

When is a CAP Customer in Default?¹⁷

A CAP customer is in default after two (2) missed CAP budget payments. The Company issues a termination notice no sooner than 10 days after a customer fails to pay two missed CAP budget payments by the due date.

April 1-October 31

If a CAP customer does not make up all missed CAP payments within 10 days of the date of the termination notice, the Company will attempt to terminate service for non-payment of the CAP budget bill. If extenuating circumstances exist, the Company may delay termination.

To restore service, the customer must pay all missed CAP budget payments that were the subject of termination as well as any missed CAP budget payments that became past due during the termination notice period.

November 1-March 31

A CAP customer will not be removed from CAP for failing to make missed CAP payments. *Starting with the April 1st termination date* the Company will issue a termination notice to CAP customers who failed to pay CAP budget payments during the November to March period. The amount on the termination notice shall be for all missed CAP payments.

To restore service the customer must pay all missed CAP budget payments that were the subject of the termination as well as any missed CAP budget payments that became past due during the termination notice period.

In 2009, the number of CAP customers who were removed for *non-pay* was 956 customers.

¹⁷ Columbia Gas of PA, Inc. 2009-2011 Universal Service and Energy Conservation Plan

**Table 13
CAP Removed for Non Pay
2009**

Payment Plan Option	CAP Customers Removed for Non-Pay
7% of Income	314
9% of Income	7
Average of Customer Payments	209
Percentage of Bill	351
Minimum Payment	75
Senior CAP	0

USS Database

Finding CAP- 13

Over 60% of CAP customers who are removed for non pay are either in the 7% of Income Option or the Percentage of Bill Option

Recommendation

Investigate reasons for non-pay in the Percentage of Bill Option. Since this option annually readjusts the CAP monthly pay amount dependent on the actual tariff usage bill amount from the previous year, determine if the reason for default has been due to significant bill increases due to weather, etc.

What are the barriers to CAP participation?

Other Reasons for CAP Removal

The percentage of CAP participants who remain active and who do not get dropped from the program varies monthly. Despite Columbia's efforts to maintain and increase CAP participation, customers are dropped for a variety of reasons which impact the overall number of reported monthly CAP participants.

The Company monitors accounts for changes in family size or income, timely payments and timely meter readings for non-access situations. CAP customers who fail to comply with one or more of the following may result in the Company removing them from CAP:

- Failure to allow access to or provide customer meter readings in four consecutive months.
- Failure to report changes in income or family size.
- Failure to recertify as required and/or meet eligibility requirements.
- Customers who request to discontinue service.

CAP Moved/Finaled Bill

The largest CAP customer segment removed in years 2006-2009 are those identified as "Moved/Finaled Bill." Utilities find it difficult to separate and track the number of customers who actually move from the number of customers who merely change the ratepayer name to another member of the same household. However, language in Chapter 14 allows for the utility to require the payment of any outstanding balance or portion thereof if the "new" applicant resided at the property for which service is requested during the time the outstanding balance accrued and for the time the applicant resided there.¹⁸

CAP Failure to Recertify

The next largest CAP customer segment removed were customers failing to recertify for CAP. Finding 5.3.2 "CAP Customers Dropped for Failure to Recertify is Major Issue" was cited in the Company's 2004 Universal Service Impact Evaluation¹⁹ and continues to be a problem today. It appears that Columbia has yet to implement the evaluator recommendations under the CAP recertification section. Since this is an ongoing, recurring issue it is to the Company's benefit to implement these recommendations in order to control future program costs.

¹⁸ Chapter 14 § 1402 (d) Payment of outstanding balance at premises

¹⁹ Popovich, Melanie K. 2004 Columbia Gas of PA, Inc. Universal Service Impact Evaluation Appendix A-Item 5.3.2 page 4.

What are the barriers to CAP recertification?

In order to further understand CAP behavior, the evaluator cites a 2005 study which was conducted by Columbia for failure to recertify for CAP.

2005 Columbia Gas Study on Reasons CAP Customers Do Not Recertify²⁰

Finding 5.3.2 “CAP Customers Dropped for Failure to Recertify Is Major Issue” as cited in the Columbia Gas of PA Universal Service Program Evaluation July 12, 2004 by Melanie Popovich, Utility Business Consultant, resulted in the Company initiating its own research survey to identify the root causes for this problem. Prior to this, the assumption was that the majority of CAP customers who failed to recertify were either over income or had simply moved at the time of recertification.

During the months of April and May 2005, Marcia Lehmen, Essential Energy conducted 171 phone surveys from a data base of 2000 Columbia Gas of PA customers who failed to recertify for CAP and who were currently inactive/removed from the program. Of those, 130 customers responded, representing 18 of the 26 counties serviced by the Company and representing diverse age, family income and family member size.

1. Information Regarding Customer Recertification Requirements Unclear at CAP Intake

- 64% of customers either were not told at the time of intake or did not remember being told about the recertification process, irrespective of whether they visited an agency or were telephonically enrolled. (103 customers were agency enrolled; 26 customers telephonically enrolled; 1 customer did not remember by what method they were enrolled).
- 70% of customers did not know what happens when they fail to recertify and were surprised to find out they had been dropped from CAP.
- 62% of customers either said they definitely were not given a contract or booklet describing the benefits of the program or said they didn't know or couldn't remember if they received one or not.

2. Customer Letter Non Motivator for CAP Recertification

- 53% of customers either did not remember receiving a recertification letter or did not remember how they found out about the need to recertify.
- 49% of customers did not know they had to recertify their income and said they did not get a letter of notification.
- 26% of customers were over income and no longer eligible for CAP.
- 15% of customers received the recertification letter but forgot to fill it out and return it.

²⁰ Essential Energy Summary 2005 Columbia Gas of PA., Inc. CAP Recertification Survey.

**Table 14
CAP Removals
2006-2009**

Reasons	2009	2008	2007	2006
Missed Payments	956	855	819	810
Failed to recertify	1896	1165	1161	1046
Deceased	32	27	24	18
Moved/Finaled	2652	2611	2572	2575
Failure to provide access to meter	3	5	5	4
Customer Request	41	25	29	35
Other	653	632	462	368
Total	6233	5320	5072	4856

USS Database

Finding CAP-14

Of the 25,201 customers enrolled in CAP as of December 2009, 25% (6,233 customers) were removed, a 3% increase from 2008.

The 2009 retention rate for customers remaining in CAP was 75%.

Finding CAP-15

Over the most current four year period the largest percentage and reasons for CAP customers removed were as follows:

49% of CAP customers moved or had their accounts finaled.
24% of CAP customers failed to recertify.

Recommendation

1. Include in the CAP Customer Acceptance Letter a highly visible due date field for recertification of income.
2. Include on the CAP bill, a date field and message which notifies the customer 60 days prior of their recertification due date.
3. Include a self addressed stamped envelope with the new recertification application attached to the customer recertification reminder letter.
4. Provide Dollar Energy Fund CAP Administrators with a list of customers with "Recertification Due" for reminder telephone calls thirty days prior to due date.

How effective are the Cap control features at limiting program costs?

The Company's CAP control features as described in their 2009-2011 Universal Service Plan are as follows:

- The Company requires a minimum payment of \$25 plus \$5 towards the pre-program arrears to participate in CAP. Customers with zero income can only participate for three (3) months and are then removed from CAP.
- Required annual recertification of CAP customers except for customers who received LIHEAP, or Dollar Energy Fund grants and Seniors 60 years or older who are on Social Security or Disability Assistance. Seniors are asked to recertify every other year or receive energy assistance. *Prior to removal from CAP for customer lack of recertification, the Company proposes to partner with the corresponding electric company to obtain verification of income in order to retain the customer in CAP.*
- CAP customers must apply for all free weatherization services either from DCED agencies or the Company's LIURP. High usage CAP customers eligible for LIURP will be prioritized to receive weatherization over non-CAP customers.
- Considerable effort is made to encourage CAP participants to apply for energy assistance grants to reduce CAP credits.
- CAP customers are not eligible for Dollar Energy hardship fund grants unless the following conditions exist:
 1. A customer's service is off in October, November or December
 2. A customer has been out of CAP for one year. In this instance, a Hardship fund grant may be used to make up missed CAP payments.
- The customer must agree that Columbia can act as the customer's purchasing agent for CAP Choice aggregation.
- Any customer with non-essential gas appliances such as a pool heater will agree to not use the device in an effort to contain energy consumption.
- One hundred CAP customers who were weatherized and who also showed an annual CAP shortfall of over \$1300 were targeted to participate in a two year High Usage Remedial Conservation Program (HURP) pilot initiated in 2006-2007. Customers receive in home sessions with Essential Energy, a contracted energy educator to discuss ways to reduce energy and develop a plan with measurable goals. The educator monitors usage and provides feedback for one year. If usage continues to be outside the allowable shortfall limits, the educator will recommend an increased payment option or removal from CAP.

Finding CAP-16

The Company is in compliance with all of the CAP control features as described in their most recently filed 2009-2011 Universal Service Plan except for the recertification income verification step (page21)-partnering with electric CAP programs to obtain proper verification to retain customer in CAP.

Recommendation

Implement partnership with electric CAPs in order to limit the number of customer removals due to failure to recertify.

Finding CAP-17

According to Essential Energy's 2007-2008 report, ninety-eight CAP weatherized HURP customers are experiencing a CAP Credit of \$1300 or more due to the following reasons:

- . Inefficient furnaces/boilers.
- . Inability to install sidewall insulation (double brick, asbestos, bad electrical wiring).
- . Large square footage homes.
- . Poor thermal integrity due to durability of material and/or poor workmanship.
- . Low CAP payment compared to high consumption \$25-\$45 Payment Plans.
- . Customers not applying for LIHEAP (37 out of 98).
- . Payment plan stayed the same despite increased income.
- . Payment plan changed to Average Monthly Payment option at recertification despite increase in income.
- . Payment plan went down with shortfall went up.

Recommendations

- . Confirm that reduced CAP payment plans are from decrease in income only.
- . Develop an indicator on DIS for HURP identification alerting the CAP Administrator that customers' CAP Credits are extremely high.
- . Grant password access to Essential Energy to USS Data Base for LIURP to facilitate understanding of the customers' installed weatherization measures.
- . Develop effective call back protocol to LIURP contractors who need to revisit customer premises to remedy poor workmanship.
- . Facilitate quarterly contractor meetings with HURP educator.

Does participation in CAP reduce arrearages?

Pre-Program Arrearage

When a customer is enrolled into CAP the total amount of their pre-CAP arrears except for \$180 (\$5 co pay x 36 months) is written off by the Company as program costs. However, the Company’s CAP bill reflects the entire pre-program arrears as being the responsibility of the customer and not as already being written off. While in CAP the customer is eligible for arrearage forgiveness on an annual basis over a three year period or 1/36 per month. The monthly CAP payment plus the \$5 co pay must be paid consistently and on-time as a condition of forgiveness. During periods of missed payments no forgiveness occurs until such time as the catch-up payments are made and the account is deemed current.

**Table 15
Average Pre-Program Arrearage by CAP Plan Option
Enrolled CAP Customers
2006-2009**

Year	7%	9%	Average Payments	% of Bill	Minimum Payment	Senior CAP
2009	\$926	\$1176	\$881	\$810	\$760	\$375
2008	\$808	\$879	\$784	\$718	\$715	\$345
2007	\$784	\$2110	\$722	\$647	\$596	\$0
2006	\$786	\$702	\$744	\$681	\$697	\$578

Finding CAP- 18

Customers within the 9% CAP Plan Option enrolled with the highest pre-program arrearages as compared to the other options.

Compared to 2008, all CAP Plan Option enrolled experienced an increase in the average pre-program arrearage upon enrollment.

The number of CAP customers receiving arrearage forgiveness benefits varies from year to year. In 2009 the Company redesigned their arrearage forgiveness component by reducing forgiveness amounts from a six year period to a three year period.²¹ During this transition, all CAP arrearage accounts which successfully participated in three years of the six year arrearage forgiveness program were accelerated into a one time accounting adjustment. As of August 2010 there were 15,579 CAP accounts with zero pre program arrears due to the program change.²²

**Table 16
Average Arrearage Forgiveness per CAP Enrolled
2006-2009**

Year	# Customers Receiving Pre-Program Arrearage Forgiveness	Total Pre-Program Arrearage Forgiveness/ Average per Customer	
2009	18,557	\$3,748,514	\$202
2008	13,223	\$330,575	\$ 25
2007	12,320	\$308,000	\$ 25
2006	13,854	\$443,328	\$ 32

USS Database 2006-2009

Finding CAP-19

The Company’s CAP Arrearage Forgiveness component benefited 68% or 15,579 customers out of the total 2010 CAP enrolled by reducing their pre program arrearage to zero. This was due to an arrearage forgiveness program redesign that reduced the forgiveness period from six to three years. The Company is to be complimented on applying CAP benefits in a timelier manner.

On average, 18,557 customers received \$202 in arrearage forgiveness.

²¹ Interview Deb Davis Manager Universal Service Programs

²² USS Database

Does participation in Universal Service Programs decrease service terminations and collection costs?

Revenue Recovery Activity

Currently the CAP customer revenue recovery cycle includes two additional steps which differ from the cycle for regular residential customers. First, the Company sends a late payment reminder notice five days after the missed due date. Second, the Company prioritizes CAP accounts for termination over non-CAP account terminations. All other steps in the process are the same.²³

Five Days Past Due

The CAP collections process begins five days after one missed or partial CAP payment, including the five-dollar co-pay towards the arrears.

CAP Residential- At this point collection activity for CAP differs slightly from the regular collection cycle by adding this one extra step as follows:

Five days after missed due date, a "Late Payment Reminder" notice is issued.

Ten Days Prior to Termination

A ten-day termination notice issued if missed payment is not received.

72 Hours Prior to Termination

Two outbound customer phone attempts are made to quote amount required to retain gas service and avoid termination. Seventy percent of these phone calls are left as voice mail messages, according to outsourced contractor, NCO.

48 Hours Prior to Termination

48-Hour notice is issued and premise visit is made.

Turn Off Gas* (Exception December-March for CAP Non-pay)

CAP Non-pay customers targeted first for termination April 1st.

Five Days Post Shutoff

Final bill is issued: CAP customer is removed from program.

*The Company considers termination as a last resort when customers fail to make their CAP or Non-CAP payment.

²³ Popovich, Melanie K. Columbia Gas of PA 2004 Universal Service Program Impact Evaluation pg 64

CAP COLLECTIONS

A sample size of 600+ CAP customers with available 12 month pre-CAP and 12 month post-CAP payment history were analyzed for collection activity. The table below shows an increase of 349 in the number of termination notices issued post-CAP and an increase of 352 in number of customer phone attempts. In 2009, four percent (4%) or 956 customers of the 25,201 enrolled were removed from CAP due to non pay.

**Table 17
CAP Collection Activity Pre-CAP Post-CAP
2009**

	# Phone Attempts	# Termination Notices	Actual Terminations	Collection Costs
Before CAP Enrollment	855	1214	289	
Costs	\$256.50	\$619.14	\$4,046	\$4,921.64
After CAP Enrollment	1207	1768	224	
Costs	\$362.10	\$901.68	\$2,329.60	\$3,583.38
+ / -	+ 352	+ 349	-65	\$1,338.26

Ad Hoc IT Report Sample size 300+CAP accounts as of October 2010

Finding CAP-20

A sample size of 600 CAP customers analyzed with 12 months pre and 12 months post-CAP collection history showed a slight decrease of \$1,338.26 in collection costs after enrollment into CAP.

Although there was an increase in the number of customer phone attempts and number of termination notices, actual customers terminated decreased by 65 customers.

What are the costs which comprise CAP?

These are the costs that are captured for reporting purposes within each of the three major cost categories comprising CAP:

1. Administration

- Internal and contract staffing
- Outreach
- Intake verification: application costs²⁴
- Annual training
- Maintenance of telephone lines
- Recertification
- Evaluation
- Account monitoring
- Consumer education
- Conservation
- Other fixed overhead costs
- Computer programming
- CAP Collection
- CAP O&M expenses
- Program evaluation

2. CAP Credits

The total amount for all customers who received CAP credits divided by the difference between the standard billed amount and the CAP billed amount. Until 2010 this amount included LIHEAP grants which helped to reduce CAP Credits. All other third party grants are included to reduce CAP Credits.²⁵

3. Pre-program Arrearage Forgiveness

Total pre-program arrearages forgiven as a result of customers making agreed upon CAP payments.²⁶

²⁴ These costs are recoverable through Columbia Gas of PA, Inc. Rider USP-Universal Service Plan- Calculation of Rates” See Appendix C

²⁵ Ibid.

²⁶ Ibid.

**Table 18
% of Spending by CAP Component
2009**

Company	Admin Costs	CAP Credits	Arrearage Forgiveness
Columbia Gas	4% \$1,227,795	76% \$21,358,217	20% \$5,498,367
Peoples	6%	90%	4%
Equitable	3%	94%	3%
NFG	5%	82%	13%
PECO-Gas	5%	94%	1%
PGW	2%	90%	8%
UGI	6%	77%	17%
UGI-Penn Natural	3%	71%	26%
Weighted Avg.	3%	88%	9%

2009 BCS Universal Service Program and Collection Performance Report pg.67- Percent of NGDC Spending and Columbia Report Section Items #23-#25.

Finding CAP-21

As compared with their PA Natural Gas Company peer group's percentage of 2009 CAP spending, the Company's

1. Administrative costs of 4% are the second lowest in the industry.
2. CAP credits of 76% are the third lowest in the industry.
3. Arrearage Forgiveness costs of 20% are the highest in the industry.

Recovery of CAP Costs

CAP costs are recovered by the Company through the Rider USP-Universal Service Plan effective October 28, 2008. This Rider is applicable to all residential customers except for the Company's CAP customers and has been established to recover costs related to the Company's Universal Service and Conservation Programs.

The Rider USP is calculated quarterly to recover costs for the following programs: LIURP, CAP, and the Energy Efficiency Program. CAP costs are calculated to include the projected CAP Shortfall (the difference between the RSS bill and the CAP bill)²⁷; the projected CAP customer application costs and the projected pre-program arrearages to be forgiven and written off during the next 12 months. In accordance with the Company's 2008 rate case, beginning in 2010, the Company began filing an annual reconciliation of Universal Service costs under Rider USP.

See Appendix C-Rider USP-Universal Service Plan

The Effect of DPW Changes on CAP

In the summer of 2009, DPW proposed changes in the way federal LIHEAP grants are applied to the accounts of CAP customers. Specifically, DPW directed public utilities that operate CAP programs to apply the LIHEAP cash grant to the customer's monthly asked to pay amount, rather than apply it towards the CAP credit. (Application to the CAP credit benefited CAP customers as well as helping the non-CAP customers by controlling costs with LIHEAP subsidization rather than collecting the entire shortfall from non-CAP customers through Rider USP).

In response to this directive, the Company developed a CAP-Plus plan which increases the "asked to pay" amount of all CAP customers by a modest amount.²⁸ This serves to prevent overburdening the non-CAP residential customers who otherwise would bear the cost of DPW's change.

²⁷ Prior to the May 8, 2010 UC suspension of § 69.265(9)(iii) relating to the application of LIHEAP grants in electric and natural gas distribution companies CAPs, LIHEAP grants were applied to CAP shortfall amounts.

²⁸ Petition of Columbia Gas of Pennsylvania, Inc to Modify its Universal Service and Energy Conservation Plan: Docket No. P-2010

New CAP-Plus Formula

An example of the formula for the new CAP-Plus payment plan is as follows:

Total LIHEAP funds received for CAP accounts from the prior heating season. (\$4,584,556.88)
Divide this number by the total number of active CAP accounts at the start of the current heating season. (22,999)
Divide by 12 for the monthly increase to CAP payments $\$4,584,556.88/22,999=$ **\$17.00**

The average 2009 CAP bill was \$49 plus \$5 co pay towards the pre-program arrears. With the new calculation, \$17.00 is added as the plus amount totaling to \$66 plus the \$5 co pay as the new “asked for amount”.²⁹

CAP payments will include an additional amount calculated each year based on the previous year’s LIHEAP grants applied to CAP accounts.

²⁹ Petition of Columbia Gas of Pennsylvania, Inc. to Modify its Universal Services and Energy Conservation Plan: Docket. P-2010 Deb Davis Manager Universal Service Programs Testimony Appendix A.

CAP PROGRAM LINKAGES

Is there an effective link between participation in CAP and participation in energy assistance programs? (LIHEAP, Hardship Funds, and other grant programs).
How effective is the CAP and LIURP link?

Table 19
CAP Linkages to Assistance Programs
2007-2009

	LIURP Completions	CAP + LIURP	CAP + CARES	CAP + \$ Energy	CAP+ LIHEAP	Total CAP Participants
2009						
	488	432	8	211	11,911	25,201
\$ Amt					\$4,160,752	
2008						
	153	121	11	521	11,528	24,675
\$ Amt					\$2,300,242	
2007						
	205	172	7	578	10,302	23,604
\$ Amt					\$2,085,950	

BCS Annual Universal Service and Conservation Program Report 2007-2009 CPA Report Sections: CAP-CARES-LIURP

Finding CAP-22

The Company is extremely effective in linking CAP customers to other Universal Service programs. Improvements needed in CAP/LIHEAP percentages.

In 2009

89% of LIURP completions were high usage CAP customers.

47% of total CAP participants received LIHEAP grants.

Recommendations

Develop pilot program for CAP outreach to increase LIHEAP participation by an additional 15% for CAP customers.

CARES PROGRAM DESCRIPTION

History of CARES

The Company's CARES program is designed to be a short-term assistance program for first time payment troubled customers who require energy assistance, a lowered monthly bill, and other community resources. Since CARES inception in 1986 Columbia has served over 39,300 customers³⁰ with resource referrals, consumer education, LIHEAP outreach and affordable payment plans suitable to the customer's ability to pay.

The Company employs two Community/Education Outreach Coordinators (the Coordinators) to service their 26 county service territory. One serves Western and Northern PA and one serves Central and Southern PA. The Universal Service Call Group refers eligible CARES customers to the Coordinators through the CARES Referral Database established as a repository for referrals.

Many times referrals are made for quick human needs response to customer emergencies such as catastrophic disaster, gas line leaks, entire neighborhoods without heat, or for customers suddenly faced with a personal crisis. CARES provides that troubleshooting link for the quick fix. In other instances, CAP vulnerable customers who might be subject to termination are contacted by CARES for quick intervention. This group of customers might need extra protection and account monitoring.

CARES intervention is also the final step in the Cold Weather Survey process. The Coordinators make additional attempts to contact those customers who are identified as having no heat prior to and throughout the winter heating season.

Cares intervention is also involved in the special handling of Domestic Abuse cases pursuant to Chapter 56 and Chapter 14 regulations.

The Coordinators also establish a network of community resources that informs customers of all available assistance through the Universal Service Call Group located at the Company's call center. These Coordinators also update and train employees on available resources on an annual basis.

³⁰ 2009-2011 Columbia Gas of PA, Inc. Universal Service and Conservation Plan pg 10

CARES PROGRAM DESCRIPTION

Key Objectives of CARES

- Safe sustained energy.
- Customer self sufficiency.
- Resource development.
- Successful payment recovery.
- Consistent payment frequency.
- Reduced collections costs.
- Identification and cost avoidance associated with crisis and safety issues.
- Customer satisfaction.
- Reduced BCS complaints.
- Community networking and goodwill.

Who is Eligible for CARES?

Columbia Gas heat customers who have been identified by the Company, by community partners, friends, or families as being vulnerable due to a personal, short term crisis (18 months or less) resulting in financial difficulty are eligible for CARES. Additionally the customers must be payment troubled, evidenced by missed payments or anticipated bill payment stoppage due to financial hardship.

What are the Benefits to CARES Customers?

- Case management approach to solving individual payment problems.
- Home visit assessment if necessary.
- Protection from termination of service during their enrollment in CARES.
- Short-term, affordable payments based on their ability to pay.
- Budget counseling.
- Referrals and linkage to community, state, and federal resources for direct and indirect monetary assistance.
- Information and referral dissemination.

CARES PROGRAM DESCRIPTION

Today's CARES customer is truly short term, payment troubled with most graduating within fourteen months.³¹ Other CARES customers deemed longer term are transferred into the CAP program.

Table 20
CARES Referred, Accepted, Transferred
2007-2009

Year	# Referred	# Accepted	# To CAP
2009	548	43	4
2008	628	72	2
2007	654	49	4

2007-2009 BCS Universal Service Program and Collections Performance Report Columbia Report Sections:
CARES #64-#65.

³¹ USS Database CARES 2007-2009 3 year average

ENERGY ASSISTANCE BENEFITS

What is LIHEAP?

LIHEAP is administered by the Department of Public Welfare and consists of three components:

- 1 Cash benefits to assist eligible low-income households pay for their home heating fuel.
- 2 Crisis payments, if needed to resolve weather-related supply shortage, termination notices and other household energy-related emergencies.
- 3 Energy conservation and weatherization measures to address long-term solutions to the home heating problems of low-income households.

Outreach for LIHEAP is an important component of the CARES program. The Company identifies income eligible customers and promotes the program through bill inserts, radio and television ads, press releases, press conferences, and letters sent to customers. Customers may also call the Universal Service 800 number for assistance.

In 2009 the total Company expenditure to promote LIHEAP was approximately \$130,000.³² This includes a cooperative partnership with Equitable Gas and Peoples Gas companies each year to pool advertising monies to help support the promotional effort of LIHEAP start-up. Typically, the opening date for LIHEAP is November 1st with the regular Crisis program opening the first week in January. Both programs usually close at the end of March.

³² 2009 BCS Universal Service and Collections Performance Report

ENERGY ASSISTANCE BENEFITS

Table 21
LIHEAP and Direct CARES Benefits
Program years '08-'09 and '07-'08

Program Year	LIHEAP-All Low-Income	CARES + LIHEAP
Nov '08-Apr '09		
LIHEAP CASH	\$11,419,648/ \$320 avg.	\$14,015/ \$326 avg.
LIHEAP # Customers	35,744	43
Crisis	\$4,003,377/ \$432 avg.	\$0
Crisis # Customers	9,277	0
*Direct \$		\$67,742/ \$713 avg.
*Direct # Customers		95
Nov '07-Apr '08		
LIHEAP CASH	\$4,915,573/ \$218 avg.	\$1,027/ \$171 avg.
LIHEAP # Customers	22,552	6
Crisis	\$1,496,529/ \$304 avg.	\$1,426/ \$285 avg.
Crisis # Customers	4,924	5
*Direct \$		\$11,524/ \$480 avg.
*Direct # Customers		24

BCS 2008-2009 Universal Service Programs and Collection Performance Columbia Report Sections Items #54-#63

* Direct dollars are defined as dollars in addition to LIHEAP benefits that are not LIHEAP related. These may include third party donations and hardship funds.

ENERGY ASSISTANCE BENEFITS

Finding CARES-1

In the '08-'09 LIHEAP program year the Company:

Increased LIHEAP and Crisis benefits by \$9,010,923 and increased the number of recipients by 17,545 customers.

Increased Direct dollars to CARES by \$56,218 and increased the number of recipients by 71 customers.

Hardship Fund

Columbia's hardship fund is a partnership with the Dollar Energy Fund, Inc. (DEF). DEF is an independent non-profit organization that provides utility bill financial assistance to customers who are on a low or fixed income. The organization is funded through donations from utility shareholders, customers, and employees. The Company contributes one dollar of shareholder money for every dollar contributed by its customers to DEF up to \$165,000. Ten percent of awarded grant dollars are designated for administration. The money is paid to DEF who acts as the administrator for the outreach and application process in the community. Currently, 92 community based organizations take applications within the Columbia service territory.

DEF reviews and modifies its eligibility guidelines annually. It is a fund of last resort. Households whose gas service is off and are eligible for LIHEAP and Crisis benefits must first apply for those funds when available. In addition the household income must be at or below 200% of Federal Poverty Level with a minimum arrearage balance and a recently made utility payment. Opening and closing dates for the program are established yearly based on funding.

DEF and CAP

The Company only allows hardship funds to be applied to CAP accounts when a customer is off for non-pay during the months of October, November, or December or if the customer has been out of the program for more than one year. At that time, for the purpose of re-instatement into CAP, Columbia will allow the hardship fund grant to substitute a customer payment.

ENERGY ASSISTANCE BENEFITS

Citizen's Energy Fund

Columbia Gas partners with Citizen's Energy Fund to assist low income customers. Each year the Agreement for Sale and Purchase of Gas and Creation of Special Emergency Assistance Fund is renewed and filed with the Pennsylvania Utility Commission. The proceeds from this program are added to the existing shareholder & customer contributions that are donated to the Dollar Energy Fund (DEF). DEF distributes \$375,000 in funds to qualified households minus a small administrative fee. Each year these funds assist approximately 750 families providing \$328,000 in assistance.

Columbia Transmission Company Disgorgement Fund

In late 2008 Columbia was notified that Columbia Transmission Company would be paying disgorgement funds to Columbia as a result of a Federal Energy Regulatory Commission order. Columbia filed a request with the PA PUC to use these funds to assist low income households rather than refund the money to its individual residential customers. The filing was approved and in April, 2009, \$572,862 was transferred to the Dollar Energy Fund for this purpose. Over 1200 families were granted \$518,000 in total to help them reduce their bills or maintain service.

Table 22
Dollar Energy Fund Contributions and Disbursements
'06-'07
'07-'08
'08-'09

Year	Shareholder Contributions	Customer Contributions	# of Customers	Cash Benefits
2008/2009	\$165,000	\$110,100	3,093	\$1,176,000* \$380 Avg. Grant
2007/2008	\$150,000	\$113,405	1,1552	\$ 617,000 \$398 Avg. Grant
2006/2007	\$172,100	\$109,687	1,685	\$639,367 \$380 Avg. Grant

BCS 2006-2009 Universal Service Programs and Collections Performance Columbia Report Section- Items #73, #76, #79-#80.

* Includes \$518,000 in disgorgement funds

ENERGY ASSISTANCE BENEFITS

Hardship Fund Outreach Efforts

Information about DEF is included each year in a bill insert that is mailed to all Columbia customers. Customer donations are also solicited through bill inserts, press releases and information on the bill. In addition, customers referred to the Universal Service Programs are screened for DEF eligibility and if eligible are referred to the program.

Columbia has sponsored the following fund-raising events over the past three years to help raise awareness and contributions for the Dollar Energy Fund.

- 1 Penguins Check the Box Campaign. 2008-09. Pittsburgh Penguins/FSN. Every time a player from either team had checking penalty, customers were reminded on TV to check the contributions box on their bill and Columbia contributed \$5 to the fund. Advertising dollars were used to increase awareness and customer contributions.
- 2 Trans Siberian Orchestra Concert Fundraiser. 2006, 2007 and 2008. One dollar of ticket proceeds was contributed towards fuel fund. Columbia sponsored the event. Advertising dollars were used to raise awareness.
- 3 Edward Scissorhands. Pittsburgh Cultural Trust. 2007. One dollar of ticket proceeds contributed towards fuel fund. Columbia sponsored the event. Advertising dollars were used to raise awareness.

Finding CARES-2

Columbia's low income customers realized significant benefits from Dollar Energy grants of an average of \$386 per customer from 2006-2009.

The Company is to be commended for the number of creative and successful fund raising events which contributed significant dollars to the Dollar Energy Fund.

History

Since the inception of LIURP in 1988 the Company has weatherized approximately 5,000 homes with consumption savings averaging 21%-24%. Customer arrearages have been reduced significantly with the elimination of bad debt in over 50% of the homes completed. For homes weatherized in 2009, the average spending per home was \$5,731 for measures having a 7-12 year pay back. Columbia's funding was recently increased from \$1.3 million to \$3 million annually.³³

Key Objectives for LIURP

- Safe, affordable energy for low income customers.
- Reduced uncollectible arrearages and write-offs.
- Reduce consumption.
- Create affordable budget/ bills for customers.
- Improve payment frequency.
- Reduce d CAP shortfall deficit by bill reduction.
- Improved customer satisfaction.
- Environmental awareness/protection.

Who is eligible for LIURP?

- Customers whose income is at or below 150% FPL with up to 20% of annual budget eligible for special needs customers as defined in Section 52.2.
- Homeowner or renter; renter must have landlord permission.
- Average winter monthly consumption must be 170 CCF's or higher.
- Customer must be enrolled in the Company's CAP program and must not have been previously weatherized. Up to 20% of the annual budget will be reserved for non-CAP customers who otherwise meet the LIURP eligibility criteria.
- The dwelling must be approved as being in good condition during the audit in order to qualify for weatherization.

³³ 2009-2011 Columbia Gas of PA., Inc. Universal Service and Conservation Plan-pg. 12

Referrals

Referrals to LIURP originate through customer inquiry or from CAP high usage reports. For customer inquiries, emails are sent from the CSR's to the Manager of Universal Service who in turn sends them to the designated Company representative for prescreening. As the representative receives lists of high usage CAP customers, she divides them by county served and assigns eligible customers to the appropriate contractors on the Universal Service System data base. Once assigned, the Clerk sends a packet which includes a copy of the approved customer letter, pre-screen form, and customer usage history to the contractor.

Home Energy Audit and Energy Education

The Company contracts with 10 weatherization contractors; three private and seven non profit DCED agencies. The contractors make the customer phone calls to schedule their own audits and clean and tune up furnaces. In some cases, furnace technicians are part of the contractor crews within their own organization or the contractor may use Company approved furnace contractors from their Emergency Repair Fund program.

These contractors determine if the dwelling is in proper condition for weatherization, perform energy audits, and install prescribed measures for each individual home, utilizing blower door guided air sealing protocols. Referrals to other housing development agencies for repair work are made if necessary.

The Energy Auditor also performs energy education during the audit to advise the customer of conservation techniques and review the next steps in the LIURP process.

Gas Furnace Safety Inspection

The heating system is inspected, cleaned, and repaired/replaced as needed prior to any weatherization measure treatment. For this phase, Columbia approved heating contractors or DCED furnace technicians perform this service. Other than being considered unsafe, a furnace may also be replaced and upgraded to 90% efficiency if deemed extremely inefficient.³⁴

³⁴ M. Blasnik & Associates Impact Evaluation of Columbia Gas of Pennsylvania's Warm Choice Program Calendar Year 2005 Recommendations pg 3.

Weatherization

Program measures are installed on a seven to twelve year simple payback recovery basis. Included are the following:

- Sidewall insulation
- Attic insulation.
- Furnace replacement.
- Water Heater replacement.

Post Inspections for Quality Control

Although most of the weatherization contractors perform their own quality control, the Company contracts with Conservation Consultants, Inc. and Pure Energy Inc., to perform post inspections on 25% of randomly selected weatherized homes on an annual basis.

Challenges of LIURP ³⁵

Finding LIURP-1

The Company currently determines which homes are weatherized based solely on customer income and condition of the home. This can result in excessive dollars spent to weatherize extremely large square footage homes in expensive neighborhood. Circumstances may warrant the Company to place these customers on a “wait list” depending on available funds.

Recommendation:

The Company to modify LIURP eligibility criteria to permit it to deem customers ineligible for LIURP for “just cause”.

³⁵ Interview: Deb Davis Manager Universal Service Programs

Finding LIURP-2

There is no Company quality assurance in effect to provide checks and balances with respect to LIURP contractor performance. This includes oversight and quality assurance of contractor field work performed and contractor invoice reconciliation.

Recommendation

Implement contractor invoice reconciliation and provide quality assurance oversight to all LIURP contractors.

Fill the Quality Performance job vacancy which currently exists within the Company's organization.

Finding LIURP-3

DCED agencies are now requiring pre and post consumption usage for combined DCED and LIURP jobs. Information obtained from the USS Database is manually intensive and not user friendly.

Recommendation

Consider developing and redesigning a more efficient USS Database for LIURP similar to the one utilized by Dollar Energy.

Finding LIURP-4

Customer LIURP information letters are mailed but are unnoticed by the customer.

Recommendation

Consider stamping the outside mailing envelope with "Free Weatherization Benefits Inside" to prompt the customer to open the letter. Develop other communication vehicles for LIURP participation.

Joint Utility Usage Management Program (JUUMP)

In January 2010, the Company entered into a partnership with Allegheny Energy, Inc. to share customers, increase referrals, and increase efficiencies in offering LIURP services to their mutual eligible customers. Since both companies contract with the same weatherization agencies (Westmoreland; Fayette, Action Housing) there was an agreement to coordinate LIURP referrals.

The steps in the weatherization process remain the same for this program:

- Audit and Customer Education
- Furnace Clean and Tune
- Weatherization Measures
- Post Inspection of 25% of jobs completed

According to the Company, the administration of JUUMP is manually intensive.

In 2010 to the date of this report, Allegheny Energy Inc., and Columbia completed 42 JUUMP jobs. Of those, the number of JUUMP + DCED completed was 16 jobs.³⁶

Finding LIURP-5

Coordination with other utilities and the Company's JUUMP program has been a challenge due in part to the manually intensive referral process.

Recommendation

Develop a consistent and effective referral approach and expand JUUMP to the other electric providers within the Company's shared service territory. (i.e. Duquesne Light; First Energy)

³⁶ USS Database

Components of LIURP Jobs Completed in 2009

LIURP is designed to be a full weatherization services program with installed program measures meeting a simple payback recovery basis of seven years or less for most program measures and twelve years for sidewall insulation, attic insulation, and furnace and water heater replacement. During the early years of LIURP, companies were quickly discovering the reality of unsafe heating equipment in low income customer homes and in most cases relied on Crisis funds (when those were available) or the companies' LIURP fund for repair/replacement. In a few instances, the majority of LIURP funding was being spent to replace unsafe and inefficient furnaces.

In 1995, Columbia understood the need for furnace replacement funds and as an adjunct to LIURP, established a \$250,000 annual Emergency Repair and Replacement Fund for all eligible low income customers. In 2010, the Company received Commission approval to fund this program at \$500,000 annually, underscoring the continued need for furnace replacement both for safety and efficiency purposes.³⁷

**Table 23
Weatherization Measures and Equipment Repair/Replaced
2009**

Components	Number of Jobs
Energy Audits	436
Weatherization Measures	416
Furnace Replaced	130
Boiler Replaced	38
Water Heater Replaced	34
Heat Exchanger Replaced	2

USS Database 2009

Finding LIURP-6

In 2009, 47% percent of all LIURP jobs completed involved replacement of furnace, boiler, or water heating equipment.

³⁷ Columbia Gas of Pennsylvania, Inc. Rate Case Settlement 2010

Reducing Customer Energy Usage

As the table below reflects, Columbia’s LIURP “produces impressive energy savings that rival the best residential retrofit programs in the nation”.³⁸ Columbia placed first in the percentage of usage reduction savings as compared with their PA Natural Gas Company peer group.

**Table 24
Energy Savings Heating Jobs
2008**

Natural Gas Company	% Energy Savings
Columbia Gas	29.0%
Equitable	26.0%
National Fuel	25.0%
PG Energy	x
PECO	x
PGW	7.7%
Peoples	18.0%
TW Phillips	25.0%
UGI-Gas	x
Gas Industry Average	21.8%

Energy Savings Heating Job Excel Spreadsheet 1988-2008 –Dave Mick, BCS

Other benefits of the Company’s program include avoided costs associated with unaffordable gas bills and service terminations. In 2008, the average pre-LIURP natural gas usage of 198.4 MCFs was reduced to an average usage of 137 MCFs post-LIURP, a decrease of 60.9 MCFs.³⁹

Finding LIURP-7

The Company’s LIURP has the highest percentage of energy savings at 29% as compared to those in their PA Natural Gas peer group.

³⁸ M. Blasnik & Associates Columbia Gas of Pennsylvania Warm Choice Program 2005 Impact Evaluation

³⁹ USS Database

Finding LIURP-8

In 2009, although meetings took place between individual contractors and Columbia, contractors would like to meet more often as a collaborative group to share program findings and solutions.

Recommendations

The Company to hold quarterly contractor meetings.

LIURP NEEDS ASSESSMENT

Who still needs LIURP services and what is the cost to serve them?

Pursuant to BCS's May 9, 2001 document, the Company identified the number of customers that meet the LIURP eligibility criteria, excluding those customers who have already received weatherization services.⁴⁰ According to data from the Company's customer information system the following results were obtained:

36,653 customers meet the LIURP eligibility criteria
- 4,918 received weatherization
31,735 Sub Total Potential LIURP Customers

14,000 Number of Property Owners @ 100% participation rate
8,868 Number of Renters @ 50% participation rate
22,000 Total Potential LIURP Customers

The number of landlords giving permission to weatherize their properties varies from year to year. The Company has had difficulty obtaining the necessary approvals prior to performing the home energy audit. In 2010 to date, 316 LIURP jobs were cancelled due to non receipt of landlord approval information.⁴¹

Based on the Company's most current average cost of \$5,865 to weatherize each home, the total funding necessary for weatherizing all 22,000 potentially eligible customer homes would be \$129,030,000. Currently, Columbia funds LIURP at \$3 million annually, the highest funded program in the PA natural gas utility sector.

Finding LIURP-9

In 2009, the Company appropriately increased their LIURP budget to \$3 million in order to reflect the potential customer LIURP population of 22,000 as identified in the Company's needs assessment.

⁴⁰ Patty Terpin, Manager Customer Programs

⁴¹ USS Database 2010

Finding LIURP-10

Approximately 60% (316) of the projected 500 LIURP job completions for 2010 were cancelled due to uncooperative landlords or non receipt of landlord approvals. Customers otherwise eligible are being penalized from receiving LIURP benefits.

Recommendation

Develop a communication letter which clearly outlines the benefits to landlords and to their property value by participating in the Company's LIURP.

LIURP COSTS

LIURP production levels depend on many factors including the size of the Company's program budget, heating saturation among the Company's customer population; condition and size of the housing stock, contractor capability, and to some extent customer behavior.

**Table 25
Natural Gas Company LIURP Spending
2009**

Company	2009 Actual Spending	2009 Heating Jobs
Columbia	\$3,148,334	\$5,865/ 29% Savings
Peoples	\$610,000	\$3,343
Equitable	\$548,056	\$4,287
National Fuel	\$1,364,323	\$3,275
PECO-Gas	\$2,225,467	\$2,170
PGW	\$2,046,452	\$1,296
UGI-Gas	\$1,682,262	\$3,527
UGI-Penn Natural	\$917,614	\$3,072

2009 BCS Universal Service Programs and Collections Performance Report pg. 35-37

Finding LIURP-11

The Company's LIURP spending level of \$3,148,334 is the highest as compared to their PA Natural Gas Company peer group. Expenditure per job completed is also the highest at \$5,865.

In Columbia's case, there appears to be a correlation between energy savings percentage and expenditure per job completed. The more money spent per job results in more comprehensive weatherization which results in greater energy savings. See Finding LIURP-3.

APPENDIXES

APPENDIX A
OSCAR



Training Workbook
For
Columbia Gas Universal Service
Representatives



Columbia Gas[®]
of Pennsylvania
A NiSource Company

Who is OSCAR?

OSCAR is the On-line System for Customer Assistance Records. This system will be used for prescreening, scheduling clients for appointments, completing CAP intake, enrollment, reverification and reporting. OSCAR will streamline and replace the paper process currently used for the Columbia Gas CAP.

The Process

Columbia Gas Universal Service Representatives will be the first step in the process. When customers call into Universal Services, these representatives take the customer through the prescreening process, calculate the payment options, and either transfer the caller directly to \$1 Energy Fund to complete an application or refer the caller to one of the Community Based Organizations to schedule an appointment to complete a CAP application.

Previously, the prescreen was faxed to the Community Based Organization and they kept track of the prescreens, attempted to schedule the clients for appointments and returned all prescreen forms to \$1 Energy Fund for follow-up if they could not complete the intake.

OSCAR will now send the prescreen electronically from Universal Services to the Intake Site. When the client contacts the agency, they will schedule the appointment using OSCAR to track the date and time. They will also review with the client the information that was provided at the prescreen regarding income and household size. For those clients who fail to schedule or keep their appointment, OSCAR will electronically send the prescreen over to \$1 Energy Fund for follow-up.

When the client comes into the agency to complete the application or speaks with the representative at \$1 Energy fund, the application will be completed and processed on-line.

OSCAR will then send the application over to Columbia CAP at \$1 Energy to complete the enrollment process or in cases where the applicant was found to be ineligible at the intake, to advise the client that they are ineligible for CAP enrollment.

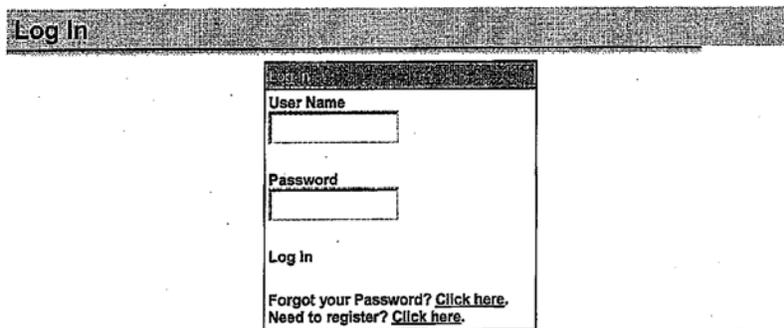
OSCAR will track clients through the entire CAP process beginning with the prescreen and continuing as long as the client is active in CAP. OSCAR will also track clients who are dismissed or found to be ineligible.

How to Log into OSCAR

- In your web browser, go to <http://www.dollarenergy.org/oscar.columbia/>
- You will see a section asking for your login information
- Click on the blank space under User Name and type in your assigned user name
- Hit Tab
- Type in your password

PLEASE NOTE: User names and passwords are case-sensitive.

- Click the Log In Button



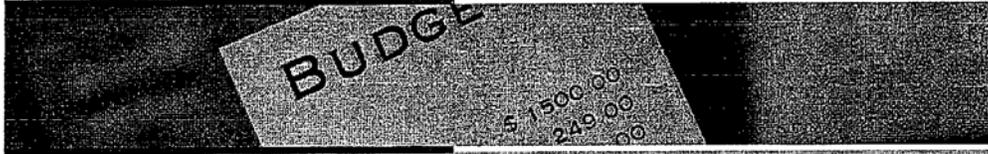
The screenshot shows a login form titled "Log In" in a shaded header. The form contains two input fields: "User Name" and "Password". Below the "Password" field is a "Log In" button. At the bottom of the form, there are two links: "Forgot your Password? [Click here.](#)" and "Need to register? [Click here.](#)".

OSCAR's Home Page

The Home Page will display real time information for CAP enrollment as well as the number of applications pending in each enrollment category. As Community Based Organizations, \$1 Energy Fund Customer Service Representatives, and the Columbia CAP team at \$1 Energy Fund complete applications and enrollments, the numbers in the pending categories will change.

The Home Page does not display statistics pertaining to the number of prescreens or the agency referral site. This information will be available through a report.

The Global Navigation Menu on the left side of the Home Page will provide access to the functions and reports that apply to your specific role in the CAP process.



You are signed in as
Mary Sally
\$1 Energy Fund, Inc.

Home

The following information is current as of Friday, April 21, 2006 at 9:01:24 AM.

- [Home](#)
- [Pre-Screen](#)
- [Schedule Appointment](#)
- [Application In-take](#)
- [Application Review](#)
- [Reports](#)
- [Administration](#)
 - Organization
 - Organization Type
 - Site
 - System Menu
 - Users
- [Log Out](#)

Assignments & Appointments

Assignments:
The names of the individuals assigned to your agency will appear here with the date the prescreen was sent from Universal Services.

Upcoming Appointments:
The names of the clients who have scheduled intake appointments will appear here along with the date and time of their appointment.

Enrollment Statistics

There are 0 customers enrolled. Enrollment is currently at 0.00% of the desired level.

0 27,000

Agency Pending Statistics

Pending Category	Number Pending
Intake	
Active Security	
Credit	
Waiting for Grant to Post	
Offs	
Reinstatements	
Incomplete App	
Remove Check Free	
CAP Payment Too High	
Balance Transfer	
Reverify Zero Income	
Reverifications	
Dismissed	
Waiting for Income	
Not Eligible	
Enrolled	

Messages

This area will contain important messages from Columbia CAP.

The Prescreen

All clients must be prescreened by Columbia Gas Universal Service Representatives prior to completing a CAP application. If a Community Based Organization has a client at their agency for another program and they determine that the client is a Columbia Gas customer who appears to be eligible for CAP, they should contact Universal Service and ask them to prescreen the customer while they are at the agency.

Universal Service will go through the prescreening process and submit the prescreen electronically through OSCAR. The agency intake worker, provided they have proof of household income, can complete the CAP application immediately. If the client does not have proof of all household income with them at the time, the intake worker should use OSCAR to schedule an appointment for the client to come back into the agency to complete the application.

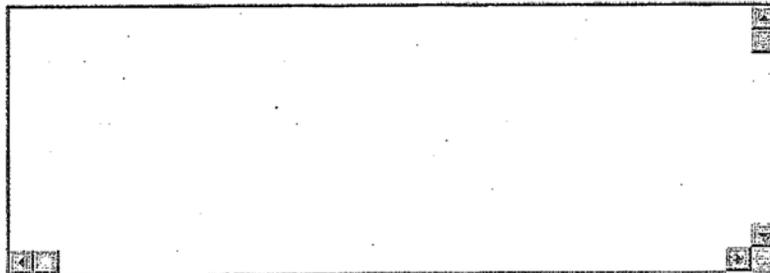
How to Use the Prescreen Feature

- Enter the prescreen information into the appropriate screen in the Columbia Gas system.
- Copy the screen from the Columbia system using the exact screen dimensions as shown on the next page in the workbook.
- Click on Prescreen on the Global Navigation Menu.
- Paste the screen from the Columbia system into the box

Pre-Screen

These are some instructions.

OSCAR Payment Pbn Entry Screen Paste



Continue

- Click continue

NOTE: The information from the screen which was copied and pasted from the Columbia system will be prefilled into the appropriate fields. You will need to enter the remaining information to complete the Prescreen process.

- In the Utility Section, choose the appropriate Service Status from the drop down menu
- If the client has a termination notice, enter the date into the Term Date field
- In the Required Services section, choose all that apply
- Select the Referral Site from the drop down menu
 - \$1 Energy Fund, Inc. will be used for all referrals made to \$1 Energy Fund even those where an application is to be mailed to the client
- In the Comment Section, enter the payment amount as follows, \$00.00+\$5 along with any other information which the agency needs in order to complete a CAP application for the customer.
- Click Finished

In certain cases, such as Service Off or Active Security, you will be unable to Copy and Paste the screen information from the Columbia System. In those cases, use the following procedure:

- Click on Prescreen on the Global Navigation Menu
- Click continue
- In the Rate Payer Section enter
 - The Rate Payer's Full Name
 - Phone #
 - Street Address
 - City
 - State
 - Zip
- In the Household Section enter
 - # of people in the household over 18 into the Adult Count field
 - # of people in the household under 18 into the Child Count field
 - Total gross monthly income from all sources into the Monthly Income field
 - Choose the income source which makes up the largest part of the total from the Income Source drop down menu
- In the Utility Section enter
 - The 12 digit account # into the Account Number field
 - The existing balance into the Pre-program Arrears field
 - Select the appropriate Service Status from the drop down menu
 - If the client is in threat of termination, enter the date into the Term Date field
- In the Required Services Section
 - Choose all that apply by clicking in each box
- In the Payment Section
 - Choose the appropriate Payment Option from the drop down menu
 - Enter the appropriate amount into the Base Budget Amount field
 - Enter 5 into the Co-pay field
 - Enter the CAP payment amount into the Payment Amt field
 - Enter the appropriate amount into the Percent of Bill field
- In the Referral Section
 - Select the Referral Site from the drop down menu
 - \$1 Energy Fund, Inc. will be used for all referrals made to \$1 Energy Fund even those where an application is to be mailed to the client
- In the Comment Section
 - Enter the payment amount as follows, \$00.00+\$5
- Click Finished

You are signed in as:
Mary Sally
\$1 Energy Fund, Inc.

Pre-Screen

These are some instructions.

- [Home](#)
- [Pre-Screen](#)
- [Schedule Appointment](#)
- [Application In-take](#)
- [Application Review](#)
- [Reports](#)
- [Administration](#)
 - [-- Organization](#)
 - [-- Organization Type](#)
 - [-- Site](#)
 - [-- System Menu](#)
 - [-- Users](#)
- [Log Out](#)

Individual			
Full Name	<input type="text"/>	Phone Number	<input type="text" value="###-###-####"/>
Address	<input type="text"/>	City	<input type="text"/>
State	<input type="text" value="-- Select Option --"/>	Zip	<input type="text" value="#####"/>

Household			
Adult Count	<input type="text" value="0"/>	Child Count	<input type="text" value="0"/>
Monthly income	<input type="text" value="0"/>	Income Source	<input type="text" value="-- Select Option --"/>

Utility			
Account Number	<input type="text"/>	Service Status	<input type="text" value="-- Select Option --"/>
Pre-Prog Arrears	<input type="text" value="0"/>	Term Date	<input type="text" value="MM/DD/YYYY"/>

Required Services			
Select all that apply:			
CAP	DEF Grant	LIHEAP	CRISIS
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Payment			
Payment Option	<input type="text" value="-- Select Option --"/>	Payment Amt	<input type="text" value="0"/>
Base Bdgt Amt	<input type="text" value="0"/>	Percent of Bill	<input type="text" value="0"/>
Co-Pay Amount	<input type="text" value="0"/>		

Referral	
Referral Site	<input type="text" value="-- Select Option --"/>

Comments	
<input type="text"/>	

Finished

Once you have clicked Finished, the prescreen will appear in the list of Assignments in the Appointment Scheduler at the appropriate agency site.

Appointment Scheduler

These are some instructions.

Assignments

Name	Pre-Screen
Earl Barras	4/18/2006
Gregory DiCaprio	4/18/2006
James Martin	4/18/2006
James Pagani	4/18/2006
Lynn Luster	4/18/2006
Terry Kale	4/18/2006

Reports will be developed and made available to Universal Service Representatives showing them where an application is in the process should a client call back to inquire.

APPENDIX B
CAP BILLS

How to Contact Us

1-888-460-4332
For DirectLink self-service 24 hours/day
For billing questions or complaints, please
call 7 a.m. - 5:30 p.m., Mon. - Fri. before due date
For quickest response,
call 7 a.m. - 3 p.m., Mon. - Fri.
1-888-460-4332
For gas leaks or odor of gas 24 hours/day
Press option 2 after the greeting
711
For hearing-impaired relay

www.columbiagas.com
Click on DirectLink e-Services for account information,
online billing and payment services, financial assistance,
and other useful tools.

Payment Options

Online Pay free by electronic check at our Web site.
ZipCheck Authorize your bank to pay your bill automatically each month. Enroll online.
NCO EasyPay Call 1-800-284-8572 or link from our Web site to pay by credit/debit card, or e-check. A convenience fee will apply.

Authorized Payment Centers Call or visit us online to find a payment center near you. Agents charge a fee for each transaction.

Mail Return coupon below with payment to:

Columbia Gas of Pennsylvania
P.O. Box 742537
Cincinnati, OH 45274-2537

Gas Meter Information

Actual Reading A meter reader has read the meter. You're required to provide us access to read the meter at least once a year or risk shut-off. Please contact us to make arrangements if access is required.

Estimated Reading During the months we don't read the meter, we accurately estimate your reading based on the history of usage at the service address and normal temperatures for the billing period. We verify the reading the next time we read the meter to make sure you pay only for the energy you've used.

Gas Usage We measure your gas usage in Ccf equal to 100 cubic feet.

Billing & Payment Summary

Customer Name	
[REDACTED]	
Customer Assistance Program (CAP)	
Previous Amount Due on 07/13/2010	\$28.00
Payments Received on 07/07/2010	- \$28.00
CAP Balance on 07/14/2010	= \$0.00
CAP Installment Amount Due	+ \$28.00
Amount Due by 08/06/2010	= \$28.00

Billing & Payment Notes

Your prompt CAP payments are appreciated. We thank you.
See back of bill for Detail of Charges for Gas Service.

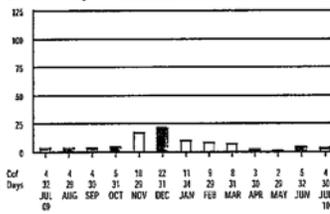
Service Summary

Service Location	
[REDACTED]	
Meter Number	96728142
Meter Readings (30 Billing Days)	
Estimated Reading on 7/14	5146
Actual Reading on 6/14	- 5142
Gas Used (Ccf)	= 4

Service Summary Notes

Your next actual meter reading date is 8/12/2010

Gas Use History



Daily Comparisons

Month	Avg Daily Temp	Avg Daily Usage
Jul '10	73.4°	2.1
Jun '10	67.4°	0.2
Jul '09	69.5°	0.7

Your Average Monthly Usage is 8 Ccf

Your Total Annual Usage is 95 Ccf

Payment Coupon

Amount Due by 8/06/2010 \$28.00

Payment Enclosed \$ [REDACTED]

Make check payable to:

Turn Me Over for more details about your account

Account Number

Is your contact information on the back incorrect? Check this box and detail the correction on the reverse side.

Columbia Gas of Pennsylvania
A NISource Company
P.O. Box 742537
Cincinnati, OH 45274-2537

Account Number

Statement Date
07/14/2010
6652

Legal Notices (continued)

Rate Schedule Copies of rate schedules are available for inspection upon request. Call 888-460-4332 for an explanation of charges and how to verify the accuracy of a bill.

Check Processing Information If you pay your bill by check, you authorize us to convert the check into a one-time electronic fund transfer from your checking account. Funds could be withdrawn from your account as early as the day after we receive your payment. Your check will not be returned to you, but the transaction will be noted on your financial statement. If you do not want your check converted, please call 1-888-895-8555, 8 a.m. - 8 p.m., Mon. - Fri. EST.

Bankruptcy Notices Mail to Columbia Gas of Pennsylvania, Revenue Recovery, 200 Civic Center Dr., Columbus, OH 43215.

Other Correspondence (except payments) Mail to Columbia Gas of Pennsylvania, P.O. Box 2318, Columbus, OH 43216-2318

Detail of Charges for Gas Service

Columbia Gas of Pennsylvania	
Monthly Customer Charge	\$11.50
Gas Cost Adjustment	\$0.06
Distribution Charges 2 Ccf at \$0.34960 per Ccf	\$0.69
Distribution Charges 2 Ccf at \$0.35061 per Ccf	\$0.70
State Tax Adjustment Surcharge	\$0.02
Gas Supply Charges 2 Ccf at \$0.49354 per Ccf	\$0.99
Gas Supply Charges 2 Ccf at \$0.46609 per Ccf	\$0.92
Cap Account Summary	
Amount You Do Not Have To Pay	\$0.00
Amount Due For Gas Used This Month	\$28.00

Service Charges Notes

Your bill includes \$0.39 in state taxes.

Monthly Customer Charge is a flat monthly charge to cover costs of maintaining service lines, meter reading and billing.

Distribution Charges are the charges of delivering the gas from the point receipt into the local distribution company system to the customer's premises. The charges for these services are regulated and must be purchased from the local distribution company.

Gas Supply Charges are the charges for basic natural gas supply service which is sold by volume (Ccf).

How to Contact Us

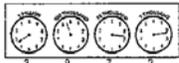
1-888-466-4332
For DirectLink self-service 24 hours/day
For billing questions or complaints, please
call 7 a.m. - 5:30 p.m., Mon. - Fri. before due date
For quickest response,
call 11 a.m. - 3 p.m., Mon. - Fri.
1-888-466-4332
For gas leaks or odor of gas 24 hours/day
Press option 2 after the greeting
711
For hearing-impaired relay
www.columbiagas.com
Click on DirectLink or Services for account information,
online billing and payment services, financial assistance,
and other useful tools.

Payment Options

Online Pay free by electronic check at our Web Site.
ZipCheck Authorize your bank to pay your bill automatically each month. Enroll online.
NCO EasyPay Call 1-800-264-8572 or link from our Web site to pay by credit/debit card, or e-check. A convenience fee will apply.
Authorized Payment Centers Call or visit us online to find a payment center near you. Agents charge a fee for each transaction.
Mail Return coupon below with payment to:
Columbia Gas of Pennsylvania
P.O. Box 742537
Cincinnati, OH 45274-2537

Gas Meter Information

Actual Reading A meter reader has read the meter. You're required to provide us access to read the meter at least once a year or risk shut-off. Please contact us to make arrangements if access is required.
Estimated Reading During the months we don't read the meter, we accurately estimate your reading based on the history of usage at the service address and normal temperatures for the billing period. We verify the reading the next time we read the meter to make sure you pay only for the energy you've used.
Gas Usage We measure your gas usage in Ccf equal to 100 cubic feet.
How to Read the Meter When a pointer is between two numbers on a dial-type meter, read the smaller number except when the pointer is between 9 and 0. Record the reading on the dials from left to right.
Example:



Legal Notices

Public Utility Commission The Pennsylvania Public Utility Commission (PUC) is the state regulatory agency that provides oversight, policy guidance, and direction of distribution prices and services from Columbia Gas of Pennsylvania and suppliers.

Legal Notices (continued)

Rate Schedule Copies of rate schedules are available for inspection upon request. Call 888-466-4332 for an explanation of charges and how to verify the accuracy of a bill.
Check Processing Information If you pay your bill by check, you authorize us to convert the check into a one-time electronic fund transfer from your checking account. Funds could be withdrawn from your account as early as the day after we receive your payment. Your check will not be returned to you, but the transaction will be noted on your financial statement. If you do not want your check converted, please call 1-888-466-4332, 8 a.m. - 8 p.m., Mon. - Fri. EST.
Bankruptcy Notices Mail to Columbia Gas of Pennsylvania, Revenue Recovery 200 Civic Center Dr., Columbus, OH 43215.
Other Correspondence (except payments) Mail to Columbia Gas of Pennsylvania, P.O. Box 2318, Cincinnati, OH 45216-2318

Billing & Payment Summary

Customer Name	[REDACTED]
Customer Assistance Program (CAP)	
Previous Amount Due on 08/04/2010	\$124.00
Payments Received on 08/06/2010	\$0.00
CAP Balance on 08/06/2010	\$124.00
CAP Installment Amount Due	\$49.00
Amount Due by 08/31/2010	\$173.00

Billing & Payment Notes

You are behind on your monthly CAP payments. If the local past due amount is not paid by this month's due date your gas service will be scheduled for shut-off due to non-payment.
See back of bill for Detail of Charges for Gas Service.

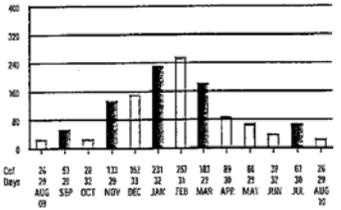
Service Summary

Service Location	[REDACTED]
Meter Number	7383365
Meter Readings (29 Billing Days)	
Estimated Reading on 8/6	9074
Actual Reading on 7/8	9046
Gas Used (Ccf)	28

Service Summary Notes

Your next actual meter reading date is 8/7/2010

Gas Use History



Daily Comparisons

Month	Avg Daily Temp	Avg Daily Usage
Aug '10	76.1°	0.9
Jul '10	73.5°	2.2
Aug '09	72.2°	0.9

Your Average Monthly Usage is 111 Ccf
Your Total Annual Usage is 1328 Ccf

Payment Coupon

Amount Due by 8/31/2010 \$173.00

Payment Enclosed \$ [REDACTED]

Make check payable to:

Account Number

[REDACTED]

Is your contact information on this check incorrect? Check this box and detail the correction on the reverse side.

Detail of Charges for Gas Service

Columbia Gas of Pennsylvania	
Monthly Customer Charge	\$11.50
Gas Cost Adjustment	\$0.42
Distribution Charges 26 Ccf at \$0.34960 per Ccf	\$9.10
State Tax Adjustment Surcharge	\$0.03
Gas Supply Charges 26 Ccf at \$0.49354 per Ccf	\$12.83
Cap Account Summary	
Amount You Do Not Have To Pay	\$0.00
Amount Due For Gas Used This Month	\$49.00

Service Charges Notes

Your bill includes \$0.52 in state taxes.
Monthly Customer Charge is a flat monthly charge to cover costs of maintaining service lines, meter reading and billing.
Distribution Charges are the charges of delivering the gas from the point receipt into the local distribution company system to the customer's premise. The charges for these services are regulated and must be purchased from the local distribution company.
Gas Supply Charges are the charges for basic natural gas supply service which is sold by volume (Ccf).

How to Contact Us

1-888-466-4332
For direct line self-service 24 hours/day
For billing questions or complaints, please
call 7 a.m. - 5:30 p.m., Mon. - Fri. before due date
For quickest response,
call 11 a.m. - 3 p.m., Mon. - Fri.
1-888-466-4332
For gas leaks or odor of gas 24 hours/day
Press option 2 after the greeting
711
For hearing-impaired relay

www.columbiagas.com
Click on DirectLink e-Services for account information,
online billing and payment services, financial assistance,
and other useful tools.

Payment Options

Online Pay free by electronic check at our Web site.
ZipCheck Authorize your bank to pay your bill automatically each month. Enroll online.
Mail Return coupon below with payment to:
Columbia Gas of Pennsylvania
P.O. Box 742537
Cincinnati, OH 45274-2537

Gas Meter Information

Actual Reading A meter reader has read the meter. You're required to provide us access to read the meter at least once a year or risk shut-off. Please contact us to make arrangements if access is required.

Estimated Reading During the months we don't read the meter, we accurately estimate your reading based on the history of usage at the service address and normal temperatures for the billing period. We verify the reading the next time we read the meter to make sure you pay only for the energy you've used.

Gas Usage We measure your gas usage in Ccf equal to 100 cubic feet.

How to Read the Meter When a pointer is between two numbers on a dial-type meter, read the smaller number except when the pointer is between 9 and 0. Record the reading on the dials from left to right.
Example:



Legal Notices

Public Utility Commission The Pennsylvania Public Utility Commission (PUC) is the state regulatory agency that provides oversight, policy guidance, and direction of distribution prices and services from Columbia Gas of Pennsylvania and suppliers.

Rate Schedule Copies of rate schedules are available for inspection upon request. Call 888-466-4332 for an explanation of charges and how to verify the accuracy of a bill.

Legal Notices (continued)

Check Processing Information If you pay your bill by check, you authorize us to convert the check into a one-time electronic fund transfer from your checking account. Funds could be withdrawn from your account as early as the day after we receive your payment. Your check will not be returned to you, but the transaction will be noted on your financial statement. If you do not want your check converted, please call 1-888-895-9555, 8 a.m. - 8 p.m., Mon. - Fri. EST.

Bankruptcy Notices Mail to Columbia Gas of Pennsylvania, Revenue Recovery 200 Civic Center Dr., Columbus, OH 43215.

Other Correspondence (except payments) Mail to Columbia Gas of Pennsylvania, P.O. Box 2318, Columbus, OH 43216-2318

Billing & Payment Summary

Customer Name	
[REDACTED]	
Customer Assistance Program (CAP)	
Previous Amount Due on 06/18/2010	\$86.00
Payments Received on 06/08/2010	- \$86.00
CAP Balance on 06/21/2010	= \$0.00
CAP Installment Amount Due	+ \$25.00
CAP Co-Pay Amount Due	+ \$5.00
Amount Due by 07/15/2010	= \$30.00

Billing & Payment Notes

Pre-Program Balance
Last month balance \$130.06
Payments you made \$10.00
Amount Columbia Gas has held \$21.43
Remaining balance = \$718.53
Your new CAP payment amount is based on normal weather conditions, your previous 12 months usage, and the present projected cost of natural gas. To remain in the CAP program, you must pay this new amount.
Congratulations! We have reduced the amount you owed prior to joining CAP by \$21.43 because you are up to date on your CAP payment plan. The credit amount appears in the Pre-Program Balance section of this bill.
Your prompt CAP payments are appreciated. We thank you.
See back of bill for Detail of Charges for Gas Service.

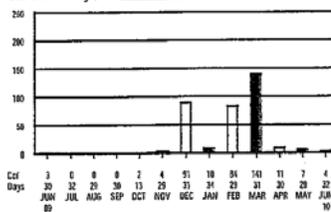
Service Summary

Service Location	
[REDACTED]	
Meter Number	98715996
Meter Readings (32 Billing Days)	
Estimated Reading on 6/21	8624
Actual Reading on 6/20	- 8620
Gas Used (Ccf)	= 4

Service Summary Notes

Your next actual meter reading date is 7/21/2010

Gas Use History



Daily Comparisons

Month	Avg Daily Temp	Avg Daily Usage
Jun '10	72.2°	0.1
May '10	58.7°	0.2
Jun '09	67.1°	0.1

Your Average Monthly Usage is 30 Ccf
Your Total Annual Usage is 354 Ccf

Payment Coupon

Amount Due by 7/15/2010	\$30.00
-------------------------	---------

Payment Enclosed \$

Detail of Charges for Gas Service

Columbia Gas of Pennsylvania	
Monthly Customer Charge	\$11.50
Gas Cost Adjustment	\$0.06
Distribution Charges 4 Ccf at \$0.35061 per Ccf	\$1.40
State Tax Adjustment Surcharge	\$0.02
Gas Supply Charges 4 Ccf at \$0.46008 per Ccf	\$1.84
Cap Account Summary	
Amount You Do Not Have To Pay	\$0.00
Amount Due For Gas Used This Month	\$25.00

Service Charges Notes

Your bill includes \$0.36 in state taxes.
Monthly Customer Charge is a flat monthly charge to cover costs of maintaining service lines, meter reading and billing.
Distribution Charges are the charges of delivering the gas from the point receipt into the local distribution company system to the customer's premises. The charges for these services are regulated and must be purchased from the local distributor.

APPENDIX C
Rider USP-Universal Service Plan

RIDER USP – UNIVERSAL SERVICE PLAN

(C)

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

This Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Program ("CAP").

CHARACTER OF RATE

This Rider has been established to recover costs related to the Company's Universal Service and Conservation Programs.

(C)

RATE

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each Mcf of sales volumes or distribution volumes distributed by the Company to customers receiving service under Rate Schedules RSS, RDS, PPS, RDGSS, RDGDS or successor rate schedules.

(C)

The rate information is detailed in the Rate Summary pages of this tariff.

No charge shall be applicable to Customers enrolled in the Company's CAP.

CALCULATION OF RATE

The Rider USP rate shall be calculated to recover costs for the following programs: Low Income Usage Reduction Program (LIURP); Customer Assistance Program (CAP); and Energy Efficiency Program.

(C)

LIURP costs will be calculated based on the projected number of Level 1 income homes to be weatherized. Energy Efficiency program costs will be calculated on the projected number of Level 2 income homes provided with an energy audit and programmable thermostat.

(C)

CAP costs will be calculated to include the projected CAP Shortfall (the difference between the total calculated RSS bill excluding Rider CC and Rider USP and the CAP bill, less LIHEAP energy assistance received) based upon the current discounts at normalized annual volumes of the then-current CAP participants, the projected CAP Shortfall for projected customer additions to CAP during the period that the CAP Rider rate will be in effect at the average discount of current CAP participants at normalized annual volumes, the projected CAP customer application costs and the projected CAP pre-program arrearages to be forgiven and written off during the next 12 months.

(C)

If the Company is successful in obtaining a CAP gas supply aggregator as provided in Rate CAP-Customer Assistance Program, then the shortfall will be adjusted to reflect the RDS rate plus the gas costs resulting from the aggregation service.

(C)

The costs shall be divided by the total annual projected throughput volumes of all residential non-CAP customers as established in the Company's most recent Purchased Gas Cost proceeding to determine the volumetric rate for this Rider.

(C)

(C) Indicates Change

Issued: October 28, 2008

T. J. Murphy
President

Effective: October 28, 2008

RIDER USP – UNIVERSAL SERVICE PLAN – Continued

QUARTERLY ADJUSTMENT

Each quarter, and at any time that the Company makes a change in base rates or Purchased Gas Cost rates affecting residential customers, the Company shall recalculate the Rider USP rate pursuant to the calculation described above to reflect the Company's current data for the components used in the USP rate calculation. The Company shall file the updated rate with the Commission to be effective one (1) day after filing. (C)

ANNUAL RECONCILIATION

On or before April 1 each year, the Company shall file with the Commission data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended December. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the CAP quarterly rate adjustment to be effective April 1. Actual recoverable costs shall reflect actual shortfall costs, actual application costs, actual net writeoffs, actual LIURP and actual Energy Efficient costs. Actual CAP shortfall costs shall be based upon actual numbers of CAP customers, actual CAP throughput volumes, actual CAP payments received and actual LIHEAP energy assistance received. (C)

C) Indicates Change

Issued: October 28, 2008

T. J. Murphy
President

Effective: October 28, 2008

Columbia Gas of Pennsylvania, Inc.

Derivation of Rider USP Surcharge Rate
Effective July 1, 2010

Line No.	Description	Amount
1	<u>Current CAP customers</u>	
2	Enrolled Customers	24,042
3	Consumption	118
4	Revenues Billed	26,801,080
5	Customer Payments	<u>(18,033,982)</u>
6	Discounts for Current Customers	<u>8,767,098</u>
7	<u>Projected CAP customers</u>	
8	Estimated Enrollment	300
9	Consumption	118
10	Revenues Billed	334,430
11	Customer Payments	<u>(225,030)</u>
12	Discount for Additional Enrollment	<u>109,400</u>
13	<u>RATE DERIVATION:</u>	
14	Total Customer Discounts	8,876,498
15	Pre-Program Arrearages	3,072,258
17	Docket No. R-2008-2028039 Adjustment	1/ 250,000
18	Low Income Usage Reduction Program (LIURP)	2/ 3,134,880
19	Energy Efficiency Program (EE)	2/ 300,000
20	Application Fees	190,000
21	Annual Reconciliation of Rider USP surcharge	6,275,117
22	Total Discount to be Recovered	<u>22,098,753</u>
23	Rate Determinants	3/ <u>33,489,896</u>
24	Rider USP Rate	<u>\$ 0.6599</u>

1/ Adjustment made pursuant to the terms of the settlement in Docket No. R-2008-2028039, approved by the Commission on August 21, 2008.

2/ Included pursuant to Paragraph 16 g. (ii) of the settlement in Docket No. R-2008-2011621.

3/ Based on the volumes reflected in Columbia's 2009 1307(f) proceeding.

Columbia Gas of Pennsylvania, Inc.

Calculation of Estimated CAP Revenues to be Billed
Effective July 1, 2010

Line No.	Description	Amount
		\$
1	CURRENT CUSTOMERS:	
2	Enrolled CAP Customers	24,042
3	Customer Charge	
4	Monthly Customer Charge	\$11.52
5	Annual Customer Charge	3,323,570
6	Commodity Charge	
7	Base Rate	\$2.5252
8	E-Factor	-\$0.1813
9	PGDC	\$1.2357
10	Gas Supply Cost	\$4.6016
11	STAS	\$0.0043
12	Unbundled Uncollectible Charge	\$0.0901
13	Total Billed Rate	<u>\$8.2756</u>
14	Average Annual Normalized Volumes - Mcf	118
15	Annual Commodity Charges	23,477,510
16	Total Revenue Billed for Enrolled Customers	<u>26,801,080</u>
17	PROJECTED ENROLLMENT:	
18	3Q 2010	300
19	Customer Charge	
20	Monthly Customer Charge	\$11.52
21	Annual Customer Charge	41,470
22	Commodity Charge	
23	Total Billed Rate	\$8.2756
24	Average Annual Normalized Volumes - Mcf	118
25	Annual Commodity Charges	292,960
26	Total Revenue for Projected Enrollment	<u>334,430</u>

Columbia Gas of Pennsylvania, Inc.

Calculation of CAP Customer Payments
Effective July 1, 2010

Line No.	Description	Amount
1	<u>Current</u>	
2	Customers Enrolled	24,042
3	Average Required Monthly Payment	1/ \$ 49.00
4	Annual Required Payment	<u>14,136,700</u>
5	<u>Projected</u>	
6	Customers Enrolled	300
7	Average Required Monthly Payment	1/ \$ 49.00
8	Annual Required Payment	<u>176,400</u>
9	<u>Energy Assistance</u>	
10	Average Per Customer	\$ 162.10
11	Annualized Amount - Current	<u>3,897,282</u>
12	Annualized Amount - Projected	<u>48,630</u>
13	Total Customer Payments - Current	<u>18,033,982</u>
14	Total Customer Payments - Projected	<u>225,030</u>

1/ Adjusted projection to reflect reduction in estimated Rider USP costs under Paragraph 16 g. (ii) of the settlement in Docket No. R2008-2011621.

