



PGW Universal Service Program

Impact Evaluation

Final Report

November 2012

Table of Contents

Executive Summary	i
Evaluation	i
Eligible Population Assessment.....	i
Customer Responsibility Program	ii
Successful Program Practices	iv
Customer Feedback.....	v
Participant Characteristics and Program Impacts	vii
Findings and Recommendations	viii
I. Introduction	1
A. Customer Responsibility Program	1
B. Research Activities	1
C. Organization of the Report.....	2
II. Eligible Population Assessment	3
A. Overview	3
B. CRP-Eligible Population.....	4
C. Targeted Households	5
D. CRP Participation.....	5
E. Summary	7
III. Customer Responsibility Program	8
A. Eligibility and Benefits	8
B. LIHEAP Grant Application	9
C. Outreach.....	9
D. Enrollment.....	10
E. Requirements	10
F. Re-certification	10
G. Follow-up and Removal.....	11
H. Participation and Costs	12
I. Program Operations	13
J. Successes and Challenges	14
IV. Successful Payment Program Practices	16
A. Program Design	16

B. Application Process	17
C. Communications	18
D. Energy Efficiency	19
E. Bill Payment.....	19
F. Collections	20
V. Customer Survey.....	21
A. Methodology	21
B. Survey Findings	23
C. Summary	53
VI. Participant Characteristics and Program Impacts	56
A. Goals	56
B. Methodology	56
C. Data Attrition	58
D. Retention Rates	59
E. Participant Characteristics	60
F. Arrearage Forgiveness	65
G. Affordability	68
H. Bill Payment.....	72
I. Energy Assistance	74
J. Collections	75
K. Summary	76
VII. Findings and Recommendations	78
A. Accomplishments.....	78
B. Recommendations.....	78

Executive Summary

Philadelphia Gas Works (PGW) implemented a Customer Responsibility Program (CRP) as part of its Universal Service Program portfolio to help low-income customers meet their energy needs. This program provides a reduced gas bill to customers with income at or below 150 percent of the federal poverty level. PGW contracted with APPRISE to conduct a third party evaluation of the CRP. This report provides the findings from the independent evaluation.

Evaluation

The following research activities were undertaken as part of the CRP evaluation.

1. Background Research – We collected and reviewed documents related to the CRP.
2. Manager and Staff Interviews – We conducted in-depth telephone interviews with CRP managers and staff, district office representatives, and collections representatives. These interviews provided an understanding of the details of the program and implementation, as well as potential changes to improve program performance.
3. Eligible Population Assessment – We analyzed data from the American Community Survey for PGW's service territory to determine the number and characteristics of low-income households who are eligible for PGW's CRP. We also estimated the percentage of eligible customers who participate in the program.
4. Successful Payment Program Practices – We discussed payment program practices that have been found to be successful based on our research on other low-income energy bill payment programs around the country.
5. Customer Survey – We conducted a survey with current and past CRP participants, and with low-income customers who do not participate in the CRP. We collected information on program understanding, impact, and satisfaction. We discussed reasons for non-participation and affordability of gas bills with low-income customers who did not participate.
6. CRP Characteristics and Impact Analysis – We analyzed program data, transactions data, and collections data to characterize the population that participates in the CRP, and to assess program retention, benefits, affordability impacts, bill payment impacts, and collection impacts.

Eligible Population Assessment

Approximately 140,000 of PGW's 450,000 customers were income-eligible for the CRP in 2009. Fifty-seven percent of these customers participated in the CRP. The participation rate was highest among those households with income between 51 and 100 percent of the federal

poverty level. PGW's CRP participation rate was higher than the participation rate of other gas CAP's in Pennsylvania, which had average participation rates of 30 percent.

Customer Responsibility Program

PGW introduced a Percentage of Income Plan Program (PIPP) in 1989, and revised the program as the Customer Responsibility Program (CRP) in 1994. The current program was approved by the Pennsylvania Public Utility Commission (PUC) in 2003. The program was designed to provide affordable gas bills to low-income households, avoid loss of service for vulnerable customers, improve payment patterns, reduce collection costs, and minimize the burden placed on other ratepayers.

Eligibility and Benefits

Customers who participate in the CRP pay a fixed monthly amount. The amount is calculated so that customers pay 8, 9, or 10 percent of their income, based on their poverty level.

Customers with a pre-program arrearage are charged an additional \$5 per month to contribute towards the reduction of the arrearages. They are eligible for forgiveness of 1/36 of those arrearages each month if they pay their bill on time and do not have outstanding charges. If customers participate in the CRP and pay their bills on time and in full each month for three years, they will eliminate all of their pre-program arrears.

CRP Enrollment

Customers can apply for the CRP at one of PGW's six customer service centers (district offices) located in Philadelphia or mail their application and information directly to PGW.

Customers complete a LIHEAP application during the CRP application process when it is LIHEAP season. Also, customers are referred for Crisis assistance and UESF if they are already participating in CRP and are behind on their bills.

CRP Re-certification

CRP participants are automatically scheduled for re-certification on the eleventh month after they enrolled or after they last re-certified. If the CRP participant does not respond to the re-certification request by the twelfth month following enrollment or the last re-certification, PGW will send a notice. The customer then has 45 additional days to re-certify. Customers who do not respond are automatically suspended from the CRP and all frozen arrears become due. The customer must visit a district office and cure any unpaid CRP bill to be re-instated on the CRP.

CRP Removal

Customers are removed from the CRP for the following reasons.

- Missed payments and service is terminated
- Failure to annually verify eligibility
- Ineligibility for the program

- The program is not beneficial for the customer.¹

PGW's collections process begins when a CRP participant is one full payment behind. When customers return to the CRP, they are required to pay all of the bills they missed since joining the CRP.

CRP Operations

The Universal Service Department, PGW's six district offices, and PGW's collections department have responsibilities with respect to the CRP.

- The Universal Service Department manages the program, processes paperwork for applications and re-certifications, manages communications with other offices about LIHEAP, and reports to the PUC.
- The six district offices are responsible for helping customers with the CRP application and the LIHEAP application, payment arrangements, payment processing, and service turn on.
- The collections call center contacts customers when they are past due on their bills and receives calls from customers to discuss payment arrangements. Representatives collect income information, calculate the potential CRP benefit, and discuss the CRP with the customer if applicable.

CRP Successes and Challenges

The CRP has enabled PGW to offer a more affordable gas bill to their low-income customers. The program has helped customers with a constant monthly payment that reduces energy burden. However, PGW continues to face the following challenges with the program.

- Addressing concerns among PGW employees that customers who are not eligible for the CRP are inadvertently providing incomplete information.
- Incenting customers to conserve energy while on a fixed monthly payment.
- Ensuring that all eligible customers who need assistance participate in the program.
- Working with customers who cycle in and out the CRP to avoid higher summer bills.
- Processing applications during the booms in the spring and in the fall.

PGW is considering the following changes to the program.

- LIHEAP application – DPW policy may be changed to allow the LIHEAP cash grant to be applied to the customer's discount first, then to pre-program arrears, and then to the current amount due. PGW reported that they will consider this model.
- Treatment of gas theft – Gas theft charges are currently added to the customer's discount. PGW may change this policy to require customers pay for gas theft instead.

¹ This would be true for customers whose monthly CRP payment amount, which is based on household size and income, is greater than a monthly budget amount or a monthly payment arrangement amount, both of which are based on actual usage.

- Stay out provision – PGW is considering a stay-out requirement to reduce the problem of customers leaving the CRP before the summer and re-entering the CRP in the fall.
- Re-certification – PGW current allows customers to re-certify every other year when they receive LIHEAP. They are considering changing the requirement so that all customers must re-certify every year. In this case, PGW might shift the re-certification timeframe to reduce the processing backlog in the spring and the fall.

Successful Program Practices

APPRISE has conducted research on several Customer Assistance Programs (CAP) in Pennsylvania and on many other ratepayer-funded energy bill payment assistance programs managed by utilities and state offices around the country. The programs vary in many dimensions and provide important information about policies and practices that can lead to successful program outcomes. Aspects of energy bill payment assistance programs related to program design, the application process, customer communications, energy efficiency, and collections practices that appear to be related to successful program outcomes are summarized below.

- Program Design – Some of the program design characteristics that appear to achieve goals for improved energy affordability and/or bill payment compliance are constant monthly bill payment obligations, annual participation requirements, eligibility that is related to energy burden rather than failure to pay the bill, continued assistance following arrearage forgiveness, and implementation of quality control procedures.
- Application Process – Best practices for the application process include coordinating eligibility determination with other programs, working with agencies that provide other assistance programs, and requiring LIHEAP application at the time of program enrollment.
- Customer Communications – Energy bill payment assistance programs are often complicated and require customer understanding of rules and incentives to achieve the best outcomes. Communications strategies that can increase customer understanding include repeat and varied customer contact methods, a staff dedicated to low-income customers, and regular training and monitoring of customer representatives.
- Energy Efficiency – Energy efficiency is an important component of the low-income program portfolio. Some of the best practices include targeting high use bill payment assistance participants for efficiency services, assessment and follow-up of efficiency program participants, and coordination with other efficiency programs.
- Collections Practices – Collections departments can best impact customers' bill payment behavior by adhering to rigorous practices that do not allow for large debt build-up, maintaining consistent policies, and having representatives provide information about available assistance to low-income customers.

Customer Feedback

APPRISE conducted a survey with participants in PGW's Customer Responsibility Program and low-income non-participants to develop information on customer knowledge, understanding, and satisfaction with the CRP. The low-income non-participants were drawn from a sample of PGW's customers who received LIHEAP or were on a low-income payment arrangement, but did not participate in the CRP. Key findings from the CRP Survey are highlighted below.

- *Demographic Characteristics* – The survey collected information on the demographic characteristics of participants and non-participants.
 - *Home ownership* – While 44 percent of current participants owned their homes, 50 percent of past participants and 55 percent of non-participants owned their homes.
 - *Elderly household members* – Non-participants were more likely to have elderly household members. While 27 percent of current and past participants had one or more elderly household members, 52 percent of non-participants had one or more elderly household members.
 - *Children* – Participants were more likely to have children than non-participants. While 56 percent of current participants had one or more children in the home, 58 percent of past participants and 32 percent of non-participants had one or more children in the home.
- *Income and Employment* – Non-cash benefits² was the most common form of income. Sixty-one percent of current participants, 44 percent of past participants, and 43 percent of non-participants received non-cash benefits. Only 17 percent of current participants received employment income. Forty-two percent of current participants said that they had been unemployed and looking for work in the past year.
- *CRP Participation and Enrollment* – Only 16 percent of non-participants reported that they were aware of the CRP. CRP enrollment and re-certification were not viewed as difficult. However, past participants were more likely to state that re-certification was difficult than current participants.
- *CRP Requirements* – Most participants reported that their CRP responsibility was to pay their bill and that they should notify PGW if their income changed.
- *CRP Benefits* – Ninety-eight percent of current participants agreed that a lower gas bill was a benefit of the program and 86 percent agreed that reduced pre-program arrearages were a benefit. Other benefits volunteered as most important were maintaining gas

² PGW excludes non-cash benefits, such as food stamps and public housing vouchers, as a source of income when calculating the required monthly CRP payment.

service and budget billing. The majority of current participants understood that they needed to pay their bill to receive arrearage forgiveness, and they reported that they were more likely to pay their bill on time and in full in order to receive arrearage forgiveness.

- *PGW Payment Difficulties* – Current participants reported that the CRP had a large impact on their ability to pay their gas bills. While 69 percent said it was very difficult to pay their monthly PGW bill prior to CRP participation, only 11 percent said it was very difficult to pay the bill while participating. By comparison, 26 percent of non-participants said it was very difficult to pay their PGW bill in the past year.
- *Other Bill Payment Difficulties* – The CRP also positively impacted participants' ability to meet their other needs. For example, while 62 percent said that they had to delay or skip paying for food prior to participating, 35 percent said that they did so while participating in the CRP. Forty-one percent of non-participants said that they did so in the past year.
- *Safe Heating Usage* – Current participants reported that they were less likely to use their kitchen stove for heating after enrolling in the program. While 38 percent of current participants reported that they did so prior to program enrollment, 15 percent said that they did so while participating in the CRP. Additionally, while 29 percent of current participants said that there was a time in the year before CRP enrollment that they could not use their heat because their heating system was broken and they could not afford to repair or replace it, 16 percent said that they experienced this problem while participating in the CRP.
- *LIHEAP Benefits* – While 71 percent of current participants reported that they applied for LIHEAP in the past year, 47 percent reported that they received benefits.³ Past participants were less likely to report that they applied for and received benefits. Only five percent of current participants, seven percent of past participants, and ten percent of non-participants who received LIHEAP reported that they did not assign the grant to PGW, and they reported that they assigned the grant to PECO.
- *CRP Importance* – Participants reported that the CRP was an important program. Approximately 80 percent of current and past participants said that the CRP was very important in helping them to meet their needs and 13 percent said it was somewhat important. However, 55 percent of current participants, 60 percent of past participants, and 76 percent of non-participants said that they needed additional assistance to pay their gas bills.
- *CRP Satisfaction* – Satisfaction with the program was high. Ninety-six percent of current and past participants were very or somewhat satisfied with the program.

³ The analysis of customer data showed that 68 percent of CRP participants who remained on the CRP for all of 2011 received LIHEAP (Table VI-32).

Participant Characteristics and Program Impacts

PGW provided APPRISE with customer data, CRP program participation data, billing and payment data, and collections data for CRP participants and low-income customers who did not participate in the program. Customers were identified as low-income because they received a LIHEAP grant or reported their income to PGW at the time that they negotiated a payment arrangement. These data were used to characterize CRP participants and assess the impacts of the CRP on affordability, bill payment, energy assistance, and collections. Findings from the analysis are summarized below.

- *CRP Retention* – Customers who participated in the CRP at any point in 2011 and who had enough transactions data to analyze billing and payment statistics in 2011 had monthly participation rates ranging from 85 to 92 percent. Sixty-nine percent of these customers participated in the CRP in every month of 2011. CRP customers who enrolled in the first six months of 2011 were likely to continue participating in the year after enrollment. Between 94 and 99 percent participated each month in the 11 months following enrollment, with a drop off to 88 percent in the 12th month after enrollment.
- *CRP Status* – While 63 percent of all 2011 participants were “Active” at the time of data download in July 2012, 22 percent were “Defaulted” meaning that they were more than one CRP payment behind, seven percent had been suspended for failure to re-certify, and nine percent had left the program or were shut off for non-payment.
- *Vulnerable Participants* – According to the program data, about half of the CRP participants had a vulnerable household member. While seven percent of all 2011 CRP participants had an elderly household member (65 or older), 43 percent had a child five or younger in the household. These percentages are lower than what was reported in the customer survey.
- *Income* – While 30 percent of CRP participants had employment income (this is higher than the 17 percent who reported employment income in the customer survey), 24 percent received SSI and 24 percent received Social Security or pensions. Half of the participants had annual income of less than \$10,000 and only seven percent had annual income above \$20,000.
- *CRP Type* – The majority of CRP participants, 56 percent, were in the nine percent CRP plan. Almost all of the remaining participants were split between the eight percent and ten percent groups.
- *Arrearage Forgiveness* – CRP participants who enrolled in the first half of 2011 and had arrearages received an average of 5.6 arrearage forgiveness credits, and average forgiveness of \$176.
- *Affordability* – The CRP had a large impact on affordability for program participants. The annual difference between the budget bill and the CRP payment averaged \$603 for all 2011 participants. Because the CRP is structured to provide an energy burden that is

within the PUC's guidelines, virtually all of the participants had their energy burden reduced to this level. CRP customers who pay the \$25 Minimum have an energy burden that exceeds the PUC target because their gross household income would produce a percentage payment that is less than \$25.

- *Bill Payment* – While 16 percent of 2011 full year CRP participants paid their full CRP bill, 40 percent paid 90 percent or more. The 2011 enrollees increased their bill coverage rates. In the year prior to enrollment, only 21 percent paid the full bill, and in the year following enrollment, 41 percent paid the full bill. The average bill coverage rate increased from 74 percent in the year preceding enrollment to 84 percent in the year following enrollment.
- *LIHEAP Assistance* – Sixty-eight percent of customers who participated in the CRP for all of 2011 received LIHEAP, and the mean grant was \$308. Customers who enrolled in the first half of 2011 were more likely to receive LIHEAP after enrollment. While 38 percent received LIHEAP in the year prior to enrollment, 50 percent received LIHEAP in the year following enrollment.
- *Collections* – The 2011 enrollees were less likely to have collections activities in the year following enrollment, and collections costs declined by an average of \$22 per participant.

Findings and Recommendations

PGW's Customer Responsibility Program has had significant positive impacts on the affordability, payment compliance, and collections costs associated with participating customers. This section summarizes program accomplishments and provides recommendations for improving the efficiency and/or effectiveness of the program.

Accomplishments

PGW's CRP provides significant subsidies to participants with no limit on the maximum discount amount. This structure provides substantial increases in energy affordability and participants' ability to pay their bills.

1. *Costs* – PGW had critical concerns about how the cost of the CRP would continue to grow as the number of participants rose and gas prices climbed. However, due to large declines in gas prices, discount costs declined from \$117 million in FY 2009 to \$89 million in FY 2011.
2. *Retention* – Monthly participation rates for all 2011 participants with transactions data ranged from 85 to 92 percent, a high rate of retention.
3. *Affordability* – The CRP increased affordability for participants, with an average annual discount of \$603 for participants in 2011.

4. *Bill Payment* – Customers increased their bill coverage after joining the CRP. While 21 percent paid their full bill in the year prior to enrollment, 41 percent paid the entire CRP bill in the year following enrollment.
5. *LIHEAP Assistance* – Customers were more likely to receive LIHEAP after enrolling in the CRP. While 38 percent received LIHEAP in the year prior to enrollment, 50 percent received LIHEAP in the year following enrollment.
6. *Collections* – The 2011 enrollees had had fewer collections activities after enrolling in the CRP, and collections costs declined by an average of \$22 per participant.

Recommendations

Recommendations for improving the efficiency and effectiveness of the program and serving additional vulnerable households are described below.

1. *Program Requirements* – PGW should reassess the requirements for annual program participation and re-certification to increase program efficiency.
 - *Annual Participation Requirement* – One of the challenges faced with the CRP is the customers who “churn”, entering and exiting the CRP to take advantages of positive discounts and avoid negative discounts. PGW should require customers to stay on the program for a full year or stay out for a full year after exiting to eliminate this problem.
 - *Re-certification* – PGW currently requires customers who receive LIHEAP to re-certify every other year. PGW should ensure that their programming requires customers to re-certify every other year if they receive LIHEAP. The every other year re-certification requirement for LIHEAP recipients reduces customer burden (as compared to every year), but still ensures that customer income is periodically reviewed and that the customer has the correct monthly payment.
2. *Program Participation* – The Eligible Population Assessment showed that PGW has a high participation rate of 57 percent across all eligible households in PGW’s service territory. However, there are areas to consider for increased program outreach and recruitment.
 - *Non-participant Awareness and Need* – The customer survey showed that only 16 percent of the non-participants were aware of the CRP and that many non-participants have a difficult time meeting their energy and other needs. PGW should consider increased outreach to ensure that households who need assistance are aware of the program.
 - *Elderly Household Participation* – The data analysis and the customer survey showed low participation among elderly households. Elderly households may participate at a lower rate because they are likely to be grandfathered into the 20

percent Senior Discount rate. However, these customers may have a need for assistance and should be targeted for outreach.

3. *Program Procedures* – PGW may increase the efficiency and effectiveness of the CRP by exploring alternative ways to credit LIHEAP grants, adjust the CRP recertification timeline to reduce cyclical work booms, conduct periodic quality control monitoring on the work of customer service representatives, and conduct a fraud review.
 - *LIHEAP Grant Application* – PGW is planning to investigate new options that DPW is considering for LIHEAP grant crediting. This may include applying the LIHEAP cash grant to the customer's discount first, then to the pre-program arrears, and then to the current amount due. This should be a priority for PGW's work on the CRP.
 - *Cyclical Application Booms* – PGW faces a challenge with the number of CRP applications in the spring, as collections season begins, and in the fall, before the winter. PGW is considering a shift in the re-certifications by a few months to lessen the processing at those time periods. This would be a beneficial change, as it would reduce application processing time.
 - *Quality Control* – PGW's customer service representatives play a critical role in the CRP. PGW should conduct monitoring of these staff on a periodic basis to ensure that employees observe company policies and procedures, and that comprehensive and correct program information is disseminated.
 - *Fraud Review* – The most common concern that Universal Service staff noted about the program was that customers inadvertently submit incomplete information when applying for the CRP. Universal Service staff should select a small sample of suspect cases and conduct a thorough investigation of income and household composition. This research would enable staff members to either feel more confident that current documentation requirements are sufficient and that fraud is not as extensive as expected, and/or would provide information and ideas on whether and how more detailed review of eligibility could be conducted.

I. Introduction

Philadelphia Gas Works (PGW) introduced a Customer Responsibility Program (CRP) as part of its Universal Service Program portfolio to help low-income customers meet their energy needs. This program provides a reduced gas bill to customers with income at or below 150 percent of the federal poverty level. PGW contracted with APPRISE to conduct a third party evaluation of this program. This report provides the findings from the independent evaluation.

A. *Customer Responsibility Program*

The CRP provides a Percentage of Income Payment Program (PIPP) for low-income customers with income below 150 percent of the federal poverty level to increase the affordability of their gas bills. The program also provides arrearage forgiveness for payments that were past due at the time the customer enrolled in the CRP on a monthly basis over a three-year period. Customers are required to make their monthly bill payments and re-certify their income eligibility to remain in the program.

B. *Research Activities*

The following research activities were undertaken as part of this evaluation.

1. *Background Research* – We collected and reviewed documents related to the CRP, including PGW’s three-year Universal Service Plan, the CRP application, customer notifications, the CRP manual, the CRP brochure, and program statistics workbooks.
2. *Manager and Staff Interviews* – We conducted in-depth telephone interviews with CRP managers and staff, district office representatives, and collections representatives. These interviews provided an understanding of the details of the program and implementation, as well as potential changes to improve program performance.
3. *Eligible Population Assessment* – We analyzed data from the American Community Survey for PGW’s service territory to determine the number and characteristics of low-income households who are eligible for PGW’s CRP. We also estimated the percentage of eligible customers who participate in the program.
4. *Successful Payment Program Practices* – We discussed payment program practices that have been found to be successful based on our research on other low-income energy bill payment programs around the country.
5. *Customer Survey* – We conducted a survey with current and past CRP participants, and with low-income customers who do not participate in the CRP. We collected information on program understanding, impact, and satisfaction. We discussed reasons for non-participation and affordability of gas bills with low-income customers who did not participate.

6. *CRP Characteristics and Impact Analysis* – We analyzed CRP program data, transactions data, and collections data to characterize the population that participates in the CRP, program retention, program benefits, affordability impacts, bill payment impacts, and collection impacts.

C. Organization of the Report

Six sections follow this introduction.

- Section II – Eligible Population Assessment
- Section III – Customer Responsibility Program
- Section IV – Successful Payment Program Practices
- Section V – Client Feedback
- Section VI – CRP Characteristics and Impact
- Section VII – Findings and Recommendations

APPRISE prepared this report under contract to PGW. PGW facilitated this research by furnishing data and information to APPRISE. Any errors or omissions in this report are the responsibility of APPRISE. Further, the statements, findings, conclusions, and recommendations are solely those of analysts from APPRISE and do not necessarily reflect the views of PGW.

II. Eligible Population Assessment

This section provides an assessment of the eligibility and penetration of PGW's Customer Responsibility Program.

A. Overview

We developed information on the number and characteristics of PGW's low-income population by extracting data from the 2008-2010 American Community Survey (ACS) 3-year Public Use Microdata Sample (PUMS).

The following procedures were implemented.

- *Data*: We used the 2008-2010 ACS 3-year PUMS. These data include information on household size, income, and energy bills for areas with 20,000 or more individuals.
- *Geography*: We extracted households from Philadelphia County to represent the PGW customer base.
- *Electric and Gas Service* – We used the ACS data to identify those households that paid a gas bill to a utility company.⁴
- *Income Eligible Customers* – We used ACS data on household size and income, in conjunction with federal poverty guideline data, to construct the poverty ratio for each household and identify those households that were income eligible for CRP benefits.
- *Energy Bills* – We used ACS data on gas costs.
- *Energy Burden* – We estimated the energy burden for each household by comparing the gas bill to an estimate of income.
- *Targeted Customers* – We compared energy burdens for income-eligible households with the PUC targeted energy burden thresholds to identify households that should be targeted by the CRP.⁵

These procedures furnished a dataset that allowed us to examine the population of PGW customers that are income-eligible for CRP and that should be targeted for the program according to PUC guidelines. In addition to the PGW population, we also prepared similar data for the remaining low-income households in Pennsylvania so that the CRP penetration rates for PWG could be compared to CAP penetration rates for the rest of Pennsylvania's low-income customers.

⁴ We excluded those households that reported that they did not pay a gas bill.

⁵ The energy burden targets vary by poverty level and fuel type. For gas heating customers, we used the maximum burden targets of 8% for households at 0-50 percent of poverty and 10% for households at 51-150 percent of poverty.

B. CRP-Eligible Population

There are approximately 580,000 households in Philadelphia County. About 450,000 of these households have accounts with PGW, and the remaining 130,000 do not have gas service or direct utility accounts (i.e., have the cost of their utilities included in their rent). Table II-1 presents these results.

Table II-1
Distribution of Service Status for Households in Philadelphia County

Service Status	Number	Percent
PGW Residential Service	448,918	78%
PGW Heating Service	400,795	69%
PGW Non-Heating Service	48,123	8%
No Gas Service	130,072	22%
All Households	578,990	100%

Table II-2 presents data on income-eligible households by service type and heating service. We estimate that 32 percent of all households with PGW residential service are income-eligible for the CRP. Of the 450,000 households with residential utility service from PGW, approximately 142,000 have income at or below 150 percent of the federal poverty guidelines.

Table II-2
CRP Income Eligibility Rate by PGW Service Status

Service Status	Total Households	Income-Eligible Households	
		Number	Percent
PGW Residential Service	448,918	141,552	32%
PGW Heating Service	400,795	124,740	31%
PGW Non-Heating Service	48,123	16,812	35%

Table II-3 displays the poverty distribution for CRP-eligible households. The table shows that about 28 percent of customers who are eligible for CRP have income at or below 50 percent of the poverty level.

Table II-3
Distribution of Households by Service Type and Poverty Group

Poverty Group	Income-Eligible Households					
	Gas Service		Heating		Non-Heating	
	Number	Percent	Number	Percent	Number	Percent
0% -50%	39,618	28%	35,346	28%	4,272	25%
51% -100%	51,949	37%	45,541	37%	6,408	38%
101% -150%	49,985	35%	43,853	35%	6,132	36%

Poverty Group	Income-Eligible Households					
	Gas Service		Heating		Non-Heating	
	Number	Percent	Number	Percent	Number	Percent
Total Income Eligible	141,552	100%	124,740	100%	16,812	100%

C. Targeted Households

A household's energy burden is the ratio of energy costs to total income. Energy burden is an indicator of the affordability of a household's energy costs. This section presents data on the gas expenditures and burden for households served by PGW who are income-eligible for the CRP. The costs and burden described in the following tables is the ratio of the cost of gas service from PGW to a household's income.

The Pennsylvania Public Utility Commission has established standards for gas burdens for CAP participants.

- 0 - 50% of poverty: 5%-8% of income
- 51 - 100% of poverty: 7%-10% of income
- 101 - 150% of poverty: 9%-10% of income

This section uses the high point of these standards in presenting the number and percentage of CRP income-eligible households exceeding the "target energy burden." The targets are eight percent for households with income below 50 percent of the poverty level and ten percent for households between 51 percent and 150 percent of the poverty level.

Table II-4 displays the median energy costs and burden for all households with gas service who are income-eligible for the CRP. CRP income-eligible households have annual gas costs of \$1,386 and the median energy burden is ten percent, indicating that more than half of these households have a burden that exceeds the PUC target.

Table II-4
Distribution of Energy Bills and Expenditures for
CRP Income-Eligible PGW Households by Service Status

Service Status	Number of Income-Eligible Households	PGW Energy Expenditures		Median PGW Energy Burden
		Mean	Median	
Gas Heating	124,740	\$1,446	\$1,094	10%
Gas Non-Heating	16,812	\$940	\$610	7%
All Gas	141,552	\$1,386	\$1,080	10%

D. CRP Participation

Table II-5 shows that the CRP was serving nearly 81,000 PGW households in 2009. The majority of the CRP customers had income between 51 and 100 percent of the poverty level.

Overall, 57 percent of eligible households participated in PGW's CRP in 2009. While 50 percent of eligible households with annual income below 50 percent of the federal poverty guidelines participated in the CRP, 84 percent of those with income between 51 and 100 percent of poverty and 36 percent of those with income between 101 and 150 percent of poverty participated in the CRP.

Table II-5
Participation by Poverty Group

Poverty Group (CRP Tier)	2009 CRP Participants	Eligible	Participation Rate
0% -50%	19,665	39,618	50%
51% -100%	43,429	51,949	84%
101% -150%	17,798	49,985	36%
Total Income Eligible	80,891	141,552	57%

Table II-6 describes the participation rates for CRP eligible households that have been identified as having energy burdens greater than targets set forth by the PUC. The table shows that more than 100 percent of targeted households between 51 percent and 150 percent of the federal poverty guidelines participated in the CRP. While customers between 51 percent and 100 percent of the poverty level have a payment of nine percent of income, bringing them slightly below the PUC targeted level, those between 101 and 150 percent have a payment of ten percent of income. Additionally, customers may participate in the CRP to receive the arrearage forgiveness benefit.

Table II-6
Participation Rate for Targeted Households by Poverty Level

Poverty Group (CRP Tier)	2009 CRP Participants	Eligible and Targeted ⁶	Participation Rate
0% -50%	19,665	36,528	54%
51% -100%	43,429	21,994	197%
101% -150%	17,798	11,396	156%
Total Income Eligible	80,891	69,918	116%

Table II-7 compares participation rates for PGW to that of other gas utilities in Pennsylvania. The table shows that while 57 percent of PGW customers participated, 30 percent of other gas utility customers participated in the CAP.

⁶ Based on self-reported gas costs on the American Community Survey from households in Philadelphia.

Table II-7
Participation Rates for Pennsylvania Gas Utilities

Service Type	CAP Gas Participants	CAP Income Eligible Households	Participation Rates
PGW	80,891	141,552	57%
Other Gas Utilities	109,064	359,204	30%
Total	189,995	500,756	38%

E. Summary

Approximately 140,000 of PGW's 450,000 customers were income-eligible for the CRP in 2009. Fifty-seven percent of these customers participated in the CRP. Participation was highest among those with income between 51 and 100 percent of the federal poverty level. This was greater than the participation rate of other gas CAP's in Pennsylvania, which had average participation rates of 30 percent.

III. Customer Responsibility Program

PGW introduced a Percentage of Income Plan Program (PIPP) in 1989, and revised the program as the Customer Responsibility Program (CRP) in 1994. The current program was approved by the Pennsylvania Public Utility Commission (PUC) in 2003. The program was designed to provide affordable gas bills to low-income households, avoid loss of service for vulnerable customers, improve payment patterns, reduce collection costs, and minimize the burden placed on other ratepayers. This section describes the program's design, including program eligibility and benefits, CRP participation over the past several years and CRP discount costs.

A. *Eligibility and Benefits*

Residential customers with income at or below 150 percent of the Federal Poverty Level are eligible to participate in the CRP. Customers are not required to be payment-troubled to join the program. They are not required to have an arrearage, to have a broken payment agreement, or to have utility and housing costs that exceed a certain percentage of income.

There is no limit on the number of participants in the CRP, and program participation has grown significantly over the past decade.

Bill Discount

Customers who participate in the CRP pay a fixed monthly amount. The amount is calculated so that customers pay 8, 9, or 10 percent of their income, based on their poverty level. The table below shows the relationship between the customer's poverty level and the annual bill. The customer pays 1/12 of the listed percentage of income each month. There is a minimum payment amount of \$25 per month.

**Table III-1
CRP Payment Percentage**

Federal Poverty Level	Customer Payment Percent of Gross Income
0% - 50%	8%
51% - 100%	9%
101% - 150%	10%

Note: the Federal Poverty Level for a family of four in FY 2012 is \$23,050.

The CRP discount is calculated as the actual monthly bill minus the percentage of income payment. Customers receive a negative discount in months where their actual bill is less than their percentage of income payment.

Customers who have an arrearage at the time that they join the CRP, a "pre-program arrearage", have an additional charge of \$5 per month added to the bill to contribute towards the reduction of the arrearages.

There are no limits on the annual maximum CRP credit or on consumption.

Arrearage Forgiveness

Customers who have a pre-program arrearage are eligible for forgiveness of 1/36 of those arrearages each month. The requirements for the monthly arrearage forgiveness are as follows.

- The bill must be paid on time and in full.
- The customer must not have a current balance past due.

If customers participate in the CRP and pay their bills diligently for three years, they will eliminate all of their pre-program arrears.

B. LIHEAP Grant Application

The Federal LIHEAP program, administered through the Department of Public Welfare (DPW) in Pennsylvania, provides grants to low-income households to help cover their utility bills. These grants are sent directly to the utility that the customer designates. The Crisis component of LIHEAP provides additional assistance to low-income customers who receive termination notices to help these customers avoid loss of utility service and to terminated customers to help these customers restore service.

Until October 2009, PGW credited LIHEAP cash grants received by CRP participants to the burden born by other ratepayers to cover the cost of the CRP discount.⁷ This policy has the advantage of helping to reduce the cost of the CRP for other ratepayers and of maintaining a constant monthly payment amount for CRP participants. Previous research with low-income households has shown that customers prefer a predictable monthly payment obligation and that the predictable payment helps to increase payment compliance.

However, beginning in 2010, the Pennsylvania DPW decided that PGW could no longer apply LIHEAP grants in this way. PGW now applies the LIHEAP cash grants to past due CRP bills that the customer had not paid. After the past due amounts are covered, LIHEAP cash grants are placed as a credit on the customer's account, and the customer has a \$0 asked to pay amount until the total grant is depleted.

LIHEAP Crisis grants and other customer assistance payments such as UESF are credited to the customer's account in the same manner as customer cash payments and are used to offset the CRP balance and arrears.

C. Outreach

PGW attends energy fairs and community events throughout Philadelphia to inform customers of the CRP and other payment arrangements that the customer may be eligible for. District office staff, customer service representatives, and collections representatives also educate customers about the CRP if they have bill payment problems and may qualify for the program.

⁷ A similar practice was followed by the five other gas utilities in Pennsylvania with PIPP Programs. However, these other utilities applied the benefit to the individual customer's subsidy, rather than to the program as a whole.

D. Enrollment

Customers can apply for the CRP at one of PGW's six customer service centers (district offices) located in Philadelphia, or mail their application and information directly to PGW.

The following forms of income verification are accepted by the representatives.

- Social Security statements
- Pay stubs for a full month
- W2 forms (in January only)
- Letter of Determination from the Department of Public Welfare
- Unemployment compensation check stubs for 30 days pay
- Unemployment eligibility notice
- Food stamp eligibility letter from DPW
- Proof of how everyday living expenses are met if customer claims no income or very low income (in the form of bills paid)
- Income support document that provides the name of supporter and monthly support amount
- Letter from supporter
- Copy of checks from supporter
- Rent receipt or tenant statement if rent is the income source

Customers complete a LIHEAP application during the CRP application process when it is LIHEAP season. The district office has additional temporary staff to assist customers with LIHEAP applications during the LIHEAP season, as many customers come in for help with the application. The district office will hand deliver or mail the applications to the county assistance office. Customers are referred for Crisis assistance and UESF if they are already participating in CRP and are behind on their bills.

E. Requirements

PGW imposes the following requirements on CRP participants:

1. Pay bills on time and in full
2. Apply for and assign LIHEAP to PGW
3. Accept conservation, weatherization, and education if offered
4. Re-certify at least annually
5. Immediately inform PGW of any changes in household size or income

F. Re-certification

CRP participants are automatically scheduled for re-certification on the eleventh month after they enrolled or they last re-certified. PGW's billing system automatically sends the customer a letter, two forms, and an envelope to return the information in. The customer is required to send income information to PGW or go the district office with the information. Most customers re-certify by mail.

If the CRP participant does not respond to the re-certification request by the twelfth month following enrollment or the last re-certification, PGW will send a notice. The customer then

has 45 additional days to re-certify. Ten days prior to the end of the 45-day period, PGW sends the customer a final notice. After the 45-day period ends, PGW's computer system automatically suspends the customer from the CRP and all frozen arrears, if any, become due. The customer must pay any unpaid CRP bills and provide documentation of household size and income to be re-instated on the CRP. If the customer does not become re-instated on the CRP, the full balance due will become subject to regular collection activity.

Customers who receive LIHEAP are required to re-certify every other year instead of every year. PGW is considering a change to the requirement, so that all customers must re-certify every year. Because PGW does not obtain updated income data for customers who receive LIHEAP and do not re-certify, they only know that the customer is eligible for the CRP, but not what the customers updated monthly CRP amount should be. However, this allowance reduces the customer burden for CRP participation.

G. Follow-up and Removal

PGW classifies each CRP participant into one of the following statuses.

- *Active:* Current or less than one full CRP payment behind.
- *Defaulted:* Greater than one full CRP payment behind, but still on the CRP and billed as CRP.
- *Broken:* No longer on the CRP. The customer went through the collections process and was shut off for non-payment.
- *Suspended:* Removed from the CRP because of a failure to re-certify. If the customer returns to the CRP, the customer's status will return to active. If the customer goes on another payment plan, the customer's status stays on suspended.
- *Inactive:* Asked to come off the program, no longer qualifies for the program, or no longer has gas service with PGW.

Customers are removed from the CRP for the following reasons.

- Missed payments
- Failure to annually verify eligibility
- Ineligibility for the program
- The program is not beneficial for the customer.⁸

PGW's collections process begins when a CRP participant is one full payment behind. When the customer is one full payment behind, PGW sends the customer a 10-day notice, and will then attempt to contact the customer by phone. If the contact attempt is successful, PGW can shut the customer off at the field visit after the 10 days have expired. If the phone call was not a successful contact, PGW must conduct a 3-day field notice, after which they can terminate the customer.

⁸ The budget amount or payment arrangement results in a lower monthly bill.

When customers return to the CRP, they are required to pay all of the bills they missed since joining the CRP.

H. Participation and Costs

Table III-2 displays annual average CRP participation by CRP tier, as reported in PGW's annual CRP participation reports. This table shows the monthly average over the fiscal year, and data are available through 2011.⁹ These data show the greatest participation growth in FY 2006 and FY 2007, and then lower growth in more recent years. The average annual participation increase between FY 2004 and FY 2011 was six percent.

Table III-2
CRP Participation
By CRP Tier

	Fiscal Year (September – August)							
	2004	2005	2006	2007	2008	2009	2010	2011
Min (\$25/Month)	2,111	2,426	2,716	2,714	2,827	3,665	3,995	4,618
8%	12,950	14,111	15,780	16,508	15,944	16,000	16,574	17,946
9%	30,409	32,760	37,592	40,917	41,899	43,429	44,472	45,073
10%	12,630	11,811	14,533	16,746	17,080	17,798	17,484	16,219
Total	58,100	61,108	70,621	76,885	77,749	80,891	82,524	83,856
Annual % Increase		5%	16%	9%	1%	4%	2%	2%

Source: PGW Annual CRP Reports.

Table III-3 displays the total annual CRP net discounts for FY 2004 through FY 2011. The table shows that the cost of the discount increased from \$58 million in FY 2004 to \$117 million in FY 2009. However, the subsidy declined significantly in 2010 and remained low in 2011 due to decreases in natural gas prices and a warm winter.

Table III-3
CRP Net Discounts (\$ Millions)
By CRP Tier

	Fiscal Year (September – August)							
	2004	2005	2006	2007	2008	2009	2010	2011
Min (\$25/Month)	\$3.13	\$3.88	\$5.08	\$4.85	\$4.77	\$7.15	\$6.08	\$7.24
8%	\$18.03	\$21.29	\$28.22	\$28.22	\$27.42	\$30.48	\$23.26	\$26.55
9%	\$30.29	\$37.18	\$51.01	\$50.98	\$52.10	\$62.58	\$41.99	\$46.09
10%	\$6.67	\$7.97	\$13.13	\$12.52	\$12.65	\$16.85	\$7.72	\$9.00
Total	\$58.12	\$70.32	\$97.44	\$96.57	\$96.95	\$117.07	\$79.04	\$88.87
Annual % Increase		21%	39%	-1%	0%	21%	-32%	12%

⁹ Fiscal years run from September through August. Data for 2012 are not included because they are only available through June.

Source: PGW Annual CRP Reports.

Table III-4 displays the average annual net discounts per participant. The table shows that annual discounts averaged \$1,052 per participant in FY 2011, a decline from the high of \$1,568 in 2009.

Table III-4
CRP Average Annual Net Discounts
Per Participant
By CRP Tier

	Fiscal Year (September – August)						
	2005	2006	2007	2008	2009	2010	2011
Min (\$25/Month)	\$1,601	\$1,871	\$1,787	\$1,687	\$1,973	\$1,548	\$1,581
8%	\$1,509	\$1,788	\$1,710	\$1,720	\$1,917	\$1,414	\$1,483
9%	\$1,135	\$1,357	\$1,246	\$1,243	\$1,445	\$945	\$1,013
10%	\$675	\$903	\$748	\$741	\$939	\$422	\$531
Total	\$1,151	\$1,380	\$1,256	\$1,247	\$1,568	\$958	\$1,052
Annual % Increase		20%	-9%	-1%	26%	-39%	10%

Source: PGW Annual CRP Reports.

Data for September 2004 net discount is not available so the annual net discount is not shown for FY 2004.

Table III-5 displays PGW's fiscal year average gas prices. The table shows that the large increase in the average discount in FY 2006 was related to the large increase in gas prices that year and the large decrease in 2010 was related to a 16 percent drop in gas prices. With another large decline in 2012, average costs per participant should continue to decline.

Table III-5
Average PGW Gas Prices
FY 2004 – FY 2012

	Fiscal Year (September – August)								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cost per Mcf	13.4182	14.6903	18.7135	17.7297	18.5374	18.2676	15.3964	15.6243	14.4529
Annual % Increase		9%	27%	-5%	5%	-1%	-16%	1%	-7%

I. Program Operations

Responsibilities for the CRP are shared between the Universal Services department and PGW's district offices. The collections department also reviews customer CRP eligibility and refers to the program if beneficial.

The Universal Services department has the following responsibilities.

- Reviewing CRP applications that are mailed to the office.
- Completing CRP re-certifications that are mailed to the office.

- Filing the applications that are taken at the district offices.
- Coordinating LIHEAP/Crisis outreach with PGW's communications office.
- Communicating with the LIHEAP office to check if accounts are heating or non-heating.
- Flagging accounts and issuing service turn-on when called about a LIHEAP, Crisis, or UESF grant that is being awarded.
- Following up with customers who are referred through the CARES process to offer referrals to social service agencies.
- Managing all contracts that relate to the Universal Service programs.
- Reporting to the PUC on Universal Service programs.
- Reviewing customers on the senior discount on an annual basis to ensure continued household eligibility.
- Conducting energy conservation workshops.

The six district offices are responsible for taking the CRP applications and verifying income information. They also are responsible for taking LIHEAP applications. Other responsibilities of the district offices are as follows.

- Payment arrangements
- Terminated customers who come in to discuss their account
- Customers who come in to discuss their gas bills
- New applications for service
- Taking customer payments

PGW has not conducted observations at the district offices to determine whether they are following program procedures, informing customers about LIHEAP, and discussing energy conservation. However, they have reviewed applications and income documentation received at the district offices, and sometimes find that the information is not sufficient for the enrollment that was conducted.

The collections call center contacts customers when they are past due on their bills and receives calls from customers to discuss payment arrangements. Representatives always collect income information. If the customer is eligible for the CRP, the representative will calculate both the CRP bill and the bill for the collections payment arrangement. If the CRP payment is lower than the payment arrangement, the customer service representative will ask the customer to visit the district office to apply or mail the customer an application to complete by mail.

J. Successes and Challenges

PGW has created a more affordable bill for their low-income customers with the CRP. They have helped customers with a constant monthly payment that reduces their energy burden. However, PGW continues to face the following challenges with the program.

- Fraud – PGW employees are concerned that customers who are not eligible for the CRP are inadvertently providing incomplete information.
- Conservation – it is difficult to incent customers to conserve when they have a fixed monthly payment. However, PGW's Enhanced Low-Income Retrofit Program (ELIRP) is designed to assist CRP customers in conserving energy by providing free, in-home, cost-effective weatherization services and conservation education.

- Participation – many eligible households do not participate in the CRP.
- Repeat entry and exit – customers who do not have pre-program arrearages request to come off the CRP in the summer because they do not want to pay more than their actual gas bill. They then re-apply for the program in the fall to obtain the discounted bill in the winter.
- Cyclical application booms – the number of CRP applications increases in the spring as collections season begins and in the fall before the winter. This makes it difficult for the district offices and the Universal Service staff to process applications in a timely manner.

PGW is considering the following changes to the program.

- LIHEAP application – DPW policy may be changed to allow the LIHEAP cash grant to be applied to the customer's discount first, then to pre-program arrears, and then to the current amount due. PGW will consider this model.
- Treatment of gas theft – currently the charges are added to the customer's subsidy. PGW is considering requiring that customers pay for this amount.
- Stay out provision – PGW is considering the implementation of a stay out provision for customers who are terminated for non-payment, who are terminated for not providing meter access, and who leave the CRP while they are still eligible for the program. This option would eliminate the problem of customers leaving before the summer and re-entering the CRP in the fall.
- Re-certification – requiring that all customers re-certify, even if they received LIHEAP. PGW might shift the re-certification timeframe to reduce the backlog in the spring and the fall.
- Accelerated arrearage forgiveness – providing accelerated arrearage forgiveness for customers who pay their bills on time. Such a program might enable customers to have all arrearages forgiven in two years instead of in three years.

IV. Successful Payment Program Practices

APPRISE has conducted research on several CAP programs in Pennsylvania and on many ratepayer-funded payment assistance programs managed by utilities and state offices around the country. The programs vary in many dimensions and provide important information about policies and practices that can lead to successful program outcomes. This section reviews aspects of bill payment assistance programs related to program design, the application process, customer communications, energy efficiency, and collections practices.

A. Program Design

Some of the program design characteristics that appear to achieve goals for improved energy affordability and/or bill payment compliance are described below. These include Percentage of Income Program designs, annual participation requirements, eligibility that is related to energy burden rather than poor bill payment, continued assistance following arrearage forgiveness, and implementation of quality control procedures.

1. *A Percentage of Income Program is the most efficient way to improve energy affordability.*

Research has shown that an effective predictor of need for energy assistance is the household's energy burden. Furthermore, utilities in Pennsylvania are directed by the PUC to target specific energy burdens for low-income customers. Therefore, setting the customer's payment at a percentage of income directs resources to customers according to need and most directly meets the PUC's affordability goals. A discount or flat assistance payment cannot meet the goals as efficiently because some customers will receive a discount that reduces their burden below the target, and some customers will receive a discount that does not reduce the burden to the affordability target.

However, there are some disadvantages to the fixed payment structure that often accompanies a PIPP. A PIPP with a fixed monthly payment amount creates the greatest risk for the ratepayers who bear the cost of the program. When gas prices increase or usage increases, the cost of the subsidy that the ratepayers bear will increase.

Additionally, the fixed payment does not create an incentive for customers to reduce their energy consumption, as reductions in usage do not impact the amount that the customer is required to pay. However, research has shown that customers do not increase their usage when they join the fixed payment program, except when the customer's other fuel is not subsidized and the subsidized fuel can substitute for the unsubsidized one.

2. *An annual participation requirement can reduce the cost of program churners.*

Programs that provide equal monthly payments are sometimes challenged by customers who join the program to obtain positive subsidies during high usage seasons and leave the program during seasons where they pay more than current usage. These customers will have annual bills that are lower than the annual affordability target, increase program costs, or take benefits away from other customers who are in need. This practice also increases

the program's administrative cost, due to the repeated entry and exit. Programs can address this problem by requiring an annual participation commitment from customers who join.¹⁰

3. *Programs that are contingent on non-payment of bills will miss some customer segments in need of assistance.*

Programs that target customers who do not pay their bills do not do a good job of reaching the elderly, as elderly customers are more likely to pay their bills. However, many customers who do not participate in energy assistance programs or do not receive some other form of assistance (e.g., public housing utility subsidies), show a need for bill payment assistance. If the program's goal is to increase energy affordability for any customer needing assistance, the household energy burden may be a better indicator of need than poor payment practices.

4. *Customers may continue to need assistance after arrearages are paid off.*

Many customers continue to need energy assistance over time. Programs can improve affordability by allowing customers to continue to participate in the program, even after they have paid off their full arrearage.

5. *Quality control should be conducted on all aspects of the program to ensure program procedures are followed and the desired outcomes are achieved.*

Quality control should be conducted on a sample of applications to ensure that proper documentation has been submitted and customers are entered into the correct payment program. Additionally customer contact staff should be monitored to ensure that they provide customers with accurate and complete information, provide referrals to additional programs that may be available, and follow all program procedures.

B. Application Process

Best practices for the application process are reviewed below. These include coordinating eligibility determination with other programs, working with agencies that provide other assistance programs, and requiring LIHEAP application at the time of program enrollment.

1. *Use of a public program eligibility verification process can reduce program costs and customer burden.*

Many utilities use LIHEAP to certify customers' incomes for eligibility in a low-income payment assistance program. This practice reduces verification costs for the program and reduces the burden placed on the customer to receive program benefits. However, the disadvantage of this practice is that such program verification procedures may not provide the utility with all of the information needed to determine the customer's payment amount. While LIHEAP will ensure that the customer has income below the current year's poverty eligibility guideline in the state of residence, the receipt of LIHEAP will not verify the customer's exact income level and therefore may not fully determine the customer's monthly bill payment amount. Therefore, use of LIHEAP in combination with a less

¹⁰ Customers who become ineligible during the year would be removed from the program.

frequent income documentation requirement can be a good compromise for ensuring program integrity while reducing administrative burden. However, the CRP would not be able to use LIHEAP as an eligibility determination in years when the LIHEAP eligibility guideline was above 150 percent of poverty.

- 2. Use of agencies that provide other low-income services for program application can increase the total benefit package that the customer receives.*

While many programs refer customers to additional services and benefits that they may be eligible for, customers are most likely to apply for and receive those services if the agency staff members assist them with the program application at the time of bill payment program application. Agencies that provide other assistance programs in the same office where they process the payment program application can facilitate this process.

- 3. Requiring customers to complete the LIHEAP application at the time of program application can improve program outcomes.*

Most customers who participate in ratepayer-funded energy assistance programs are also eligible for LIHEAP. Pairing the application for LIHEAP with the payment assistance program application if the LIHEAP season is open can provide additional assistance to customers, and may make these customers more able to meet their payment program obligations.

C. Communications

Energy bill payment assistance programs are often complicated and require customer understanding of rules and incentives to achieve the best outcomes. Communications strategies that can increase customer understanding include repeat and varied methods, a staff dedicated to low-income customers, and regular training and monitoring of customer representatives.

- 1. Repeat and varied communication strategies are needed to improve understanding of complicated assistance programs.*

Research has shown that participants often do not have accurate and/or complete understanding of energy assistance programs that they enroll in. The programs are complicated, participants may not read at expected levels, and program materials are often not properly written for the intended audience. Program managers should carefully design their program communications, test them with focus groups if possible, and provide repeat information on program requirements and benefits. Increased understanding of the program can lead to increased compliance in an effort to receive important program benefits.

- 2. A staff that is dedicated to calls for low-income customers can improve program participation and program services.*

While some utilities route all calls from low-income customers to a specific office (or group of staff members), others have general customer service representatives and/or collections representatives handle these calls. Because of the complexity (and sometimes the number) of low-income programs and services that are offered, it can be difficult to

educate a large group of staff to handle these calls. Depending on the size of the population in need, it can be beneficial to have staff members who focus on these customers and are very knowledgeable about the available benefits and how best to work with these customers.

3. *Training and monitoring of representatives is necessary to ensure that a correct and consistent message is relayed to the customers.*

Managers should conduct periodic monitoring of staff to ensure that accurate program information is imparted to participants and potential enrollees.

D. Energy Efficiency

Energy efficiency is an import component of the low-income program portfolio. Some of the best practices with respect to these programs include targeting high use bill payment assistance participants for efficiency services, assessment and follow-up of efficiency program participants, and coordination with other efficiency programs.

1. *Targeting high use bill payment assistance participants for energy efficiency reduces the ratepayer subsidy.*

Programs that target customers who participate in energy bill payment assistance and have high usage can reduce the cost of the bill payment assistance program. Depending on the structure of the subsidy, some or all of the benefits will accrue to the ratepayer. In the case of a fixed payment program, all benefits will accrue to the ratepayers.

2. *Assessment and follow-up of energy efficiency program participants can improve usage reduction outcomes.*

Research has shown that repeated monitoring and communication with usage reduction program participants can re-enforce energy education delivery and result in improved outcomes.

3. *Coordination with and/or referral to the Weatherization Assistance Program (WAP) can increase the efficiency and impact of the utility's usage reduction program.*

Utility energy efficiency programs that coordinate service delivery with WAP can provide enhanced benefits and reduced administrative costs. If coordination of service delivery is not possible, referral to WAP can help customers to receive comprehensive services if the utility program could not provide all effective energy efficiency measures.

E. Bill Payment

Research has shown that consistent monthly bills lead to more consistent bill payment. If possible, LIHEAP should be applied to customers' accounts in a way that maintains the equal monthly payments.

1. *Constant monthly payment requirements lead to more consistent bill payment.*

Research on different types of bill payment assistance programs shows that constant monthly bills leads to better bill payment compliance. Customers can plan for the expense and continue to include it in their monthly budget. Survey research has shown that customers place great value on equal monthly bills.

2. *LIHEAP grant application to “asked to pay” amount can disrupt monthly bill payment regularity.*

When LIHEAP is applied to the customer’s “asked to pay” amount, the grant can often offset several months of the customer’s bill.¹¹ The customer will then have no bill payment obligation for several months and may no longer be in the habit of paying the monthly bill once the LIHEAP credit is depleted. If allowed, application of the LIHEAP grant over a longer time period will assist customers to achieve better bill payment compliance.¹² Another option is to apply the LIHEAP grant to the CRP subsidy until the grant is depleted.

F. Collections

Collections departments can best impact customers’ bill payment behavior by adhering to rigorous practices that do not allow for large debt build-up, maintaining consistent policies, and having representatives provide information about available assistance to low-income customers.

1. *A rigorous collection process that does not allow customers to fall far behind on their bills can reduce the level of balances held and customers’ need for emergency assistance.*

When utilities begin collections at relatively low arrearage levels, customers are required to stay more up to date on their bills. When utilities allow large arrearages to build up, low-income customers can no longer pay these amounts and often need to obtain emergency assistance from LIHEAP Crisis or a hardship fund to retain or restore service.

2. *Consistent collections practices can lead to more consistent bill payment.*

When utilities have consistent collections practices, customers know that they must pay their bills and will be more likely to do so to avoid service termination.

3. *Collections representatives can be an important source of information for payment-troubled customers.*

Collections representatives are often the first point of contact for customers who have trouble with their bills. Utilities should ensure that collections representatives are knowledgeable about available assistance, and, to the extent possible, only refer customers to those programs and services for which the customers are eligible.

¹¹ LIHEAP may even result in no bill payment obligation for the entire year for customers on the minimum payment amount of \$25 per month.

¹² Such an application process may not be allowed under PA LIHEAP rules.

V. Customer Survey

APPRISE conducted a survey with participants in PGW's Customer Responsibility Program and low-income non-participants to develop information on customer knowledge, understanding, and satisfaction with the CRP. The low-income non-participants were drawn from a sample of PGW's customers who received LIHEAP or were on a low-income payment arrangement, but did not participate in the CRP.

A. Methodology

This section describes the methodology for the customer surveys, including survey implementation and sample selection.

Survey Implementation

APPRISE retained Pacific Market Research (PMR) to conduct the telephone survey through its call center. A researcher from APPRISE trained PMR's employees on the survey instrument and monitored survey implementation. PMR's manager in charge of the survey instructed interviewers how to use the computerized version of the survey to record customer responses.

Interviewer training provided interviewers with an overview of the project, purpose behind questions asked, and strategies to provide accurate clarification and elicit acceptable responses through neutral probing techniques.

Interviewer monitoring allowed APPRISE researchers to both listen to the way interviewers conducted surveys and see the answers they chose on the computerized data entry form. PMR's manager facilitated open communication between the monitors and interviewers, which allowed the monitors to instruct interviewers on how to implement the survey and accurately record customer responses.

Telephone interviews were conducted in July 2012. During this time period, 386 interviews were completed.

Sample Selection and Response Rates

The survey sample was designed to furnish data on CRP participants (current and past) and non-participants.

Table V-1A details the number of customers selected to complete the survey, the number of completed interviews, cooperation rates, and response rates for each of the three groups. The table presents the following information for the sample.

- *Number Selected:* There were 675 current participants, 450 past participants, and 450 non-participants chosen for the survey sample.
- *Unusable:* There were 156 participant cases, 109 past participant cases, and 73 non-participant cases deemed unusable because no one was present in the home during the survey who was able to answer questions related to the household gas bills and the CRP, or because phone numbers were unavailable, disconnected, or incorrect. These households

are not included in the denominator of the response rate or the cooperation rate. They are included in the denominator of the completed interview rate.

- *Non-Interviews:* There were 105 participant cases, 81 past participant cases, and 69 non-participant cases classified as non-interviews because the qualified respondent refused to complete the interview, or because the respondent asked the interviewer to call back to complete the interview at a later time, but did not complete the interview during the field period. These households are included in the denominator of the cooperation rate, the response rate, and the completed interview rate.
- *Unknown Eligibility:* There were 243 participant cases, 159 past participant cases, and 194 non-participant cases that were determined to have unknown eligibility to complete the interview, due to answering machines, no answers, and language barriers. These households are not included in the denominator of the cooperation rate. They are included in the denominator of the response rate and the completed interview rate.
- *Completed Interviews:* The completed interviews are households that were reached and that answered the full set of survey questions. There were 220 interviews with participants, 52 interviews with past participants, and 114 interviews with non-participants.
- *Cooperation Rate:* The cooperation rate is the percent of eligible households contacted who completed the survey. This is calculated as the number of completed interviews divided by the completed interviews plus the number of non-interviews (refusals plus non-completed call backs¹³). Overall, this survey achieved a 68 percent cooperation rate for participants, a 39 percent cooperation rate for past participants and a 62 percent cooperation rate for non-participants.
- *Response Rate:* The response rate is the number of completed interviews divided by the number of completed interviews plus the number of non-interviews (refusals plus non-completed call backs) plus all cases of unknown eligibility (due to answering machines and language barriers). This survey attained a 39 percent response rate for participants, an 18 percent response rate for past participants, and a 30 percent response rate for non-participants.

Table V-1A
Sample and Response Rates
By Participation Status

	Participants		Past Participants		Non-participants	
Selected (original)	675		450		450	
Selected (Re-coded)	724		401		450	
Completed (Re-coded)	220		52		114	
(Re-coded Rates)	#	%	#	%	#	%
Unusable	156	22%	109	27%	73	16%

¹³ Non-completed callbacks include respondents who asked the interviewer to call back at a later time to complete the interview, but did not complete the interview by the end of the field period.

	Participants		Past Participants		Non-participants	
Non-Interviews	105	15%	81	20%	69	15%
Unknown Eligibility	243	34%	159	40%	194	43%
Completed Interviews	220	30%	52	13%	114	25%
Cooperation Rate	68%		39%		62%	
Response Rate	39%		18%		30%	

Table V-1B displays changes in participation status. The table shows that of the completed interviews, there were the following changes.

- Six customers who were originally coded as current participants were re-coded as past participants.
- Fifty-four customers who were originally coded as past participants were re-coded as current participants.

Table V-1B
Change in Participation Status

	Original Status		
Recoded Status	Current Participant	Past Participant	Non-Participant
Current Participant	166	54	0
Past Participant	6	46	0
Non-Participant	0	0	114

B. Survey Findings

This section presents detailed findings from the customer survey. The findings are presented in the following areas.

- Demographic characteristics
- CRP participation and enrollment
- Understanding of the CRP
- Financial obligations and bill payment difficulties
- Program impact
- Energy assistance benefits
- Program success
- CRP assistance and satisfaction

Demographic Characteristics

This section examines the demographic characteristics of the survey respondents. The following issues were covered.

- Own or rent home
- Number of household members
- Number of children, elderly, and disabled

- Education
- Types of income and benefits
- Unemployment
- Annual household income

Table V-2 displays information on home ownership. The table shows that 44 percent of current participants, 50 percent of past participants, and 55 percent of non-participants owned their homes. Participants, who are more likely to be renters, may have less control over the energy use in their homes.

Table V-2
Own or Rent Home

	Do you own or rent your home?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
Rent	56%	48%	42%
Own	44%	50%	55%
Other/Refused	1%	2%	3%
Total	100%	100%	100%

Table V-3 displays the number of household members reported by respondents. The table shows that 29 percent of current participants lived in single-person households, 22 percent lived in two-person households, and 36 percent lived in three or four-person households. Non-participants were more likely to be in single person households, and would be expected to have lower energy usage and less need for assistance.

Table V-3
Number of Household Members

	Including yourself, how many people normally live in this household?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
1	29%	22%	38%
2	22%	25%	25%
3	20%	23%	15%
4	16%	11%	10%
5 or more	13%	19%	11%
Refused	0%	0%	2%
Total	100%	100%	100%

Table V-4 shows that about 27 percent of current and past participants reported that there was one or more people living in the household who were 60 years or older. Non-participants were

more likely to report that there was an elderly household member. More than half of these respondents reported that there was a household member who was 60 or older.

Table V-4
Number of Elderly Individuals in Household

	How many are 60 or older?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
0	72%	73%	45%
1	22%	23%	42%
2+	5%	4%	10%
Refused	0%	0%	2%
Total	100%	100%	100%

Note: PGW and the PUC use 65 as the criteria for an individual who is vulnerable due to elderly status.

Table V-5 displays the reported number of children aged 18 or younger in the home. The table shows that more than half of current and past participants had children in the home, and only about a third of non-participants had children in the home.

Table V-5
Number of Children in Household

	How many are 18 or under?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
0	44%	41%	66%
1	20%	20%	11%
2	22%	24%	14%
3+	14%	14%	7%
Refused	0%	0%	2%
Total	100%	100%	100%

Table V-6 displays the reported number of children aged 5 or younger in the home. The table shows that more than approximately 25 percent of current and past participants had young children in the home, and about 19 percent of non-participants had young children in the home.

Table V-6
Number of Young Children in Household

	How many are 5 or under?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
0	75%	77%	80%
1	17%	15%	12%
2	7%	7%	5%
3+	1%	1%	2%
Refused	0%	0%	2%
Total	100%	100%	100%

Table V-7 displays the reported number of disabled household members. The table shows that more than 41 percent of current participants, 28 percent of past participants, and 42 percent of non-participants reported that there was a disabled household member.

Table V-7
Number of Disabled in Household

	How many are disabled?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
0	58%	72%	56%
1	33%	23%	36%
2+	8%	5%	6%
Refused	0%	0%	2%
Total	100%	100%	100%

Table V-8 shows that current CRP participants were more likely than the other groups to have some college or an Associate's degree as the highest level of education in the household, and past CRP participants and non-participants were more likely than current CRP participants to have a Bachelor's degree.

Table V-8
Education Level

	What is the highest level of education reached by any member of your household?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
Less Than High School	14%	14%	8%
High School Diploma Or Equivalent	46%	48%	45%

	What is the highest level of education reached by any member of your household?		
	Current Participant	Past Participant	Non Participant
Some College/Associate's Degree	27%	17%	22%
Vocational Training	3%	2%	2%
Bachelor's Degree	7%	17%	15%
Master's Degree Or Higher	2%	2%	3%
Other	0%	0%	1%
Don't Know/Refused	1%	0%	5%
Total	100%	100%	100%

Respondents were asked whether they received several different types of income and benefits in the past twelve months. Table V-9 shows that non-cash benefits, i.e. food stamps or public/subsidized housing was the most common form of income or benefits received. While 61 percent of current participants reported that they received these benefits, 44 percent of past participants, and 43 percent of non-participants reported that they received this type of benefits. Only 17 percent of current participants, 30 percent of past participants, and 20 percent of non-participants reported that someone in the household received wages or self-employment income. An additional 25 percent of current participants, 27 percent of past participants, and 39 percent of non-participants reported that someone in the household received retirement income.

Table V-9
Types of Income and Benefits Received

	In the past 12 months, did you or any member of your household receive:		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
Non-Cash Benefits	61%	44%	43%
Public Assistance	45%	30%	21%
Retirement Income	25%	27%	39%
Wages or Self-Employment Income	17%	30%	20%

Respondents were asked whether anyone in the household was unemployed and looking for work in the past 12 months. Table V-10 shows that 42 percent of current participants, 38 percent of past participants, and 34 percent of non-participants said that someone in the household was unemployed.

Table V-10
Unemployment in Past Twelve Months

	In the past 12 months, were you or any member of your household unemployed and looking for work?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
Yes	42%	38%	34%
No	57%	62%	66%
Refused	<1%	0%	1%
Total	100%	100%	100%

Table V-11 displays annual household income, as reported by the respondents. The table shows that 70 percent of current participants, 50 percent of past participants, and 47 percent of non-participants reported that their annual household income was less than \$20,000.

Table V-11
Annual Household Income

	What is your household's annual income?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
< \$10,000	36%	28%	15%
\$10,000 - \$19,999	34%	22%	32%
\$20,000 - \$29,999	7%	20%	9%
\$30,000 - \$39,999	3%	9%	6%
\$40,000 - \$49,999	1%	0%	4%
≥ \$50,000	0%	7%	5%
Don't Know	15%	11%	14%
Refused	5%	3%	14%
Total	100%	100%	100%

Participation and Knowledge

Non-participants were asked if they were aware that PGW offered the CRP program. Table V-12 shows that only 16 percent of the non-participants reported that they were aware of the CRP.

Table V-12
Awareness of CRP

	Are you aware that PGW offers a program called the Customer Responsibility Program to help make gas bills more affordable for customers?
	Non Participant
Respondents	114
Yes	16%
No	82%
Don't Know	2%
Total	100%

CRP participants, past participants, and non-participants who reported that they knew about the CRP were asked how they found out about the program. Table V-13 shows that customers were most likely to report that they learned about the program from a PGW representative and next most likely to report that they learned about it from someone that they knew. Agencies and bill inserts were other common sources of information about the program.

Table V-13
CRP Knowledge

	How did you find out about the Customer Responsibility Program?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
Did Not Know About CRP	0%	0%	84%
PGW Representative	62%	68%	4%
Friend/Relative/Word Of Mouth	16%	23%	2%
Local or Government Agency	11%	7%	1%
Bill Insert Or Mailing	7%	4%	5%
Community Event	1%	0%	0%
Other	2%	1%	2%
Don't Know	3%	1%	2%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

When asked why they decided to enroll in the CRP, current and past participants were most likely to report that they wanted to reduce their energy bills. Other common responses were the household's low income, to reduce arrearages, or a need for assistance.

Table V-14
Reason for CRP Participation

	Why did you decide to enroll in the Customer Responsibility Program?	
	Current Participant	Past Participant
Respondents	220	52
Reduce Energy Bills	59%	71%
Low/Fixed Income Or Finances	18%	7%
Reduce Amount Owed To PGW/Reduce Arrearages	13%	9%
Needed Help	11%	9%
Recommended by PGW Representative	2%	5%
Other	2%	0%
Don't Know	2%	0%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Non-participants who reported that they were aware of the CRP were asked why they did not enroll. Table V-15 shows that the most common responses were that they did not know about the program (even though they had reported earlier that they did), the program was not more affordable, and that they did not need assistance.

Table V-15
Reason for CRP Non-Participation

	What are the reasons that you have not enrolled in the Customer Responsibility Program?
	Non Participant
Respondents	18
Did Not Know About The Program	17%
Program Is Not More Affordable	12%
Do Not Need Energy Assistance	12%
Do Not Know How to Enroll	10%
Too Difficult to Enroll	10%
Do Not Want Assistance	5%
Other	12%
Don't Know	23%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Participants were asked how difficult it was to enroll in the CRP. Table V-16A shows that most respondents said it was not difficult to enroll. Only six percent of current participants said it was somewhat difficult and only one percent said it was very difficult.

Table V-16A
Difficulty of CRP Enrollment

	How difficult was it to enroll in the Customer Responsibility Program? Would you say it was very difficult, somewhat difficult, not too difficult, or not at all difficult?	
	Current Participant	Past Participant
Respondents	220	52
Very Difficult	1%	5%
Somewhat Difficult	6%	1%
Not Too Difficult	21%	20%
Not At All Difficult	72%	72%
Don't Know	<1%	1%
Total	100%	100%

Table V-16B provides a comparison to responses to the same question asked about CAP programs offered by other utilities in Pennsylvania. The table shows that PGW's participants rated the ease of enrollment approximately the same as these other programs.

Table V-16B
Difficulty of CAP Enrollment – Comparison Table

	How difficult was it to enroll in the program? Would you say it is very difficult, somewhat difficult, not too difficult, or not at all difficult?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Very Difficult	1%	2%	1%	2%
Somewhat Difficult	6%	4%	5%	4%
Not Too Difficult	21%	20%	29%	22%
Not At All Difficult	72%	73%	65%	72%
Don't Know	<1%	2%	0%	0%
Total	100%	100%	100%	100%

Respondents were asked to provide information on the parts of enrollment that were most difficult. Table V-17 shows that they reported it was mailing or completing the application.

Table V-17
Difficult Parts of CRP Enrollment

	What parts of enrollment in the Customer Responsibility Program were most difficult?	
	Current Participant	Past Participant
Respondents	220	52
Mailing Application and Documentation	2%	3%

	What parts of enrollment in the Customer Responsibility Program were most difficult?	
	Current Participant	Past Participant
Completing the Application	3%	0%
Providing Proof of Income	0%	3%
Going to The District Office to Apply	1%	0%
Providing Proof of How Met Living Expenses	<1%	1%
None	<1%	0%
Other	1%	0%
Enrollment Not Difficult ¹⁴	93%	93%
Refused	<1%	0%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Table V-18 shows that 65 percent of current participants and 52 percent of past participants reported that they recertified for the CRP.

Table V-18
CRP Recertification

	Have you ever re-certified for the Customer Responsibility Program?	
	Current Participant	Past Participant
Respondents	220	52
Yes	65%	52%
No	33%	47%
Don't Know	2%	1%
Total	100%	100%

Table V-19A shows that most respondents said that it was not difficult to re-certify. Only five percent of current participants said it was somewhat difficult and two percent said it was very difficult.

Table V-19A
Difficulty of CRP Recertification

	How difficult was it to re-certify for the Customer Responsibility Program? Would you say it was very difficult, somewhat difficult, not too difficult, or not at all difficult?	
	Current Participant	Past Participant
Respondents	142	28
Very Difficult	2%	8%
Somewhat Difficult	5%	10%
Not Too Difficult	26%	19%

¹⁴ This includes those who responded 'don't know' or 'refused' when asked if they thought enrollment was difficult.

	How difficult was it to re-certify for the Customer Responsibility Program? Would you say it was very difficult, somewhat difficult, not too difficult, or not at all difficult?	
	Current Participant	Past Participant
Not At All Difficult	67%	63%
Refused	1%	0%
Total	100%	100%

Table V-19B shows that PGW respondents reported similarly to other CAP program survey respondents about the difficulty of CAP recertification.

Table V-19B
Difficulty of CAP Recertification – Comparison Table

	How difficult was it to re-certify for the program?		
	PGW	Allegheny	PPL
Respondents	142	102	71
Very Difficult	2%	3%	0%
Somewhat Difficult	5%	6%	8%
Not Too Difficult	26%	14%	25%
Not At All Difficult	67%	77%	66%
Don't Know	1%	0%	0%
Total	100%	100%	100%

When asked to report the parts of recertification that were difficult, respondents were most likely to say that it was providing their proof of income or social security numbers.

Table V-20
Difficult Parts of CRP Recertification

	What parts of re-certification in the Customer Responsibility Program were most difficult?	
	Current Participant	Past Participant
Respondents	142	28
Providing Proof Of Income	3%	10%
Providing Social Security Numbers	1%	6%
Completing The Application	2%	0%
Providing Proof Of How They Met Living Expenses	1%	0%
Other	3%	2%
Recertification Was Not Difficult ¹⁵	93%	81%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

¹⁵ This includes those who responded 'don't know' when asked if they thought recertification was difficult.

Understanding of the CRP

Respondents were asked whether they felt they had a good understanding of the benefits of the CRP. Table V-21A shows that 94 percent of the current participants and 86 percent of the past participants said they felt they had a good understanding of the program benefits.

**Table V-21A
CRP Understanding**

	Do you feel that you have a good understanding of the benefit provided by PGW's Customer Responsibility Program?	
	Current Participant	Past Participant
Respondents	220	52
Yes	94%	86%
No	4%	14%
Don't Know	1%	0%
Total	100%	100%

Table V-21B compares respondents to other CAP survey respondents. The table shows that CRP participants were about as likely the other utility CAP respondents to report that they had a good understanding of the program.

**Table V-21B
CAP Understanding – Comparison Table**

	Do you feel you have a good understanding of the services/benefits provided by the program?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Yes	94%	93%	98%	91%
No	4%	5%	1%	7%
Don't Know	1%	2%	1%	2%
Total	100%	100%	100%	100%

Respondents were asked to report their understanding of their responsibility in the CRP. Table V-22 shows that 84 percent of the current participants and 74 percent of the past participants reported that it was their responsibility to keep up with their payments. Other respondents reported that they need to conserve, notify PGW if income changes, follow the CRP agreement, re-certify, or apply for LIHEAP.

Table V-22
Customer Responsibility in the CRP

	What is your understanding of your responsibility in this program?	
	Current Participant	Past Participant
Respondents	220	52
Keep Up With Payments	84%	74%
Discussed Program Benefit, Not Responsibility	7%	2%
Conserve	3%	6%
Notify PGW If Income Changes	2%	3%
Follow CRP Agreement	2%	0%
Re-certify/Verify Income	1%	4%
Apply For LIHEAP	1%	4%
Accept Weatherization Services	1%	0%
Other	2%	4%
Don't Know	5%	7%
Refused	<1%	3%

* Note: The sum of the percentages exceeds 100% as some of the respondents have provided more than one response.

When asked what they were required to do if their income changed, 74 percent of current participants and 80 percent of past participants reported that they were supposed to notify PGW and ten percent of current participants and five percent of past participants reported that they were supposed to provide new proof of income.

Table V-23
Income Change

	What do you need to do if your income changes while you are enrolled in the program?	
	Current Participant	Past Participant
Respondents	220	52
Notify PGW	74%	80%
Provide New Proof Of Income	10%	5%
Reapply For The Program	4%	3%
Nothing	1%	3%
Other	7%	0%
Don't Know	9%	9%
Refused	1%	1%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Respondents were asked what they felt were the benefits of the CRP. Table V-24A shows that respondents were most likely to report lower energy bills, followed by budget billing, not having their service shut off, and reduced arrearages.

Table V-24A
Benefits of CRP (Unprompted)

	What do you feel are the benefits of the program?	
	Current Participant	Past Participant
Respondents	220	52
Lower Energy/Gas Bills	48%	38%
Budget Billing/Even Payments	19%	14%
Keeping Energy Service/Not Having Service Turned Off	19%	12%
Reduced Money Owed To PGW/Reduced Arrearages	10%	15%
Helps Out Low-income Families/My Family	8%	19%
Can Afford Other Bills/Expenses	2%	5%
Weatherization/Energy Conservation	1%	4%
Other	3%	2%
Refused	1%	1%
Don't Know	7%	7%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Table V-24B shows that the respondents were even more likely to report that the program provided important benefits when prompted specifically about the potential benefits. When asked specifically whether they felt the program provided certain benefits, 98 percent of current participants agreed that the program provided lower gas bills and 86 percent agreed that it helped to reduce arrearages. The table also shows that when asked to report the most important benefit of the program, respondents were most likely to cite lower gas bills, followed by a reduced balance and the ability to maintain their energy service.

Table IV-24B
Prompted Benefits and Most Important Benefit of CRP

	Do you feel ____ is a benefit of the program?		What do you feel is the single most important benefit of the program?	
	Current Participant	Past Participant	Current Participant	Past Participant
Respondents	220	52	220	52
Lower Gas Bills	98%	95%	42%	34%
Reduced Balance	86%	87%	11%	20%
Keeping Energy Service/Not Having Service Turned Off			13%	14%
Budget Billing/Even Payments			11%	10%

	Do you feel _____ is a benefit of the program?		What do you feel is the single most important benefit of the program?	
	Current Participant	Past Participant	Current Participant	Past Participant
Helps Out Low-income Families			7%	11%
The Program Itself			2%	0%
Weatherization/Energy Conservation Services			<1%	3%
Nothing			<1%	2%
Other			5%	1%
Refused			<1%	0%
Don't Know			8%	4%

Table V-24C compares responses to the question about the most important benefit of CAP across different utility CAP respondents. The table shows that responses were fairly similar across the programs. Respondents in all programs were most likely to report that the most important benefit was either lower energy bills or keeping their energy service.

Table V-24C
Most Important Benefit of CAP – Comparison Table

	What do you feel is the most important benefit of the program?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Lower Energy Bills	42%	33%	28%	22%
Keeping Energy Service	13%	32%	28%	37%
Even Payments	11%	15%	11%	19%
Reduced Arrearages	11%	5%	8%	7%
Other	15%	11%	19%	16%
Don't Know	8%	5%	6%	0%
Total	100%	100%	100%	100%

Current and past participants were asked to estimate the average monthly discount that they received while on the CRP. Table V-25 shows that only about half of the respondents provided an estimate, and the estimate averaged \$81 for current participants and \$93 for past participants.

**Table V-25
CRP Discount**

	Because you participated in the Customer Responsibility Program, you received a discount on your gas bill. Please estimate the average dollar discount you received on your PGW gas bill each month through the program.	
	Current Participant	Past Participant
Respondents	220	52
\$0	1%	5%
≤\$50	20%	16%
\$51-\$100	18%	9%
>\$100	11%	14%
Other	3%	7%
Don't Know	47%	47%
Refused	0%	1%
Total	100%	100%
Mean Discount	\$81	\$93

Current and past participants were asked to estimate the amount they owed PGW before participating in the CRP and currently. Table V-26 shows that while 14 percent of current participants said that they didn't owe anything to PGW before participating in the CRP, 29 percent said that they currently did not owe anything to PGW. Additionally, while 29 percent said they owed more than \$1,000 prior to participating, only 13 percent said that they currently owed more than \$1,000.

**Table V-26
Amount Owed**

	How much money did you owe PGW for past due balances or for past bills that were not paid before participating in the Customer Responsibility Program? How much money do you currently owe PGW for past due balance or for past bills that were not paid?			
	Current Participant		Past Participant	
Respondents	220		52	
	Before	Currently	Before	Currently
\$0	14%	29%	17%	33%
≤\$100	3%	8%	1%	4%
\$101-\$500	17%	17%	15%	26%
\$501-\$1,000	16%	11%	23%	15%
\$1,001-\$2,000	16%	7%	20%	14%
>\$2,000	13%	6%	8%	4%
Don't Know	20%	22%	16%	3%
Refused	2%	0%	0%	0%

Table V-27 displays responses to a question about participant requirements to have PGW forgive past due balances. Forty-two percent of current participants said that they had to pay their CRP bill on time. Other respondents said that they had to pay the bill on time and in full or to pay the bill in full. Twenty percent reported that they did not know what they had to do to receive arrearage forgiveness.

Table V-27
Arrearage Forgiveness

	What do you need to do to have PGW forgive past due balances or arrearages?
	Current Participant
Respondents	220
Pay CRP Rate Bill On Time	42%
Pay CRP Rate Bill In Full	12%
Be Enrolled in the Program	7%
Pay CRP Rate Bill On Time And In Full	7%
Talk With PGW About It	5%
Pay Off What I Owe	3%
Had No Arrearages	17%
Other	5%
Don't Know	20%
Refused	<1%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Respondents were asked whether arrearage forgiveness made them more likely to pay their gas bill on time and in full. Table V-28 shows that 77 percent of respondents said that it did and 14 percent said that they did not have arrearages.

Table V-28
Impact of Arrearage Forgiveness on Bill Payment

	Are you more likely to pay your gas bill on time and in full because you will then reduce the balance that was past due when you enrolled in the CRP?
	Current Participant
Respondents	220
Yes	77%
No	7%
Had No Arrearages	14%
Refused	<1%
Don't Know	3%
Total	100%

Financial Obligations and Bill Payment Difficulties

CRP participants were asked about the difficulty of paying their PGW bill prior to participating in the CRP and while in the CRP and non-participants were asked how difficult it was to pay their PGW bill at the current time. Table V-29 shows that while 69 percent of current participants said that it was very difficult to pay their bills prior to the CRP, only 11 percent said it was very difficult to pay their bills while participating in the CRP. By comparison, 26 percent of the non-participants said that it was currently very difficult to pay their PGW bill.

Table V-29
Bill Payment Difficulty

	How difficult was it to make your monthly PGW payments before participating/while participating in PGW's Customer Responsibility Program?				How difficult is it currently to make your monthly energy bill payments?
	Current Participant		Past Participant		Non Participant
	Before CRP	In CRP	Before CRP	In CRP	
Respondents	220		52		114
Very Difficult	69%	11%	47%	16%	26%
Somewhat Difficult	19%	33%	34%	31%	43%
Not Too Difficult	4%	32%	11%	31%	13%
Not At All Difficult	5%	23%	9%	22%	15%
Refused	1%	0%	0%	0%	2%
Don't know	1%	1%	0%	0%	1%
Total	100%	100%	100%	100%	100%

CRP participants were asked about the need to delay or skip paying other bills prior to participating in the CRP and while participating, and non-participants were asked about the need to do so in the past 12 months. Table V-30 shows that CRP participants reported that they were less likely to need to delay or skip all bills asked about after they began participating in the program. Non-participants were usually less likely than current CRP participants prior to program participation to delay or skip payment and usually more likely than CRP participants while on the program. For example, while 62 percent of CRP participants reported that they delayed or skipped paying for food prior to program participation, 35 percent reported that they did so while they were in the CRP, and 41 percent of non-participants said that they did so in the past year.

Table V-30
Financial Obligations – Ever Had Problem

	In the year before participating/while participating in the CRP, did you ever have to delay or skip paying the following bills or making the following purchases in order to make ends meet?				In the past 12 months have you had to delay or skip paying the following bills or making the following purchases in order to make ends meet?
	Current Participant		Past Participant		Non Participant
	Before CRP	In CRP	Before CRP	In CRP	
Respondents	220		52		114
Food	62%	35%	54%	38%	41%
Medicine (Prescriptions)	35%	22%	39%	29%	24%
Doctor or Dentist visit	36%	26%	43%	34%	32%
Mortgage or Rent	48%	34%	53%	24%	33%
Other Utility Bill	67%	53%	82%	50%	48%
Credit Card or Loan	23%	12%	20%	18%	22%
Car Payment	7%	5%	8%	14%	10%
SEPTA Fare	30%	21%	24%	19%	13%

Table V-31 displays the percent that reported that they always or frequently had to delay the bill. The table shows that CRP participants were less likely to always or frequently have to delay or skip bills after enrolling in the CRP.

Table V-31
Financial Obligations – Always or Frequently Had Problem

	Always or frequently had to skip or delay the following bill or purchase to make ends meet?				
	Current Participant		Past Participant		Non Participant
	Before CRP	In CRP	Before CRP	In CRP	
Respondents	220		52		114
Food	18%	9%	8%	6%	16%
Medicine (Prescriptions)	10%	5%	11%	4%	12%
Doctor or Dentist visit	10%	8%	16%	11%	12%
Mortgage or Rent	14%	5%	10%	0%	9%
Other Utility Bill	20%	10%	18%	6%	15%
Credit Card or Loan	8%	2%	2%	2%	7%
Car Payment	2%	<1%	0%	0%	5%
SEPTA Fare	6%	5%	4%	4%	6%

Using the kitchen stove for heat is a dangerous practice that low-income households often engage in when they cannot afford their energy bills or to repair their heating equipment.

Table V-32 shows that 38 percent of current CRP participants said that they used their kitchen stove for heat prior to joining the CRP and 15 percent said that they did so while in the program. Fourteen percent of non-participants said that they used their kitchen stove for heat in the past year.

Table V-32
Used Kitchen Stove for Heat

	In the year before participating in the Customer Responsibility Program, did you use your kitchen stove or oven to provide heat? While participating in the program, have you used your kitchen stove or oven to provide heat?				In the past 12 months, have you used your kitchen stove or oven to provide heat?
	Current Participant		Past Participant		Non Participant
	Before CRP	In CRP	Before CRP	In CRP	
Respondents	220		52		114
Yes	38%	15%	39%	24%	14%
No	62%	85%	61%	76%	86%
Total	100%	100%	100%	100%	100%

Table V-33 shows that CRP participants reported they were less likely to always or frequently use their kitchen stove for heat after they joined the program. Non-participants were also less likely to report that they always or frequently needed to use their kitchen stove for heat than CRP participants prior to joining the program.

Table V-33
Frequency of Kitchen Stove for Heat

	Did you/ do you always, frequently, or sometimes use your kitchen stove or oven for heat?				
	Current Participant		Past Participant		Non Participant
	Before CRP	In CRP	Before CRP	In CRP	
Respondents	220		52		114
Always	6%	1%	5%	4%	3%
Frequently	7%	3%	3%	3%	3%
Sometimes	22%	11%	29%	13%	8%
Never	65%	85%	62%	76%	87%
Don't Know	<1%	0%	0%	0%	0%
Refused	<1%	0%	0%	3%	0%
Total	100%	100%	100%	100%	100%

Respondents were asked whether there was a time that they wanted to use their main source of heat, but could not because their heating system was broken and they could not afford to pay for its repair or replacement. Table V-34 shows that 29 percent of current CRP participants reported that they experienced this problem prior to CRP enrollment and 16 percent experienced this problem while participating in the program. Eighteen percent of non-participants said that they experienced this problem in the past year.

Table V-34
Could Not Heat Home

	In the year before enrolling / while participating in the Customer Responsibility Program, was there ever a time when you wanted to use your main source of heat, but could not because your heating system was broken and you were unable to pay for its repair or replacement?				In the past 12 months, was there ever a time when you wanted to use your main source of heat, but could not because your heating system was broken and you were unable to pay for its repair or replacement?
	Current Participant		Past Participant		Non Participant
	Before CRP	In CRP	Before CRP	In CRP	
Respondents	220		52		114
Yes	29%	16%	32%	25%	18%
No	70%	84%	68%	75%	82%
Don't Know	1%	0%	0%	0%	0%
Refused	1%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%

Program Impact

Respondents were asked to compare their gas bill while on the CRP to their bill before they began participating in the program. Table V-35A shows that 62 percent of respondents said that their bill on the CRP was lower, 20 percent said it was the same, and 14 percent said it was higher.

Table V-35A
CRP Impact on Energy Bill

	While participating in the program, would you say that your gas bill is/was higher, lower, or has not changed in comparison to what it was before participating in the program?	
	Current Participant	Past Participant
Respondents	220	52
Higher	14%	32%
Lower	62%	45%
No Change	20%	22%
Don't Know	4%	0%
Total	100%	100%

Table V-35B compares participant responses about the impact of CAP on energy bills across utilities. The table shows that PGW respondents had the same likelihood as PPL respondents to say that their bill was lower, and they were somewhat less likely than PG Energy and more likely than Allegheny respondents to say that their bill was lower.

Table V-35B
CAP Impact on Energy Bill – Comparison Table

	While participating in the program, would you say that your energy bill is higher, lower, or has not changed in comparison to what it was before participating in the program?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Higher	14%	17%	12%	13%
Lower	62%	52%	60%	70%
No Change	20%	23%	21%	7%
Don't Know	4%	8%	7%	9%
Total	100%	100%	100%	100%

Respondents were asked to compare their gas usage while on CRP to their usage before they began participating in the program. Table V-36A shows that 40 percent of current participants said their usage was lower, eight percent said it was higher, and 44 percent said it had not changed.

Table V-36A
CRP Impact on Energy Usage

	While participating in the program, would you say that your gas usage is/was higher, lower, or has not changed in comparison to what it was before participating in the program?	
	Current Participant	Past Participant
Respondents	220	52
Higher	8%	19%
Lower	40%	29%
No Change	44%	45%
Refused	1%	0%
Don't Know	7%	7%
Total	100%	100%

Table V-35B compares participant responses about the impact of CAP on energy usage across utilities. The table shows that PGW respondents were more likely than other utility participants to say that they had reduced their usage. While 40 percent of PGW participants said that their usage was lower, 22 to 27 percent of other utility CAP participants said that their usage was lower after they enrolled in CAP.

Table V-36B
Energy Usage Impact

	While participating in the program, would you say that your energy usage is higher, lower, or has not changed in comparison to what it was before participating in the program?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Higher	8%	11%	16%	9%
Lower	40%	25%	27%	22%
No Change	44%	55%	48%	61%
Don't Know	7%	9%	10%	7%
Refused	1%	0%	0%	0%
Total	100%	10%	100%	100%

When asked why their usage increased when on the CRP, customers stated that it was because they stopped using their electric space heater, there were more people in the home, or they fixed their heating system.

Table V-37A
Why Usage Has Increased

	Why do you feel your usage has increased?	
	Current Participant	Past Participant
Respondents	220	52
Don't Use Electric Space Heater	1%	3%
More People in the Home	1%	1%
Fixed Heating System	<1%	3%
Other	2%	3%
Nonresponsive Answer	2%	4%
Usage Did Not Increase	92%	81%
Don't Know	1%	4%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Table V-37B shows that when asked why usage decreased, participants stated that they tried to conserve, because of the weather or the season, and because they were cooking less.

Table V-37B
Why Usage Has Decreased

	Why do you feel your usage has decreased?	
	Current Participant	Past Participant
Respondents	220	52
Tried to Conserve	14%	9%
Weather/Season	8%	2%
Cooking Less	7%	1%
WAP	3%	1%
New/Repaired Appliances	2%	3%
PGW LIURP	2%	0%
CRP	2%	0%
Prices Have Increased	1%	0%
Broken Appliances	<1%	2%
Usage Did Not Decrease	60%	71%
Don't Know	2%	1%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Energy Assistance Benefits

Table V-38 shows that 71 percent of current participants, 57 percent of past participants, and 70 percent of non-participants said that they applied for LIHEAP in the past year. The table also shows that 47 percent of current participants, 34 percent of past participants, and 36 percent of non-participants said that they received LIHEAP in the past year.

Table V-38
LIHEAP Application

	In the past 12 months, did you or any member of your household...					
	Apply for LIHEAP			Receive LIHEAP		
	Current Participant	Past Participant	Non Participant	Current Participant	Past Participant	Non Participant
Respondents	220	52	114	220	52	114
Yes	71%	57%	70%	47%	34%	36%
No	27%	43%	30%	22%	23%	30%
Did Not Apply ¹⁶				29%	43%	30%
Refused	0%	0%	0%	0%	0%	1%
Don't Know	2%	0%	0%	2%	0%	3%
Total	100%	100%	100%	100%	100%	100%

¹⁶ This includes those who responded 'don't know' when asked if they had applied for LIHEAP.

Table V-39 shows that 44 percent of current participants, and 93 percent of those who said that they received LIHEAP, stated that they assigned the grant to PGW.

Table V-39
LIHEAP Assigned to PGW

	Did you assign the LIHEAP grant to PGW?					
	All			Received LIHEAP		
	Current Participant	Past Participant	Non Participant	Current Participant	Past Participant	Non Participant
Respondents	220	52	114	104	44	19
Yes	44%	32%	31%	93%	93%	87%
No	2%	2%	4%	5%	7%	10%
Did Not Receive ¹⁷	53%	66%	64%			
Don't Know	1%	0%	1%	2%	0%	2%
Total	100%	100%	100%	100%	100%	100%

Table V-40 shows that those who said that they did not assign the grant to PGW said that they assigned the grant to PECO.

Table V-40
LIHEAP Assignment

	Which Company did you assign your LIHEAP grant to?		
	All		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
PGW	44%	32%	31%
PECO/Electric	2%	2%	4%
Oil/Fuel	0%	0%	0%
Did Not Receive	53%	66%	64%
Don't Know	1%	0%	1%
Total	100%	100%	100%

When asked why they assigned the grant to a company other than PGW, participants stated that they needed to pay the other company to retain service, that electric was their main source of heat, that they owed more money to the other company, or that the other company used the grant to reduce the bill. Non-participants stated that they needed money on the other account to retain service and that they owed more money to the other company.

¹⁷ This includes those who responded 'don't know' or 'refused' when asked if they had applied for or received LIHEAP.

Respondents who reported that they did not apply for LIHEAP were asked why they did not apply. Table V-41 shows that the most common participant response was that they did not have time or missed the deadline. They were also likely to say that they did not need it or were not eligible. Non-participants were also likely to say that they were not eligible or their income was too high. Fourteen percent of current CRP participants and 12 percent of non-participants said that they did not know about LIHEAP.

Table V-41
Why Did Not Apply for LIHEAP

	Why didn't you apply for LIHEAP?		
	Current Participant	Past Participant	Non Participant
Respondents	58	20	31
Haven't Had Time/Missed Deadline	31%	45%	7%
Did Not Need To Apply/Not Eligible	12%	27%	14%
Income Too High	6%	3%	32%
Did Not Know About LIHEAP	14%	0%	12%
Did Not Want To Apply	6%	10%	10%
Did Not Know How To Apply	2%	7%	10%
Did Not Have Documentation	2%	0%	6%
Did Not Know Where To Apply	2%	0%	0%
Other	13%	5%	9%
Don't Know	18%	3%	3%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Program Success

Past participants were asked why they were no longer participating in the CRP. Table V-42 shows that customers were most likely to state that they did not re-certify, followed by they were no longer eligible for the program, or they did not see the program as a benefit.

Table V-42
Reason for Discontinued Participation in the CRP

	Why are you no longer participating in the Customer Responsibility Program?
	Past Participant
Respondents	52
Did Not Re-certify	45%
Income Increased, No Longer Eligible	23%
Moved/No Longer Eligible	14%
Did Not See Program as Benefit	11%
Missed Payment and Was Removed	5%
Other	6%

	Why are you no longer participating in the Customer Responsibility Program?
	Past Participant
Don't Know	1%

* Note: The sum of the percentages exceeds 100% as some of the respondents provided more than one response.

Table V-43A shows that 46 percent of past participants stated that PGW could have done something to help them remain in the CRP.

Table V-43A
Could PGW Have Helped Customer Stay in CRP

	Do you feel that there was anything that PGW could have done to help you stay on the Customer Responsibility Program?
	Past Participant
Respondents	52
Yes	46%
No	46%
Refused	1%
Don't Know	7%
Total	100%

When asked what PGW could have done to help them remain in the CRP, 28 percent said they could have made the application process easier and nine percent said that they could have provided more assistance.

Table V-43B
Could PGW Have Helped Customer Stay on the CRP

	What could PGW have done to help you stay on the Customer Responsibility Program?
	Past Participant
Respondents	52
Made Application Process Easier	28%
Given More Assistance	9%
Been More Understanding	5%
Other	3%
Nothing PGW Could Have Done ¹⁸	54%
Don't Know	1%
Total	100%

¹⁸ This includes those who responded 'don't know' or 'refused' when asked if there was anything that PGW could have done to help the respondent stay on the Customer Responsibility Program (in Table V-43A).

Non-participants were asked if they would be interested in enrolling in the CRP if they were eligible. Table V-44 shows that 91 percent of past participants and 59 percent of non-participants said that they would be interested.

Table V-44
Interested in Enrolling or Re-Enrolling

	If you were currently eligible under program rules, would you be interested in enrolling/re-enrolling in the Customer Responsibility Program?	
	Past Participant	Non Participant
Respondents	52	114
Yes	91%	59%
No	5%	18%
Refused	0%	6%
Don't Know	3%	16%
Total	100%	100%

When asked how likely they were to continue participating in the CRP, 89 percent of current participants said that they were very likely and 8 percent said they were somewhat likely.

Table V-45
Likelihood of Continued CRP Participation

	How likely are you to continue to participate in the program? Would you say you are very likely, somewhat likely, not too likely, or not at all likely?
	Current Participant
Respondents	220
Very Likely	89%
Somewhat Likely	8%
Not Too Likely	<1%
Not At All Likely	1%
Refused	<1%
Don't Know	1%
Total	100%

CRP Assistance and Satisfaction

Current and past participants were asked how important the CRP was in helping them to meet their needs. Table V-46 shows that 82 percent of current participants said it was very important and 79 percent of past participants said it was very important. Only four percent of current participants and six percent of past participants said it was of little or no importance.

Table V-46
Importance of the CRP

	How important has the Customer Responsibility been in helping you to meet your needs? Would you say it has been very important, somewhat important, of little importance, or not at all important?	
	Current Participant	Past Participant
Respondents	220	52
Very Important	82%	79%
Somewhat Important	13%	13%
Of Little Importance	3%	2%
Not At All Important	1%	4%
Don't Know	1%	1%
Total	100%	100%

Respondents were asked whether they needed additional assistance to pay their gas bill. Table V-47A shows that 55 percent of current participants, 60 percent of past participants, and 76 percent of non-participants said they needed additional assistance.

Table V-47A
Additional Assistance Needed

	Do you feel that you need additional assistance to pay your gas bill?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
Yes	55%	60%	76%
No	42%	40%	23%
Refused	<1%	0%	0%
Don't Know	2%	0%	1%
Total	100%	100%	100%

Table V-47B shows that PGW customers had about the same likelihood of saying they needed additional assistance as PG Energy customers. Allegheny and PPL participants were less likely to say that they needed additional assistance. This may relate to the high cost of living in Philadelphia.

Table V-47B
Additional Assistance Needed – Comparison Table

	Do you feel you need additional assistance to pay your energy bill?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Yes	55%	40%	36%	52%
No	42%	60%	63%	44%
Don't Know	2%	0%	1%	4%
Total	100%	100%	100%	100%

When asked what additional assistance was needed to pay the bill, respondents were most likely to say that they needed more bill payment assistance, followed by saying that they needed a lower bill. Respondents were also likely to state that they needed LIHEAP assistance.

Table V-47C
Type of Additional Assistance Needed to Pay Energy Bills

	What additional assistance do you need to pay your bill?		
	Current Participant	Past Participant	Non Participant
Respondents	220	52	114
More Bill Payment Assistance	19%	25%	19%
Lower Bill	16%	8%	19%
LIHEAP	6%	5%	12%
Any Assistance Available	6%	9%	6%
Customer Responsibility Program	1%	11%	2%
More Time To Pay The Bill	1%	1%	5%
Budget Billing	<1%	0%	4%
Weatherization Assistance	<1%	0%	1%
Other	4%	5%	3%
Do Not Need Additional	45%	40%	24%
Refused	0%	0%	4%
Don't Know	6%	2%	9%

* Note: The sum of the percentages exceeds 100% as some of the respondents have given more than one response.

Participants were asked how satisfied they were with the CRP. Table V-48A shows that 74 percent of current participants said they were very satisfied and 22 percent said they were somewhat satisfied.

Table V-48A
CRP Satisfaction

	Overall, how satisfied are/were you with the program? Would you say that you are/were very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?	
	Current Participant	Past Participant
Respondents	220	52
Very Satisfied	74%	79%
Somewhat Satisfied	22%	17%
Somewhat Dissatisfied	2%	1%
Very Dissatisfied	0%	2%
Refused	<1%	1%
Don't Know	1%	0%
Total	100%	100%

Table V-48B displays a comparison of PGW CRP participants' satisfaction with other utilities' CAP participants' satisfaction. The table shows that CRP participants were somewhat less likely to be very satisfied and more likely to be somewhat satisfied than the other utilities' participants.

Table V-48B
CAP Satisfaction – Comparison Table

	Overall, how satisfied were you with the program? Would you say that you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?			
	PGW	Allegheny	PPL	PG Energy
Respondents	220	133	103	54
Very Satisfied	74%	87%	91%	87%
Somewhat Satisfied	22%	8%	8%	9%
Somewhat Dissatisfied	2%	1%	1%	0%
Very Dissatisfied	0%	4%	0%	2%
Don't Know	1%	1%	0%	2%

C. Summary

Key findings from the CRP Survey are highlighted below.

- *Demographic Characteristics* – The survey collected information on the demographic characteristics of participants and non-participants.
 - *Home ownership* – While 44 percent of current participants owned their homes, 50 percent of past participants and 55 percent of non-participants owned their homes.

- *Elderly household members* – Non-participants were more likely to have elderly household members. While 27 percent of current and past participants had one or more elderly household members, 52 percent of non-participants had one or more elderly household members.
- *Children* – Participants were more likely to have children than non-participants. While 56 percent of current participants had one or more children in the home, 58 percent of past participants and 32 percent of non-participants had one or more children in the home.
- *Income and Employment* – Non-cash benefits was the most common form of income. Sixty-one percent of current participants, 44 percent of past participants, and 43 percent of non-participants received non-cash benefits. Only 17 percent of current participants received employment income. Forty-two percent of current participants said that they had been unemployed and looking for work in the past year.
- *CRP Participation and Enrollment* – Only 16 percent of non-participants reported that they were aware of the CRP. CRP enrollment and re-certification were not viewed as difficult. However, past participants were more likely to state that re-certification was difficult than current participants.
- *CRP Requirements* – Most participants reported that their CRP responsibility was to pay their bill and that they should notify PGW if their income changed.
- *CRP Benefits* – Ninety-eight percent of current participants agreed that a lower gas bill was a benefit of the program and 86 percent agreed that a reduction in pre-program arrearages was a benefit. Other benefits volunteered as most important were maintaining gas service and budget billing. The majority of current participants understood that they needed to pay their bill to receive arrearage forgiveness, and they reported that they were more likely to pay their bill on time and in full in order to receive arrearage forgiveness.
- *PGW Payment Difficulties* – Current participants reported that the CRP had a large impact on their ability to pay their gas bills. While 69 percent said it was very difficult to pay their monthly PGW bill prior to CRP participation, only 11 percent said it was very difficult to pay the bill while participating. By comparison, 26 percent of non-participants said it was very difficult to pay their PGW bill in the past year.
- *Other Bill Payment Difficulties* – The CRP also positively impacted participants' ability to meet their other needs. For example, while 62 percent said that they had to delay or skip paying for food prior to participating, 35 percent said that they did so while participating in the CRP. Forty-one percent of non-participants said that they did so in the past year.
- *Safe Heating Usage* – Current participants reported that they were less likely to use their kitchen stove for heating after enrolling in the program. While 38 percent of current participants reported that they did so prior to program enrollment, 15 percent said that they did so while participating in the CRP. Additionally, while 29 percent of current

participants said that there was a time in the year before CRP enrollment that they could not use their heat because their heating system was broken and they could not afford to repair or replace it, 16 percent said that they experienced this problem while participating in the CRP.

- *LIHEAP Benefits* – While 71 percent of current participants reported that they applied for LIHEAP in the past year, 47 percent reported that they received benefits. Past participants were less likely to report that they applied for and received benefits. Only five percent of current participants, seven percent of past participants, and ten percent of non-participants who received LIHEAP reported that they did not assign the grant to PGW, and they reported that they assigned the grant to PECO.
- *CRP Importance* – Participants felt that the CRP was an important program. Approximately 80 percent of current and past participants said that the CRP was very important in helping them to meet their needs and 13 percent said it was somewhat important. However, 55 percent of current participants, 60 percent of past participants, and 76 percent of non-participants said that they needed additional assistance to pay their gas bills.
- *CRP Satisfaction* – Satisfaction with the program was high. Ninety-six percent of current and past participants were very or somewhat satisfied with the program.

VI. Participant Characteristics and Program Impacts

This section provides an analysis of the characteristics of program participants and the impacts of CRP participation on energy affordability, bill payment, and collections.

A. *Goals*

There were several goals for the CRP Characteristics and Impacts analysis.

- Characterize the CRP participants.
- Analyze CRP retention rates.
- Assess the impact of the CRP on energy affordability.
- Determine whether the CRP improves participants' bill payment compliance.
- Ascertain the impact of CRP participation on LIHEAP receipt.
- Evaluate whether the CRP impacts collections actions and costs.

B. *Methodology*

This section describes the evaluation data and the selection of participants for the CRP impact analysis.

Evaluation Data

PGW provided APPRISE with customer data, CRP program participation data, billing and payment data, and collections data for CRP participants and low-income customers who did not participate in the program. Customers were identified as low-income because they received a LIHEAP grant or reported their income to PGW at the time that they negotiated a payment arrangement.

Selected Participants: Analysis Group

Customers who enrolled in the CRP between January 1, 2011 and June 30, 2011 were included as potential members of the study group. This group was chosen for the analysis, as one full year of post-program data is required for an analysis of program impacts.

Nonparticipant Comparison Groups

The comparison group was constructed for the CRP data analysis to control for exogenous factors. The comparison group was designed to be as similar as possible to the treatment group, those who received services and who we are evaluating, so that the exogenous changes for the comparison groups are as similar as possible to those of the treatment group.

When measuring the impact of an intervention, it is necessary to recognize other exogenous factors that can impact changes in outcomes. Changes in a client's payment behavior and bill coverage rate, between the year preceding CRP enrollment and the year following enrollment, may be affected by many factors other than program services received. Some of these factors include changes in household composition or health of family members, changes in utility prices, changes in weather, and changes in the economy.

The ideal way to control for other factors that may influence payment behavior would be to randomly assign low-income customers to a treatment or control group. The treatment group would be given the opportunity to participate in the program first. The control group would not be given an opportunity to participate in the program until one full year later. This would allow evaluators to determine the impact of the program by subtracting the change in behavior for the control group from the change in behavior for the treatment group. Such random assignment is rarely done in practice because of a desire to include all eligible customers in the benefits of the program or to target a program to those who are most in need.

In the evaluation of the CRP, we use low-income households who did not participate in the CRP as the comparison group. The group of customers was replicated to represent customers who enrolled in the program in the first and second quarters of 2011. A quasi-intervention date of the middle of the quarter was chosen for each group to compare to the participating customers.

For the CRP program impact analysis, we examined pre and post-treatment statistics. The difference between the pre and post-treatment statistics for the treatment group is considered the gross change. This is the actual change in behaviors and outcomes for those participants who were served by the program. Some of these changes may be due to the program, and some of these changes are due to other exogenous factors, but this is the customer's actual experience. The net change is the difference between the change for the treatment group and the change for the comparison group, and represents the actual impact of the program, controlling for other exogenous changes.

Customers who participated in the CRP in the year prior to enrollment were excluded from the analysis, to allow for a comparison of data while not participating and while participating in the CRP. Customers who did not have a full year of data prior to joining the program or a full year of data following the program start date were not included in the impact analysis. The subject of data attrition is addressed more fully below.

The data that were used for the study and comparison group were as follows.

- 2011 CRP enrollee treatment group data extended from one year before the customer joined the CRP to one year after the customer joined the CRP.
- Low-income nonparticipant comparison group data included one year of data before the mid-point of the first quarter of 2011 to one year of data after the mid-point of the second quarter of 2011.

Table VI-1 describes the treatment and comparison groups that are included in the analyses in this section.

Table VI-1
Treatment and Comparison Groups

	2011 Enrollee Treatment Group	Nonparticipant Comparison Group
Group	2011 (January-June) CRP Enrollees	Non-participants
Enrollment Requirement	Last enrollment date is in January-June 2011	Did not participate in CRP
CRP Participation Requirement	Did not participate in the CRP in the year prior to enrollment	Did not participate in CRP
Pre-participation Dates	1 year prior to enrollment	One year prior to the quasi enrollment dates of 2/15/11 & 5/15/11
Post-participation Dates	1 year after enrollment	One year after the quasi enrollment dates of 2/15/11 & 5/15/11

In addition to the treatment and comparison group, we analyzed program statistics for all customers who participated in the CRP in 2011. The 2011 enrollee treatment group, described above, is a select group of customers who recently enrolled in 2011 and did not participate in CRP for at least a year before that enrollment. It is necessary to look at this subset of CRP participants to understand how the program impacted affordability and payment behavior. However, looking at all 2011 CRP participants provides a more comprehensive picture of the characteristics of program participants. Therefore, we provide both types of analyses in this report.

C. Data Attrition

Table VI-2 provides the attrition analysis for the treatment and comparison groups and all 2011 participants. Many of the 2011 enrollees could not be included in the analysis group because they did not have close to a full year of pre or post-enrollment billing or payment data. Customers were also eliminated from the analysis group because they had very high or low values for the billing and/or payment statistics, and they had fewer than 11 or more than 13 bills in the one-year pre and/or post periods examined. After eliminating these cases, 24 percent of the treatment group could be included in the analysis.

The 2011 non-participant comparison group was more likely to have the necessary data to be included in the analysis. After eliminating cases for the same reasons, between 50 and 53 percent of these customers could be included in the analysis. The 2011 participants were more likely to have the necessary data available, as they only required one year of data for analysis – for calendar year 2011.

Table VI-2
Treatment and Comparison Groups
Attrition Analysis

	2011 Enrollee Treatment Group	Nonparticipant Comparison Group		All 2011 Participants
		Quasi Enrollment Date		
		2011 Q1	2011 Q2	
Eligible with Billing Data	8,868	61,355	62,220	80,953
Sufficient Billing & Payment Data	2,774	37,485	38,366	71,898
Outliers Removed & 11-13 Bills	2,148	30,749	33,156	67,243
% of Total	24%	50%	53%	83%

D. Retention Rates

This section furnishes information on program retention for CRP participants. Table VI-3 provides data on retention for customers who participated in the CRP at any point in 2011. Data are examined for the set of customers who have bills available in a particular month. The 2011 analysis group, those customers who participated in the CRP at any point in calendar year 2011 and had enough data to analyze billing and payment statistics in 2011, had between 85 and 92 percent of the group participate in the CRP each month. The table shows that 46,260 customers, or 69 percent of the analysis group, participated in the CRP in every month of the year.

Table VI-3
2011 CRP Participants
CRP Retention

	Obs.	Calendar Year 2011											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
All 2011 Participants													
Has Bill	80,953	72,860	73,193	77,289	77,741	77,982	77,845	77,799	77,694	77,635	77,988	78,552	78,865
CRP Bill-#		60,963	62,119	66,696	68,228	69,161	69,653	69,608	69,701	69,943	70,388	70,389	70,644
CRP Bill-%		84%	85%	86%	88%	89%	89%	89%	90%	90%	90%	90%	90%
2011 Analysis Group													
Has Bill	67,243	64,549	64,357	67,231	67,179	67,130	67,091	67,107	67,101	67,058	67,071	67,074	67,242
CRP Bill-#		54,735	55,725	59,457	60,457	61,152	61,454	61,449	61,470	61,520	61,557	60,891	60,463
CRP Bill-%		85%	87%	88%	90%	91%	92%	92%	92%	92%	92%	91%	90%

	Obs.	Calendar Year 2011											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011 Full Year CRP													
Has Bill	46,260	44,466	44,346	46,255	46,250	46,223	46,205	46,233	46,255	46,245	46,248	46,187	46,259
CRP Bill-#		44,466	44,346	46,255	46,250	46,223	46,205	46,233	46,255	46,245	46,248	46,187	46,259
CRP Bill-%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table VI-4 displays CRP retention for 2011 CRP enrollees, for the 12 months following enrollment. The table shows that as long as customers had a bill in a particular month, they were likely to continue to have a CRP bill, indicating that customers usually did not leave CRP because they found it not to be beneficial, they no longer needed assistance, or their income increased. There was a drop-off in participation in the 12th month following enrollment.

Table VI-4
2011 Enrollees
CRP Retention

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
All 2011 Enrollees													
Has Bill	8,868	8,865	8,849	8,819	8,774	8,736	8,688	8,643	8,579	8,520	8,445	8,350	7,719
CRP Bill-#		8,767	8,648	8,482	8,361	8,234	8,139	8,065	8,016	7,976	7,875	7,671	6,673
CRP Bill-%		99%	98%	96%	95%	94%	94%	93%	93%	94%	93%	92%	86%
2011 Enrollee Analysis Group													
Has Bill	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,147
CRP Bill-#		2,131	2,110	2,096	2,086	2,081	2,081	2,077	2,078	2,079	2,067	2,023	1,882
CRP Bill-%		99%	98%	98%	97%	97%	97%	97%	97%	97%	96%	94%	88%

E. Participant Characteristics

This section provides information on the characteristics of the CRP participants. Table VI-5 displays the number of household members. The table shows that 41 percent of all 2011 CRP participants lived in single-person households and 22 percent had four or more household members.

Table VI-5
Number of Household Members

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
1	41%	44%	49%	34%	40%
2	20%	20%	19%	22%	22%
3	17%	17%	15%	20%	17%
4	12%	11%	9%	13%	12%
5+	10%	9%	8%	11%	8%
Total	100%	100%	100%	100%	100%

Table VI-6 displays information on vulnerable household members. The table shows that seven percent of all 2011 CRP participants had an elderly household member, 43 percent had a young child, and half had an elderly individual or young child in the household. The 2011 Enrollee Treatment group was somewhat less likely to have vulnerable household members. Elderly households who were grandfathered into the 20 percent Senior discount have the option of continuing to participate in this program, rather than the CRP.

Table VI-6
Vulnerable Household Members

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
Elderly (65+)	7%	8%	10%	2%	4%
Young Child (≤ 5)	43%	41%	37%	45%	39%
Elderly or Child	50%	49%	46%	47%	43%

Table VI-7 displays the household's primary income source. The table shows that 30 percent of all 2011 CRP participants had employment income, 24 percent had SSI, 24 percent had social security or pensions, nine percent received public assistance, and six percent received unemployment. The 2011 Enrollee Treatment group was more likely to have employment as their primary source of income, and also more likely to have unemployment income.

Table VI-7
Income Source

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
Employment	30%	28%	23%	38%	36%
SSI	24%	26%	30%	18%	18%
Social Security or Pension	24%	26%	29%	16%	22%
Public Assistance	9%	8%	7%	11%	6%
Unemployment	6%	6%	5%	9%	11%
Other	7%	7%	6%	8%	7%
Total	100%	100%	100%	100%	100%

Table VI-8 displays annual household income. The table shows that half of the participants had annual income of less than \$10,000 and only seven percent had annual income above \$20,000. Mean annual income was just over \$11,000.

Table VI-8
Annual Household Income

	All 2011 CRP Participants*			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,952	67,242	46,259	8,868	2,148
≤\$10,000	51%	51%	54%	49%	44%
\$10,001-\$20,000	42%	43%	42%	43%	48%
>\$20,000	7%	6%	4%	9%	8%
Total	100%	100%	100%	100%	100%
Mean Annual Income	\$11,284	\$11,100	\$10,758	\$11,606	\$11,932

* One account was excluded from this analysis because the income data were incorrect.

Table VI-9 displays the total amount due on the customers' accounts at the time that the download was made in July 2012. This amount includes the customers' pre-program arrearages. The table shows that while 18 percent did not have an amount that was due, 27 percent owed more than \$1,000 and 15 percent owed more than \$2,000. The full year CRP customers had lower amounts due, as did the non-participant comparison group.

Table VI-9
Total Amount Due

	All 2011 CRP Participants			2011 Enrollee Treatment Group		Non-Participant Comparison Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148	123,575	63,905
≤\$0	18%	17%	22%	12%	7%	41%	27%
\$1-\$250	34%	37%	46%	20%	21%	29%	40%
\$251-\$500	9%	10%	8%	12%	15%	10%	12%
\$501-\$750	7%	7%	5%	10%	12%	6%	7%
\$751-\$1,000	5%	5%	3%	8%	10%	4%	4%
\$1,001-\$2,000	12%	12%	7%	19%	20%	6%	6%
>\$2,000	15%	13%	8%	19%	15%	5%	4%
Total	100%	100%	100%	100%	100%	100%	100%
Mean Amount Due	\$932	\$850	\$544	\$1,224	\$1,063	\$383	\$392

Table VI-10 shows that about 96 percent of the customers had PGW gas service for both heat and domestic uses.

Table VI-10
Customer Class

	All 2011 CRP Participants			2011 Enrollee Treatment Group		Non-Participant Comparison Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148	123,575	63,905
Heat and Domestic	96%	96%	96%	96%	96%	94%	95%
Non-heat	1%	1%	1%	2%	2%	4%	4%
Heat Only	1%	1%	1%	1%	<1%	1%	1%
Philadelphia Housing Authority	2%	2%	2%	2%	2%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%

Table VI-11 displays the CRP status for the customers analyzed. The following statuses are used to describe the participants.

- *Active*: Current or less than one full CRP payment behind.
- *Defaulted*: Greater than one full CRP payment behind, but still on the CRP and billed as CRP.

- *Suspended:* Removed from the CRP because of a failure to re-certify. If the customer returns to the CRP, the customer's status will return to active. If the customer goes on another payment plan, the customer's status stays on suspended.
- *Inactive:* Asked to come off the program, no longer qualifies for the program, or no longer has gas service with PGW.
- *Broken:* No longer on the CRP. The customer went through the collections process and was shut off for non-payment.

The table shows that 63 percent of all 2011 CRP participants were active and 74 percent of the full year CRP participants were active at the time of download.

**Table VI-11
CRP Status**

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
Active	63%	66%	74%	45%	54%
Defaulted	22%	22%	21%	25%	24%
Suspended	7%	6%	3%	11%	11%
Inactive	5%	3%	1%	11%	8%
Broken	4%	3%	1%	8%	3%
Total	100%	100%	100%	100%	100%

Table VI-12 displays the CRP agreement type. The table shows that the majority of the customers were in the nine percent of income group, and most of the others were in the eight or ten percent groups.

**Table VI-12
CRP Agreement Type**

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
\$25 Minimum	<1%	<1%	<1%	<1%	<1%
8%	23%	22%	19%	27%	21%
9%	56%	58%	61%	52%	54%
10%	20%	20%	20%	20%	25%

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Total	100%	100%	100%	100%	100%

F. Arrearage Forgiveness

This section examines arrearage forgiveness received by CRP participants. Participants have 1/36 of their pre-program arrearages forgiven each month that they pay their bill on time and in full and are up to date on their payments. Additionally, customers pay \$5 toward their pre-program arrearages each month.

Table VI-13 displays pre-program arrearages at the time the customer enrolled in the CRP and at the time of data download in July 2012. The table shows significant reductions in pre-program arrearages. Of all 2011 CRP participants, mean pre-program arrearages were reduced from \$1,112 to \$471 and 60 percent had their pre-program arrearages reduced to \$0.

Table VI-13
Original and Current Pre-Program Arrears

	All 2011 CRP Participants						2011 Enrollee Treatment Group			
	All		Analysis Group		Full Year CRP		All		Analysis Group	
Observations	80,953		67,243		46,260		8,868		2,148	
	Original	Current	Original	Current	Original	Current	Original	Current	Original	Current
≤\$0	7%	60%	6%	61%	8%	72%	7%	45%	1%	35%
\$1-\$500	38%	17%	39%	17%	44%	14%	34%	26%	27%	29%
\$501-\$1,000	21%	8%	22%	8%	20%	5%	25%	13%	31%	17%
\$1,001-\$1,500	12%	5%	12%	5%	10%	3%	15%	7%	17%	8%
\$1,501-\$2,000	7%	3%	7%	3%	5%	2%	7%	3%	8%	4%
>\$2000	15%	7%	15%	7%	12%	4%	12%	6%	15%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mean Amount	\$1,112	\$471	\$1,091	\$461	\$954	\$306	\$1,034	\$504	\$1,208	\$610

Table VI-14 displays the mean reduction in pre-program arrearages from the time of enrollment to the download date in July 2012. The table shows that the 2011 participants reduced their arrearages by \$641 on average.

Table VI-14
Difference Between Original and Current Pre-Program Arrearages

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
≤\$0	11%	10%	10%	15%	4%
\$1-\$250	33%	33%	30%	34%	32%
\$251-\$1,000	38%	40%	43%	37%	50%
\$1,001-\$1,500	7%	7%	8%	6%	6%
\$1,501-\$2,000	4%	3%	4%	3%	3%
>\$2,000	7%	6%	6%	5%	5%
Total	100%	100%	100%	100%	100%
Mean Difference	\$641	\$630	\$648	\$530	\$597

Table VI-15 displays the percent of 2011 CRP participants who received forgiveness in 2011 and the number of forgiveness payments received. The table shows that 77 percent of the 2011 CRP participants who remained on the CRP the full year and who had arrearages at the time of download in July 2012 received at least one arrearage forgiveness credit in 2011. On average these customers received 4.0 credits.

Table VI-15
2011 CRP Participants
Arrearage Forgiveness Credits Received in 2011

	Obs.	Percent Received One or More Credit In 2011			Mean # of Arrearage Forgiveness Credits Received		
		All	Had Arrearages		All	Had Arrearages	
			Original	At Download		Original	At Download
All 2011 Participants	80,953	45%	48%	70%	2.1	2.3	3.2
2011 Analysis Group	67,243	46%	49%	73%	2.2	2.4	3.5
2011 Full Year CRP	46,260	38%	41%	77%	2.1	2.3	4.0

Table VI-16 displays arrearage forgiveness received by 2011 enrollees. The table shows that 81 percent of the analysis group that had arrearages received at least one credit and that the mean number of credits received was 5.6.

Table VI-16
2011 CRP Enrollees
Arrearage Forgiveness Credits Received in the Year After Enrollment

	Obs.	Percent Received One or More Credit In 2011		Mean # of Arrearage Forgiveness Credits Received	
		All	Had Original Arrearages	All	Had Original Arrearages
All 2011 Enrollees	8,868	66%	71%	4.2	4.5
2011 Enrollee Analysis Group	2,148	80%	81%	5.6	5.6

Table VI-17 displays the percent who received credits each month. The table shows that between 27 and 60 percent of the 2011 CRP enrollees received credits each month in the year after enrollment. The percentage declined as the year progressed.

Table VI-17
2011 CRP Enrollees
Arrearage Forgiveness Received in the Year After Enrollment

	Obs.	Months After Enrollment											
		1	2	3	4	5	6	7	8	9	10	11	12
2011 Enrollees	8,868	49%	46%	42%	39%	37%	34%	32%	32%	30%	30%	27%	21%
2011 Enrollee Analysis Group	2,148	60%	57%	54%	51%	49%	45%	44%	43%	42%	41%	37%	27%

Table VI-18 displays the amount of arrearage forgiveness received by 2011 CRP participants. The table shows that of those who participated for the full year and had arrearages at the time of download, the mean amount forgiven in 2011 was \$222.

Table VI-18
2011 CRP Participants
Amount of Arrearage Forgiveness Received in 2011

	Obs.	Mean Arrearage Forgiveness in 2011		
		All	Had Arrearages	
			Original	At Download
All 2011 Participants	80,953	\$92	\$98	\$160
2011 Analysis Group	67,243	\$95	\$101	\$171
2011 Full Year CRP	46,260	\$92	\$100	\$222

Table VI-19 displays the amount of arrearage forgiveness received by 2011 CRP enrollees. The table shows that the mean amount of forgiveness received by those in the analysis group was \$176.

Table VI-19
2011 CRP Enrollees
Arrearage Forgiveness Credits Received in the Year After Enrollment

	Obs.	Mean Arrearage Forgiveness in The Year After Enrollment	
		All	Had Original Arrearages
All 2011 Enrollees	8,868	\$144	\$154
2011 Enrollee Analysis Group	2,148	\$173	\$176

G. Affordability

Table VI-20 displays the budget bill and the CRP monthly payment for all 2011 participants and the 2011 enrollee treatment group. The table shows that the CRP provides a large discount over the budget bill for many customers. While the monthly budget bill was \$100 or less for 29 percent of all 2011 CRP participants, the CRP monthly payment amount was \$100 or less for 71 percent of all 2011 CRP participants. The mean monthly budget bill was \$136 for all 2011 CRP participants, compared to a mean monthly CRP payment of \$86.

Table VI-20
Budget Amount and CRP Monthly Payment

	All 2011 CRP Participants						2011 Enrollee Treatment Group			
	All		Analysis Group		Full Year CRP		All		Analysis Group	
Observations	80,953		67,243		46,260		8,868		2,148	
	Budget	CRP	Budget	CRP	Budget	CRP	Budget	CRP	Budget	CRP
≤\$50	4%	17%	4%	15%	3%	14%	7%	20%	6%	15%
\$51-\$100	25%	54%	25%	56%	25%	61%	29%	48%	34%	50%
\$101-\$150	37%	21%	38%	21%	39%	20%	35%	22%	38%	26%
\$151-\$200	22%	6%	22%	5%	22%	4%	21%	7%	16%	8%
\$201-\$250	7%	2%	7%	1%	7%	1%	5%	2%	4%	1%
>\$250	5%	1%	4%	<1%	4%	<1%	3%	1%	2%	<1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mean Amount	\$136	\$86	\$135	\$84	\$137	\$82	\$127	\$87	\$119	\$90

Table VI-21 displays the annual difference between the budget bill and the CRP monthly payment amount. The table shows a mean annual difference of \$603 for all 2011 CRP participants. Twenty percent had a predicted reduction in their annual bill of over \$1,200.

Table VI-21
Annual Difference Between Budget Bill and CRP Payment Amount

	All 2011 CRP Participants			2011 Enrollee Treatment Group	
	All	Analysis Group	Full Year CRP	All	Analysis Group
Observations	80,953	67,243	46,260	8,868	2,148
≤\$0	22%	21%	18%	28%	32%
\$1 - \$400	20%	21%	21%	20%	25%
\$401-\$800	21%	23%	23%	20%	21%
\$801-\$1,200	16%	16%	18%	14%	12%
>\$1,200	21%	20%	20%	18%	11%
Total	100%	100%	100%	100%	100%
Mean Difference	\$603	\$615	\$658	\$477	\$347

The Pennsylvania Public Utility Commission (PUC) has established standards for appropriate energy burdens for CAP participants. The standards that they established for gas heating participants are shown in the table below, along with the CRP percent of income payment. The table shows that by design, CRP participants will have an energy burden that meets the target burden set by the PUC. As PGW does not impose limits on the maximum discount, this will hold even for customers with high gas usage.

Table VI-22
CRP Payment Percentage and PUC Target Energy Burden

Poverty Group	CRP Payment	PUC Target
<50%	8%	5%-8%
51% - 100%	9%	7%-10%
101% - 150%	10%	9%-10%

Table VI-23 provides a comparison of the energy burden for 2011 CRP participants based on their CRP payment amount to the standards set by the PUC. The table shows that 99 percent of participants are within the PUC target burden.

Table VI-23
All 2011 CRP Participants
Energy Burden Relative to PUC Target
Based on Monthly CRP Payment Amount

	Obs.	Below Target	Within Target Range	Above Target
2011 Analysis Group	67,243	<1%	99%	<1%
2011 Full Year CRP	46,260	<1%	99%	<1%

* One account was excluded from this analysis because the income data were incorrect.

Table VI-24 compares the CRP payment to the standards set by the PUC by CRP tier. The table shows that only those customers who have the minimum payment amount have an energy burden that is above the target set by the PUC. The presentation of program statistics, shown in Section III of this report showed that only 4,618 of 83,856 2011 CRP participants, or six percent, were in the minimum payment group.

Table VI-24
2011 CRP Participants, by CRP Tier
Energy Burden Relative to PUC Target
Based on Monthly CRP Payment Amount

		2011 Analysis Group			2011 Full Year CRP		
		Below Target	Within Target Range	Above Target	Below Target	Within Target Range	Above Target
Observations		67,243			46,260		
Tier	Poverty Level						
Minimum Payment		0%	1%	99%	0%	1%	99%
8%	≤50%	<1%	99%	<1%	<1%	99%	<1%
9%	51% -100%	<1%	99%	<1%	<1%	99%	<1%
10%	101% - 150%	1%	99%	<1%	<1%	99%	<1%
Total		<1%	99%	<1%	<1%	99%	<1%

* One account was excluded from this analysis because the income data were incorrect.

Table VI-25 displays bills and discounts for the pre-enrollment year and the year following enrollment. The table shows that bills for program participants declined by \$468, and the net change was a decline of \$437. The mean CRP discount in the year following enrollment was \$498.

Table VI-25
2011 CRP Enrollees and Comparison Groups
Affordability

	2011 Enrollee Treatment Group			Non-Participant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Observations	2,148			63,905			
Bill	\$1,569	\$1,100	-\$468 [#]	\$1,238	\$1,207	-\$32 [#]	-\$437 [#]
CRP Discount	\$0	\$498	\$498 [#]	\$0	\$0	\$0	\$498 [#]

[#]Denotes significance at the 99 percent level.

Table VI-26 compares energy burden in the year preceding enrollment to the year following enrollment for the 2011 enrollees. Pre-treatment burden is the distribution and supply charges for the annual period divided by the annual income, and post-treatment burden is the annual CRP payment amount divided by the annual income. The table shows significant declines in energy burden for all CRP tiers. Energy burden cannot be calculated for the non-participant comparison group, as a large percentage of the customers in that group do not have income data available.

Table VI-26
2011 CRP Enrollees
Energy Burden by Poverty Group

Tier	Poverty Level	Obs.	2011 Enrollee Treatment Group		
			Pre	Post	Change
Minimum Payment		4	53%	12%	-41% [#]
8%	≤50%	456	23%	8%	-15% [#]
9%	51% -100%	1,156	14%	9%	-5% [#]
10%	101% - 150%	532	11%	10%	-1% [#]
Total		2,148	15%	9%	-6% [#]

[#]Denotes significance at the 99 percent level.

Table VI-27 displays the percent of the enrollees who were above the PUC energy burden target in the year preceding enrollment and in the year following enrollment. The table shows that across all tiers, 71 percent had a burden above the PUC target prior to enrolling and less than one percent had a burden above the target after enrolling.

Table VI-27
2011 CRP Enrollees
Percent Above PUC Target by Poverty Group

Tier	Poverty Level	Obs.	2011 Enrollee Treatment Group		
			Pre	Post	Change
Minimum Payment		4	100%	100%	0%
8%	≤50%	456	95%	1%	-94% [#]
9%	51% -100%	1,156	68%	0%	-68% [#]
10%	101% - 150%	532	56%	0%	-56% [#]
Total		2,148	71%	<1%	-71% [#]

The previous two tables used the CRP payment amount to calculate bills and burden for the post-enrollment year. However, CRP participants may have bills higher than that payment amount because they are contributing \$5 each month to contribute to arrearage reduction.

H. Bill Payment

This section examines bill payment compliance for all 2011 CRP participants and the change in bill payment compliance for 2011 enrollees after they enroll in the CRP. Table VI-28 displays total bill coverage rates for customers who participated in the CRP at any point in 2011 and for customers who were in the CRP for all of 2011. The table shows that only about 15 percent paid their full CRP bill. While 32 percent of all 2011 participants paid at least 90 percent of their bill, 40 percent of full year CRP participants paid at least 90 percent of their bill.

Table VI-28
2011 CRP Participants
CRP Bill Coverage Rates

	2011 Analysis Group	2011 Full Year CRP
Observations	67,243	46,260
≥100%	14%	16%
90%-99%	18%	24%
80%-89%	14%	17%
<80%	53%	43%
Total	100%	100%

Table VI-29 displays bill coverage rates for 2011 participants by CRP tier. The table shows that customers in the lower tiers and poverty groups were likely to have the lowest coverage rates. When looking at the full year 2011 CRP participants, 63 percent of those with minimum payments had coverage rates of less than 80 percent, compared to 48 percent of

the eight percent tier, 45 percent of the nine percent tier, and 34 percent of the ten percent tier.

Table VI-29
2011 CRP Participants, By CRP Tier
CRP Bill Coverage Rates

	2011 Analysis Group				2011 Full Year CRP			
	Min Payment	8%	9%	10%	Min Payment	8%	9%	10%
Observations	116	14,622	39,065	13,440	99	8,940	28,083	9,138
≥100%	18%	16%	13%	12%	19%	22%	16%	13%
90% - 99%	11%	13%	19%	24%	13%	18%	24%	31%
80% - 89%	6%	11%	14%	19%	5%	13%	16%	22%
<80%	65%	60%	54%	46%	63%	48%	45%	34%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table VI-30 displays bill coverage rates for the 2011 enrollee treatment group and the non-participant comparison group. The table shows a large increase in bill coverage rates for the treatment group. While only 21 percent of CRP participants paid their full bill in the year prior to enrollment, 41 percent paid the full CRP bill in the year following enrollment. The non-participant comparison group did not see the same increase in coverage rates.

Table VI-30
2011 Enrollees and Comparison Groups
Total Bill Coverage Rates

	2011 Enrollee Treatment Group		Nonparticipant Comparison Group	
	Pre	Post	Pre	Post
Observations	2,148		63,905	
≥100%	21%	41%	54%	56%
90% - 99%	11%	16%	16%	13%
80% - 89%	14%	11%	11%	10%
<80%	54%	32%	19%	22%
Total	100%	100%	100%	100%

Table VI-31 displays billing and payment statistics for the 2011 enrollee treatment and the non-participant comparison group. The table shows that mean coverage rates increased from 74 percent for the year prior to CRP enrollment to 84 percent for the year following CRP enrollment. While balances increased by over \$500 for the pre-enrollment period, balances decreased by \$132 on average during the year following CRP enrollment. The

non-participant comparison group did not realize the same improvement in bill payment coverage and reduction in balances.

Table VI-31
Bills and Payments
2011 Enrollees and Comparison Groups

	2011 Enrollee Treatment Group			Non-Participant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Observations	2,148			63,905			
CRP Bill	\$1,569	\$1,100	-\$468 [#]	\$1,238	\$1,207	-\$32 [#]	-\$437 [#]
Other Charges	\$60	\$5	-\$55 [#]	\$20	\$31	\$10 [#]	-\$65 [#]
Total Charges	\$1,629	\$1,106	-\$523 [#]	\$1,259	\$1,237	-\$21 [#]	-\$502 [#]
Payments	\$1,149	\$923	-\$226 [#]	\$1,221	\$1,180	-\$41 [#]	-\$185 [#]
Other Credits	\$4	-\$3	-\$7 [#]	\$3	-\$2	-\$5 [#]	-\$2
Total Credits	\$1,153	\$920	-\$233 [#]	\$1,224	\$1,178	-\$45 [#]	-\$187 [#]
Total Coverage Rate	74%	84%	10% [#]	98%	96%	-2% [#]	13% [#]
Balance Change	\$509	-\$132	-\$641 [#]	\$69	\$32	-\$37 [#]	-\$604 [#]

[#]Denotes significance at the 99 percent level. ^{**}Denotes significance at the 95 percent level. ^{*}Denotes significance at the 90 percent level.

I. Energy Assistance

Table VI-32 examines LIHEAP assistance received by all 2011 participants. The table shows that 56 percent of all participants and 68 percent of participants who remained in the CRP for the full year received LIHEAP assistance. The mean amount received in 2011 averaged about \$300.

Table VI-32
LIHEAP Assistance
2011 CRP Participants who Received LIHEAP

	2011 Analysis Group	2011 Full Year CRP
Obs.	67,243	46,260
Percent Received LIHEAP	56%	68%
Mean LIHEAP Grant	\$323	\$308

Table VI-33 displays LIHEAP assistance received by the 2011 enrollee treatment and non-participant comparison groups. The table shows that CRP enrollees were more likely to receive LIHEAP in the year following enrollment, but the non-participants did not experience the same increase. The mean amount of LIHEAP grants declined for both groups, due to a decline in the amount LIHEAP assistance that was available. Across all

enrollees who received grants in the pre and post period periods, the mean amount of LIHEAP received declined from \$447 to \$236.

Table VI-33
LIHEAP Assistance
2011 Enrollees and Comparison Groups

	2011 Enrollee Treatment Group			Non-Participant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Observations	2,148			63,905			
Percent Received LIHEAP	38%	50%	12% [#]	47%	46%	>-1% [#]	13% [#]
Mean LIHEAP Grant – Received in Pre or Post Period	\$265	\$198	-\$67 [#]	\$346	\$200	-\$146 [#]	\$79 [#]
Mean LIHEAP Grant – All Cases	\$156	\$117	-\$40 [#]	\$199	\$115	-\$84 [#]	\$45 [#]
Mean LIHEAP Grant – Received in Both Pre and Post Period	\$447	\$236	-\$211 [#]	\$480	\$246	-\$234 [#]	\$24 [#]

[#]Denotes significance at the 99 percent level.

J. Collections

The analysis showed that CRP participants improved their bill payment compliance after joining the program. Therefore, we would expect that they were subject to fewer collections actions and that collections costs declined. Table VI-34 shows that this is the case. The 2011 enrollees had gross and net declines in all types of collections activities and collections costs declined by an average of \$22 per participant.

Table VI-34
CRP Participant and Comparison Groups
Collections Actions and Cost

	2011 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Number of Customers	2,148			63,905			
Mail	4.4	3.5	-0.8 [#]	2.5	3.3	0.7 [#]	-1.5 [#]
Phone Call	4.4	1.5	-3.0 [#]	2.7	3.5	0.9 [#]	-3.8 [#]
Field	1.1	0.6	-0.6 [#]	0.6	0.7	0.1 [#]	-0.7 [#]
In-path	0.7	<0.1	-0.6 [#]	0.4	0.7	0.3 [#]	-0.9 [#]
Turn Off	0.1	0.1	>-0.1 [#]	<0.1	<0.1	<0.1 [#]	>-0.1 [#]
Total Actions	10.7	5.7	-5.0 [#]	6.2	8.2	2.0 [#]	-7.0 [#]

	2011 Enrollee Treatment Group			Nonparticipant Comparison Group			Net Change
	Pre	Post	Change	Pre	Post	Change	
Total Cost	\$40	\$21	-\$19 [#]	\$21	\$24	\$4 [#]	-\$22 [#]

[#]Denotes significance at the 99 percent level.

K. Summary

This section summarizes findings from the CRP characteristics and impacts analysis. Key findings are highlighted below.

- *CRP Retention* – Customers who participated in the CRP at any point in 2011 and who had enough transactions data to analyze billing and payment statistics in 2011 had monthly participation rates ranging from 85 to 92 percent. Sixty-nine percent of these customers participated in the CRP in every month of 2011. CRP customers who enrolled in the first six months of 2011 were likely to continue participating in the year after enrollment. Between 94 and 99 percent participated each month in the 11 months following enrollment, with a drop off to 88 percent in the 12th month after enrollment.
- *CRP Status* – While 63 percent of all 2011 participants were “Active” at the time of data download in July 2012, 22 percent were “Defaulted” meaning that they were more than one CRP payment behind, seven percent had been suspended for failure to re-certify, and nine percent had left the program or were shut off for non-payment.
- *Vulnerable Participants* – About half of the CRP participants had a vulnerable household member. While seven percent of all 2011 CRP participants had an elderly household member (65 or older), 43 percent had a child five or younger in the household.
- *Income* – While 30 percent of CRP participants had employment income, 24 percent received SSI and 24 percent received Social Security or pensions. Half of the participants had annual income of less than \$10,000 and only seven percent had annual income above \$20,000.
- *CRP Type* – The majority of CRP participants, 56 percent, were in the nine percent CRP plan. Most of the remaining participants were split between the eight percent and ten percent groups.
- *Arrearage Forgiveness* – CRP participants who enrolled in the first half of 2011 and had arrearages received an average of 5.6 arrearage forgiveness credits, and average forgiveness of \$176.
- *Affordability* – The CRP had a large impact on affordability for program participants. The annual projected difference between the budget bill and the CRP payment averaged \$603 for all 2011 participants. Because the CRP is structured to provide an energy

burden that is within the PUC's guidelines, virtually all of the participants had their energy burden reduced to this level.

- *Bill Payment* – While 16 percent of 2011 full year CRP participants paid their full CRP bill, 40 percent paid 90 percent or more. The 2011 enrollees increased their bill coverage rates. In the year prior to enrollment, only 21 percent paid the full bill, and in the year following enrollment, 41 percent paid the full bill. The average bill coverage rate increased from 74 percent in the year preceding enrollment to 84 percent in the year following enrollment.
- *LIHEAP Assistance* – Sixty-eight percent of customers who participated in the CRP for all of 2011 received LIHEAP, and the mean grant was \$308. Customers who enrolled in the first half of 2011 were more likely to receive LIHEAP after enrollment. While 38 percent received LIHEAP in the year prior to enrollment, 50 percent received LIHEAP in the year following enrollment.
- *Collections* – The 2011 enrollees had gross and net declines in all types of collections activities and collections costs declined by an average of \$22 per participant.

VII. Findings and Recommendations

PGW's Customer Responsibility Program has had large positive impacts on the affordability, payment compliance, and collections costs associated with participating customers. This section summarizes the program's accomplishments and provides recommendations for improving the efficiency and/or effectiveness of the program.

A. *Accomplishments*

PGW's CRP provides significant subsidies to participants with no limit on the maximum discount amount. This structure provides substantial increases in energy affordability and participants' ability to pay their bills.

1. *Costs* – PGW had critical concerns about how the cost of the CRP would continue to grow as the number of participants rose and gas prices climbed. While CRP participation has continued to grow by about two percent over the past two years, total costs have declined due to large decreases in gas prices. Total discount costs declined from \$117 million in FY 2009 to \$89 million in FY 2011. Costs for 2012 are expected to decline as well, due to the continued decline in gas prices.
2. *Retention* – Monthly participation rates for all 2011 participants with transactions data ranged from 85 to 92 percent, a high rate of retention.
3. *Affordability* – The CRP increased affordability for participants, with an average annual projected discount of \$603 for 2011 participants.
4. *Bill Payment* – Customers increased their bill coverage rates after joining the CRP. While 21 percent paid their full bill in the year prior to enrollment, 41 percent paid the entire CRP bill in the year following enrollment.
5. *LIHEAP Assistance* – Customers were more likely to receive LIHEAP after enrolling in the CRP. While 38 percent received LIHEAP in the year prior to enrollment, 50 percent received LIHEAP in the year following enrollment.
6. *Collections* – The 2011 enrollees had gross and net declines in all types of collections activities, and collections costs declined by an average of \$22 per participant.

B. *Recommendations*

Recommendations for improving the efficiency and effectiveness of the program and serving additional vulnerable households are described below.

1. *Program Requirements* – PGW should reassess the requirements for annual program participation and re-certification to increase program efficiency.

- *Annual Participation Requirement* – One of the challenges faced with the CRP is the customers who “churn”. These customers enter the CRP in the fall when bills start to increase and exit the CRP in the summer to avoid the negative discount they receive when their percent of income payment would be greater than the cost of their gas usage. They then re-enter the program in the fall to receive the CRP discount. These customers have a lower than targeted energy burden because they pay less than their percentage of income target in the summer, they drive up the discount costs because they do not pay the negative discount, and they drive up the program’s administrative costs with the re-entry and exit. PGW should require customers to stay out of the CRP for a full year if they leave the program when they are still eligible. PGW could also consider invoking a stay out provision when customers are terminated for non-payment or are terminated because they do not provide PGW with access to their meter.
 - *Re-certification* – PGW currently requires customers who receive LIHEAP to re-certify every other year. PGW is considering a requirement that all customers re-certify every year, even if they did receive LIHEAP. While this would increase customer burden¹⁹, it would increase the accuracy of customer CRP payment amounts, ensuring that they are updated with new income data. We recommend that customers are only required to re-certify every other year for the CRP if they receive LIHEAP. This requirement reduces customer burden but ensures that customers are placed on the correct payment amount at least every other year.
2. *Program Participation* – The Eligible Population Assessment showed that PGW has a high participation rate of 57 percent across all eligible households in PGW’s service territory. This compares to a participation rate of 30 percent across the other Pennsylvania gas utilities’ CAP programs. However, there are areas to consider for increased program outreach and recruitment.
- *Non-participant Awareness and Need* – The customer survey showed that only 16 percent of the non-participants were aware of the CRP and that many non-participants had a difficult time meeting their energy and other needs. PGW should consider increased outreach to ensure that households who need assistance are aware of the program.
 - *Elderly Household Participation* – The data analysis showed that only seven percent of all 2011 participants had an elderly household member. While the survey showed greater rates of elderly participation, the percent of non-participants with elderly household members was much higher. The survey found that 27 percent of current and past participants had one or more elderly household members, and 52 percent of non-participants had one or more elderly household members. Elderly households may participate at a lower rate because they are likely to be grandfathered into the 20

¹⁹ Most participants who responded to the customer survey stated that they did not feel the re-certification process was burdensome.

percent Senior Discount rate. However, these customers may have a need for assistance and should be targeted for outreach.

3. *Program Procedures* – PGW may increase the efficiency and effectiveness of the CRP by exploring alternative ways to credit LIHEAP grants, adjust the CRP recertification timeline to reduce cyclical work booms, provide accelerated arrearage forgiveness for good payment behavior, conduct periodic quality control monitoring on customer service representatives, and conduct a fraud review.
 - *LIHEAP Grant Application* – PGW previously debited LIHEAP grants from the participants' accounts to help cover the cost of the CRP subsidy. This resulted in a constant monthly bill for program participants and an energy burden that met the PUC target. When the LIHEAP grant is not debited from the customers' accounts, they have a net energy burden that falls below the PUC target and the cost of the CRP is increased. Additionally, customers may not need to pay a gas bill for several months, or may never need to pay a bill if they are on the \$25 minimum plan. As a result, the gas bill will no longer be a planned part of the customer's monthly budget, and it is more difficult to pay gas bills in the future. PGW will investigate options that are being considered by the DPW for LIHEAP grant crediting. It should be a priority for PGW's work on the CRP.
 - *Cyclical Application Booms* – PGW faces a challenge with the number of CRP applications in the spring, as collections season begins, and in the fall, before the winter. This makes it difficult for the district offices and the Universal Service staff to process applications in a timely manner. PGW is considering a shift in the recertifications by a few months to lessen the processing work at those time periods. This would be a beneficial change, as it would reduce application processing time.
 - *Quality Control* – PGW's customer service representatives play a critical role in the CRP. PGW currently does not monitor representatives to ensure that they provide complete and accurate information. PGW should conduct such monitoring on a periodic basis to make sure that this important function is fulfilled, that employees observe company policies and procedures, and that comprehensive and correct information is disseminated.
 - *Fraud Review* – The most common challenge cited by interviewed staff members was the concern that customers who are not eligible for the program are inadvertently providing incomplete information. Concerns included the following.
 - Income claimed where official documentation was not available, such as support from friends or family and working "under the table."
 - Individuals who claimed that grandchildren or other family members lived in the home, without documentation to prove their residence.

- Individuals who claimed that adult children lived in the home, but did not provide income information for those children.

Universal Service staff should select a small sample of suspect cases and conduct a thorough investigation of income and household composition. This research would enable staff members to either feel more confident that current documentation requirements are sufficient and that fraud is not as extensive as expected, and/or would provide information and ideas on whether and how more detailed review of eligibility could be conducted.

- *Treatment of Gas Theft* – PGW currently adds gas theft charges to the customer's subsidy. PGW is considering requiring that customers pay for this amount.