

**Evaluation of the New Jersey Universal Service Fund  
Fresh Start Program**

**Jersey Central Power and Light  
Payment Counseling Services**

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## I. Introduction

The New Jersey USF Program furnishes assistance to electric and gas customers that qualify for program benefits. Part of the USF program, the Fresh Start Program grants forgiveness for electric and gas arrears that were accrued prior to participation in the USF program. To help customers understand the USF and Fresh Start Program benefits, JCP&L initiated a pilot program with Dollar Energy to make telephone contacts with JCP&L Fresh Start program participants. The BPU contracted with APPRISE to conduct an evaluation of the Dollar Energy Pilot. The purpose of this report is to present the findings from that evaluation.

### A. *Background*

The New Jersey Board of Public Utilities (BPU) and the Department of Human Services (DHS) are responsible for designing, implementing, and managing the NJ Universal Service Fund (USF) program. The USF attempts to eliminate electric and natural gas affordability problems for low-income households by reducing energy burdens.

Although the USF program has significantly reduced monthly energy bills for participants, some customers had arrears when they were enrolled in the USF program. The BPU implemented the Fresh Start program to help families who had arrears over \$60 at program enrollment to eliminate those arrears. Through the Fresh Start program, customers can earn forgiveness of past due balances. If bills are paid on time and in full for one year, a customer's entire arrearage can be forgiven.

The BPU has been working with utilities to pilot several initiatives aimed at supporting the Fresh Start program. PSE&G, in conjunction with the New Jersey Statewide Heating Assistance and Referral for Energy Services (NJ SHARES), implemented a series of workshops to help inform Fresh Start customers about the benefits of the program. Jersey Central Power and Light (JCP&L) and New Jersey Natural Gas (NJNG) have contracted with Dollar Energy, Inc. to administer a payment counseling program for Fresh Start customers.

### B. *Purpose of JCP&L Payment Counseling Program Report*

APPRISE staff conducted the following research on the JCP&L Dollar Energy Payment Counseling Program.

- Administrative interviews with Dollar Energy managerial staff and Customer Service Representatives (CSRs).
- Direct on-site observation of the payment counseling services furnished by the Dollar Energy CSRs.
- Interviews with customers to assess the perceived value of payment counseling services.

- Review of aggregate data on total Dollar Energy contacts with JCP&L Fresh Start customers and monthly program costs.
- Collection and analysis of data on payment counseling services rendered and the resulting arrearage forgiveness for JCP&L USF beneficiaries automatically enrolled in the Fresh Start Program in April 2004.

This report presents the findings from the evaluation research.

### *C. Organization of the Report*

The following four sections of the report are organized as follows:

- **Section II: Program Background** - This section describes the development of the JCP&L-Dollar Energy, Inc. Payment Counseling Program and the services provided by Dollar Energy Customer Service Representatives.
- **Section III: Process Assessments of Counseling Provided By Dollar Energy, Inc.-** This section reviews findings from on-site observations conducted by APPRISE, including program strengths, as well as short and long term recommendations.
- **Section IV: Client Feedback-** This section presents results from a survey conducted with JCP&L Fresh Start customers served by Dollar Energy, Inc.
- **Section V: Preliminary Impact Analysis-** In this section, data regarding payment counseling services, customer outcomes, and program costs are synthesized and presented in accessing the effectiveness of the program.
- **Appendix A: Client Interview Protocol #1**
- **Appendix B: Client Interview Protocol #2**

## II. Program Background

The JCP&L-Dollar Energy, Inc. payment counseling program intends to increase customers' understanding of the Fresh Start program requirements, remind them about the need for timely bill pay, and refer them to other social services that may make their electric and household bill payment easier. Program administrators expect that monthly payment counseling services will help JCP&L customers enrolled in the Fresh Start program to be better able to achieve full forgiveness of their pre-program past due balances.

### A. Program Services

Dollar Energy, Inc. contracted with JCP&L to provide payment counseling services to USF customers who are enrolled in the Fresh Start program. Dollar Energy's Payment Counseling Program, is one of several projects run by the Pennsylvania-based fuel fund, Dollar Energy, Inc. Dollar Energy, Inc. also runs the Hardship Fund and a workforce development program called the Customer Service Supply Chain (CSSC). Dollar Energy, Inc. currently helps administer the CAP programs for Metropolitan Edison (Met-Ed) and Pennsylvania Electric (Penelec), electric companies owned by JCP&L's parent company, FirstEnergy. These partnerships served as the impetus for JCP&L's current contract with Dollar Energy, Inc. for payment counseling services.

Services provided to utility customers by the Payment Counseling Program include:

- Notification that the customer is in the USF and Fresh Start Programs
- Information on how the two programs work
- Reminders to make monthly payments
- Reminders to apply for LIHEAP benefits
- Advice on bill payment and budgeting issues
- Referrals to other energy and assistance programs

Dollar Energy, Inc. has provided payment counseling services to JCP&L Fresh Start customers since April 2004. There were three distinct phases of program implementation.

- April 2004 - In its start-up phase, April to September 2004, Dollar Energy, Inc. provided information via a toll-free number JCP&L Fresh Start customers called in to.
- October 2004 - Since October 2004, CSRs have been making monthly payment counseling calls and only a small portion of call activity is currently in-bound calls from JCP&L Fresh Start customers.

- Spring 2005 - In spring 2005, JCP&L and Dollar Energy implemented a series of changes to their payment counseling services based on early recommendations from APPRISE. Modifications included the development of scripted responses for CSRs to use in counseling customers.

## *B. Program Procedures*

Starting in October 2004, Dollar Energy CSRs began the active counseling phase of the Pilot. The monthly activities included:

- Download - Each month, JCP&L provides Dollar Energy, Inc. staff with files containing account information on Fresh Start enrollees. Data provided to Dollar Energy to identify these enrollees includes account number, customer's SSN, full name, address, and phone number. Other data provided includes their Fresh Start enrollment date, original Fresh Start balance, amount of the USF credit, the amount forgiven to date, the amount due on the current bill, and some payment history.
- Characterization – Downloaded customers are characterized as delinquent, non-delinquent, and newly enrolled customers.
- CSR Preparation – Prior to making a contact, a CSR briefly reviews the client's file to develop an understanding of the client's status and prior contacts.
- Contacts – CSRs make two contact attempts for each client each month.
  - Delinquent Contacts - Monthly reminder calls for customers who are delinquent on their current bill will solicit payment promises. CSRs will note in the database to acknowledge when a promised payment was made or give these customers a reminder if they missed their commitment to pay.
  - Nondelinquent Contacts - Customers who are up-to-date on their current bill will receive more general reminder calls and payment counseling calls that provide programmatic information and referrals.
  - Newly Enrolled Contacts – When a customer is newly enrolled in the program, a special emphasis is placed on confirming the customer's awareness of the program and furnishing the customer with any program information needed.

The following guidelines govern the CSRs work.

- Messages - When possible, CSRs will leave messages for customers that state they are calling on behalf of JCP&L and would like the customer to call them back at the program's toll-free number. The message is general and does not contain any specific information about the customers' bill.

- Resources - Dollar Energy CSRs use a number of sources to counsel customers, including the data furnished by JCP&L in the customer download, the JCP&L Human Services website, and Dollar Energy's database call tracker which describes the results of previous contacts. CSRs also have access to the Chronicles system that can be used to help identify additional sources of assistance for customers.
- Payment Promises - When payment promises are secured from customers, CSRs will place an additional call to the customer to acknowledge when the payment promise was kept or missed.
- Spanish Language - Spanish-speaking customers calling into Dollar Energy will usually be able to have their calls taken by one of two of the programs' bilingual CSRs. In cases where bi-lingual CSR is not available or an outbound call is placed to a Spanish-speaking customer, the CSR will ask if there is someone in the house who speaks English or have the bilingual CSR return the call at a later time.

A CSR does not have a caseload of JCP&L Fresh Start customers. Payment counseling services are provided to customers as they are presented to CSRs in the Dollar Energy call-tracking database.

### *C. Overall Program Statistics*

According to an August 2005 download of the Dollar Energy, Inc. call-tracking database, CSRs have provided payment counseling services to approximately 3,800 JCP&L Fresh Start customers. Since it began tracking calls in October 2004, CSRs have made and received over 30,000 calls with these customers.

### III. Payment Counseling Services Observations

This section describes findings from APPRISE staff's on-site observation of the Fresh Start payment counseling program at the Pittsburgh, Pennsylvania office of Dollar Energy, Inc. Following this site visit, recommendations were presented to Dollar Energy staff on how CSRs could improve the quality and consistency of their message, as well as increase their rate of contact with Fresh Start customers. A few program changes, such as using scripts and frequently asked question (FAQ) sheets, were implemented.

#### A. *Observation Findings*

In February 2005, APPRISE staff conducted a three-day on-site observation of the Dollar Energy program. This site visit included in-depth interviews with Dollar Energy, Inc. staff and observation of payment counseling calls.

Following this site visit, APPRISE submitted a memo summarizing its findings and presented short and longer term recommendations to Dollar Energy staff for program enhancement. The following three sections further summarize the observations of APPRISE staff.

##### 1. **Program Strengths**

Overall, staff felt that the Dollar Energy program had great potential for success and highlighted four key areas that served as a foundation for future programming. These were:

- Knowledge and professionalism of the CSRs;
- IT capability in tracking and documenting customer information;
- Program management and availability of space and resources for staff; and
- Staff commitment to follow-up with JCP&L Fresh Start customers.

Following the site visit, APPRISE staff reported that “the combination of effective staff, an excellent system, and a consistent approach appeared to be paying benefits in the customer response to calls.”

##### 2. **Program Issues**

The most immediate concern APPRISE staff had was the sufficiency of CSRs' understanding about the New Jersey USF program and the resources specifically available for JCP&L customers being served by it. Barriers to the reliable communication of information to customers identified during the site visit included:

- Precision in CSR statements - The language used by CSRs was “not always clear or precisely correct” in describing the USF and Fresh Start programs.
- CSR decision-making tools- CSRs were noted to inconsistently utilize decision-making tools such as statistics furnished by JCP&L in the customer download, the JCP&L Human Service website, and the database call tracker that shows the results of previous contacts.
- Substantive Information provided during counseling- APPRISE staff felt that the Chronicles system was un- or under-utilized by CSRs in helping identify additional sources of support available for JCP&L Fresh Start customers. Dollar Energy staff, both managers and CSRs, were also not sufficiently aware of the NJ programs, rules, and regulations that serve this population of payment troubled customers.

## ***B. Recommendations***

APPRISE made short-term and long-term recommendations. The short-term recommendations related to improvements in the contacts between CSRs and customers. The long-term recommendations related to improvements in contract procedures.

### **1. Recommendations: Improvements in Customer Interactions**

Five recommendations were made to address these concerns and enhance the performance of the program. These were:

- JCP&L oversight and training to develop “communication priorities” for Dollar Energy managers and CSRs in their interactions with JCP&L Fresh Start customers. JCP&L guidance on key messages for customers regarding their energy assistance benefits was recommended.
- Modification of current monitoring procedures used by Dollar Energy supervisory staff as Quality Control of CSR calls. Supervisors’ direct observation of CSRs was recommended over the current practice of using taped conversations of counseling sessions and subsequent follow-up.
- Institution of weekly meetings to discuss common situations and unusual circumstances. The quality of counseling might be enhanced through CSR-team brainstorming on effective or innovative approaches to handling problems encountered during counseling sessions.
- Use of scripts to increase the consistency of communications with JCP&L customers. Introductory scripts and scripted answers to frequently asked questions could standardize the information given by CSRs.
- Development of guidelines and decision trees as aids for CSRs.

## 2. Recommendations: Procedures for Contacting Customers

APPRISE also presented longer term recommendations to Dollar Energy staff for consideration. At the time they were given to staff, these recommendations were considered tentative and were pending examination of program data before implementation. The preliminary suggestions included:

- Contact attempts - increasing the frequency and volume of contact attempts.
- Mail follow-up - Conducting follow-up by mail reminding customers of the commitments they made.
- Mail contact - Attempting to contact customers who could not be reached by phone by mail.
- Dollar Energy brand name - Developing a Dollar Energy brand name to give customers a better familiarity with the program and more receptivity to CSR calls.

### *C. JCP&L / Dollar Energy Program Enhancements*

The response to the recommendations given to Dollar Energy staff following the site visit observation was generally positive. Since March 2005, the Dollar Energy program has made changes to their administration of payment counseling services to JCP&L Fresh Start customers.

- Scripts and Frequently Asked Questions (FAQs) are now being used to standardize CSRs' explanation of program benefits and requirements to customers.
- CSRs also now use a separate script to provide an explanation of customer responsibilities at the end of the program period.
- JCP&L staff also worked with Dollar Energy CSRs to update contact information for social service agencies in the Chronicles system based on customer feedback.

However, activities such as increasing the number of monthly call attempts beyond the two that are currently made and calling during evening hours, reinforcing CSR counseling efforts with mailed follow-up reminders, and attempting to reach "uncontact-able" customers by mail, have not yet been instituted. APPRISE recommended that JCP&L measure the cost-effectiveness of current procedures prior to implementing additional program modifications.

## IV. Client Feedback

APPRISE conducted 20 surveys with JCP&L Fresh Start customers to gauge their perceptions of the services received from Dollar Energy, Inc. CSRs and to identify how CSRs can improve the way they reach customers and convey information about the Fresh Start program to them. The survey sought feedback from ten customers who had a strong history of contact with CSRs since October 2004. Their feedback was used to analyze the effectiveness of CSRs payment counseling calls. Ten customers who CSRs were unable to contact were asked about their preferred methods to be reached and their interest in receiving information and assistance.

In conducting the survey, APPRISE staff questioned customers about the calls they had received by referring to Dollar Energy CSRs as “JCP&L representatives.” Dollar Energy CSRs did not use a “brand name” to distinguish themselves during phone calls. If customers had accumulated arrearages since their enrollment into the Fresh Start program, they may have also been receiving contact as new collections attempts from JCP&L representatives and therefore their recall on questions about “JCP&L representatives” may not be limited solely to conversations with Dollar Energy CSRs.

### *A. Client Interviews: Customers with Substantive Contacts*

#### **1. Methodology**

Ten JCP&L Fresh Start customers who had received several substantive calls from October 2004 through May 2005 were contacted to learn how much knowledge they had acquired about the USF and Fresh Start programs and their perceptions of the services provided by Dollar Energy. These customers were specifically asked about:

- Knowledge of the benefits and responsibilities of the USF and Fresh Start programs;
- Frequency and length of payment counseling calls;
- Substantive content of payment counseling calls;
- Ease of bill payment in past year;
- Effect of Fresh Start and payment counseling calls on bill payment patterns;
- Overall satisfaction with the payment counseling services; and
- Recommendations for program improvements.

Appendix A contains a sample of the interview protocol for this sample of customers.

For this portion of the customer survey, APPRISE selected a group of customers who had received 5 or more substantive contacts from Dollar Energy CSRs and had \$500 or more in Fresh Start balances. These customers were selected in order to get feedback from customers whose recall of payments counseling calls would be comparatively stronger and may potentially have a more thorough understanding of the services provided by CSRs and the Fresh Start program. Customers surveyed also were segmented by their success with the program; five customers with forgiveness of 90% or more were interviewed and five customers with forgiveness of 50% or less were interviewed. Table IV.1 furnishes information on the customers who were sampled.

<b>Sample</b>	<b>Size of Original Arrearages</b>	<b>Number of Substantive Contacts</b>	<b>Percent of Forgiveness Received As of May 2005</b>	<b>Number of Attempts</b>	<b>Number of Completed Interviews</b>
<b>1</b>	\$500 or more	5 or more	90% or greater	22	5
	\$500 or more	5 or more	50% or less	30	5

## **2. Findings: Individuals Who Receive Substantive Contacts**

The following section describes the responses from JCP&L customers who received five or more substantive contacts from Dollar Energy CSRs.

### ***a) Understanding of USF and Fresh Start***

Overall respondents had a good understanding of the Universal Service Fund program. 7 of the 10 respondents said that they knew about the Universal Service Fund. All but one of these respondents was able to provide a basic description of the benefits of the USF. Responses included statements like “I don’t know how much but you get money off your bill,” “you get a credit on your bill and a supplemental payment,” and “it helps people who need help with their utility bill.” Most respondents were not sure where they initially learned about the USF program. Two stated that they got information through a social service agency and two indicated that it was through a utility company mailing.

Respondents’ understanding of the Fresh Start program was relatively weaker. Seven of the 10 respondents reported that they knew about the Fresh Start

program, but only four of these respondents gave an explanation of Fresh Start program rules indicating that they had a good understanding of the requirements and benefits of it. One respondent said, “I was put on the program and I really didn’t understand it.” Another respondent reported having a very difficult time understanding the rules of the program and indicated he “had to sit down for hours” to figure out “how things were getting credited.”

Of those seven respondents, three reported that they learned about it from information on their bill, three learned about it from other sources, and one learned about it through a JCP&L representative.

***b) Calls Received Regarding the Fresh Start Program: Content and Frequency***

Respondents were asked a series of questions about the calls they received from Dollar Energy CSRs. They were asked to describe how long the calls typically last, how many times they have received calls in the past year, what information they are typically given, and what questions they are typically asked.

Nine of the ten respondents stated that they had received phone calls about their electric bill during the past year. One respondent said they had not received any phone calls from a CSR in the past year. Respondents’ reported receiving an average of 4.5 calls over the past year. Four said they had received 1 to 3 calls during the past year, three reported receiving 4 to 6 calls, and two had 7 or more calls with a CSR. These phone calls typically last less than 10 minutes. Three said most calls were less than five minutes, four said they lasted between 5 and 10 minutes, and one said the typical length was longer than 10 minutes.

Respondents were asked to describe the type of information they are given by CSRs during these phone calls. They were asked if they receive information on each of the following topics:

- USF
- Fresh Start
- Amount Due for the Current Electric Bill
- Total Amount of Past Due Balances That Have Been Forgiven
- LIHEAP
- Comfort Partners
- Other Social Services That May Be Available
- Tips or Advice on Making a Budget or Paying Bills on Time

Respondents most frequently mentioned that they receive information on the amount due for their current bill. Eight of the nine respondents who reported talking to a CSR in the past year said they were usually told the current account balance on these calls. Three respondents reported receiving information on the amount of past due balances that were forgiven so far. Two respondents mentioned receiving general information on the USF and Fresh Start programs and two respondents mentioned receiving information on other social services that may be available to them. Only one respondent reported receiving information or advice on making a budget or paying bills on time and one mentioned receiving information on LIHEAP or Comfort Partners.

The survey also prompted respondents to describe the questions that they are typically asked. Respondents were asked to indicate whether they were asked each of the following questions:

- When you will make your next payment?
- How much you will pay towards your next bill?
- Whether you have any questions about your current bill?
- Whether you have any questions about the amount already forgiven or what is required to receive full forgiveness?
- Whether you need additional assistance paying your electric bill?
- Whether you need additional assistance paying your other bills?
- Whether there are other services they can help you access?

Respondents most frequently mentioned that they were asked when they would pay their bill and how much they would pay towards it. Eight of the nine respondents who reported receiving a call said they were asked these questions. Three respondents reported being asked if they had any questions about their bill. Two respondents reported being asked if the CSR could help them access other social services. One respondent reported being asked if they needed additional assistance paying their electric or other household bills. No respondents reported being asked if they had any questions about the amount already forgiven or what is required to receive full forgiveness.

### ***c) Satisfaction with Calls***

Respondents provided mixed feedback regarding the content of the calls they received and how effective the CSRs were in serving them. However, respondents were generally satisfied with other details of the phone calls they have received, including the demeanor of the CSR, the length and pace of the call, and the time that they called.

Four of the nine respondents who reported receiving a call from a CSR said that they did not feel the CSR was “knowledgeable about their account information” and were not helpful. In some cases, these customers elaborated on situations in which they felt they had not been given adequate information about their account. One respondent said that his account was not credited properly and he was not satisfied with what the CSR had done to help him rectify it.

Respondents were also asked a series of questions about their overall satisfaction with the calls that they receive from CSRs. Five of the nine respondents reported some level of satisfaction with these calls. Four of the nine respondents felt that the calls have provided them with useful information and reminders about their electric bill.

Most respondents were satisfied with how pleasant the CSR was during the phone calls, the length and the pace of the call, and the time they receive calls from the CSR. Only two responses were given indicating dissatisfaction with the demeanor of the CSR. One respondent said, “they were curt and to the point” and “had no empathy.” Another said, “Half were okay and half were not.” All respondents were satisfied with the length, pace, and timing of the calls.

When asked if there was any information that respondents were not given on the calls with CSRs that they wish were provided, seven respondents said that they wanted additional information on other sources of assistance to help pay their bills.

Other recommendations for changes in the calls that respondents received included:

- One respondent said that CSRs “could be more hospitable and humble, rather than putting people on the defensive.”
- Two respondents stated that they received incorrect or contradictory information on their calls.
- One respondent stated that she would like to receive calls from the CSRs more frequently. She said, “I am sitting tight waiting for a phone call from them and I am really curious why they aren’t calling.”

***d) Perceived Effect of Services on Ease of Bill Payment***

The survey attempted to capture any change in customers’ ability to pay their household and electric bills over the past year. Respondents were asked how much difficulty they had paying both types of bills twelve months ago and how much difficulty they currently have.

Eight of the ten respondents indicated that they had some difficulty paying their electric bills 12 months ago. All of the respondents indicated that they had

difficulty paying their household bills 12 months ago. Customers reported experiencing some change in their financial situation over the previous year. Five reported that paying their electric bills is currently easier than one year ago, one found it harder, and four reported no change. Three now find it easier to pay their household bills, one finds it harder, and seven reported no change in the ease of bill payment.

Respondents were asked two questions to gauge the effect they felt Fresh Start program and payment counseling services had on their ability to pay. Seven reported that knowing they could have their past due balances forgiven made them more likely to pay their bills on time. Five reported that the calls they receive from a CSR made them more likely to pay their bills on time. When asked these questions, a few respondents pointed out that they will “pay if they can” and if “the bill is too high,” they “will not be able to.”

The survey intended to measure respondents’ understanding of how much forgiveness they received over the previous year. However, respondents’ were frequently unable to recall the amount of their past due balance twelve months ago; only three respondents were able to provide the amount of their arrearage. The range of those arrearages was \$600 to \$1000. Current past due balances reported ranged between \$0 and \$900. For those who were able to report the past due balance in both time periods, the average amount of forgiveness received was \$330.

## ***B. Client Interviews: Customers Receiving No Substantive Contact***

### **1. Methodology**

Ten JCP&L Fresh Start customers who had not received any substantive calls from Dollar Energy CSRs from October 2004 through May 2005 also completed surveys. For many of these individuals, Dollar Energy CSRs made repeated attempts to contact them but were unable to reach them due to disconnected or wrong phone numbers, unanswered phone calls, or unreturned messages.

APPRISE used two methods to contact these customers.

- Customers with no working phone numbers on file - Fifteen customers were sent a mailing asking them to contact a toll-free number provided by APPRISE to complete a survey. APPRISE staff searched other sources to obtain phone numbers and attempted to contact customers who did not respond within one week by phone. APPRISE was able to complete three surveys for this sample.
- Customers with no previous contacts – Sixty customer records were examined. Of those, working phone numbers were obtained for 28 customers. Of those, interviews were completed with 7 customers.

For this sample, APPRISE hoped to learn how knowledgeable this sample of customers was about the USF and Fresh Start programs in spite of CSRs inability to reach them; it was also designed to ascertain alternative ways that Dollar Energy could have provided payment counseling services to them. These customers were specifically asked about:

- Knowledge of the benefits and responsibilities of the USF and Fresh Start programs;
- Preferred method of receiving information about programs;
- Level of interest in receiving information about assistance;
- Type of initiative taken in past to get information; and
- Receipt of information about bill pay and budgeting.

Appendix B contains a sample of the interview protocol for this sample of customers.

The customers APPRISE contacted had past due balances greater than \$500 upon entering the Fresh Start program and had received 50% or less of their original balances forgiven as of May 2005. This sample of customers could be characterized as having the most to gain from contact with CSRs.

<b>Sample</b>	<b>Size of Original Arrearages</b>	<b>Number of Substantive Contacts</b>	<b>Percent of Forgiveness Received As of May 2005</b>	<b>Number of Attempts</b>	<b>Number of Completed Interviews</b>
2	\$500 or more	0	50% or less	43	10

## **2. Findings: Individuals Who Did Not Receive Substantive Contact**

The following section describes the responses from JCP&L Fresh Start customers who had not received a substantive contact from a Dollar Energy CSR.

**a) *Understanding of the Universal Service Fund and Fresh Start Program***

This sample of respondents was also aware of the Universal Service Fund. Seven of the ten respondents said they did know about the USF. Five of these individuals said they are currently enrolled in the USF, one said they were in the process of enrolling, and one did not know if they were currently participating.

Responses from those seven respondents who were aware of the USF program indicated general understanding regarding the specific details of the USF. Four of the seven respondents stated that they receive a credit on their monthly bill. Three of the seven said that they received credits toward past due bills if they pay their monthly bills and did not specifically mention that they receive credits on their monthly bill.

Eight of the ten respondents said they knew about the Fresh Start program. Half of these responses correctly stated that their past balances could be erased if their bills were kept current.

Of those aware of the USF program, five found out about it through their bills. Two heard about it from other sources. Of those aware of the Fresh Start program, five received information in the mail or with their bill. Three were unsure of where they heard about it.

**b) *Preferred Method of Contact***

Respondents were asked a series of questions in order to understand how they would prefer to be contacted about assistance programs to help them pay their utility bills. They were asked if each of the following methods was “a good way to let you know about programs to help you pay your utility bills:” a phone call from a JCP&L customer service representative, an insert with their bill, letters that are separate from their bills, in-person visits, and making information about services and assistance with your bills available at agencies and organizations. In answering these questions,

- Nine of the ten respondents felt that *a call from a customer service representative* was an effective way to contact them;
- Seven of the ten respondents felt that *an insert with their bill* was an effective way to contact them;
- Seven of the ten respondents felt that *a letter separate from their bill* was an effective way to contact them;
- Four of the ten respondents felt that *in-person visits* was an effective way to contact them; and

- Six of the ten respondents felt that *providing information at an agency or organization that they go to for other reasons* was an effective way to contact them.

When asked what the preferred method for JCP&L to contact them was, the response given most frequently was a call from a customer service representative. Three respondents stated that this was the most preferred method. Two respondents replied that a letter separate from their bill was most preferred and two suggested in-person visits. One respondent suggested that an insert with their bill was the best way to get information to them. One respondent had no preference at all and one felt either phone or mail was preferable.

The survey attempted to learn how CSRs who are calling them with general programmatic information could distinguish themselves from bill collectors when they call. Six of the ten respondents stated that the representatives should simply identify themselves as a customer service representative and explain why they are calling. Two felt that the customer service representative should specifically mention that they are not a bill collector. Two felt that the CSR can distinguish them self with a more pleasant attitude; this was described as “being respectful,” “having a tone of voice” that is “kind, happy, respectful” and being ready to “empathize and listen.”

**c) *Efforts to Receive Information about Assistance***

The survey also questioned respondents on how interested and proactive they are in seeking additional help when they cannot afford to pay their bills. All of the respondents stated that they would like to receive information to help them pay their utility bills.

When asked if they would contact JCP&L if they are having trouble paying their bills or need assistance, only two stated that they would not call. Three stated that they would and said they would say that they “could not afford to pay,” “needed a referral to an agency,” or “is having problems paying and need a payment plan.”

Three respondents stated that they already had contacted JCP&L when they were having trouble paying their bills. One had “worked out a deal for what she can pay.” Another stated that “she needed help paying her bill and they didn’t offer anything useful” and one said that she usually does contact them and will try to work out an installment plan.

Respondents were also asked about their efforts to contact other agencies or organizations if they are having trouble paying their bill or need assistance. All respondents said that they would seek help from these sources. Five replied that they would but did not specifically mention where. Five respondents listed specific agencies including churches, family resource centers, the Checkmate program. One respondent said that JCP&L had suggested Ocean, Inc. in Toms River, Salvation Army, Catholic Charities, and churches but she was unable to

obtain financial assistance from them because “these places did not have enough funding.”

*d) General Assistance with Budgeting*

The survey questioned respondents on whether they had ever received information about making a budget or specific tips on managing money. Seven of the ten respondents had not received information about budgeting. Five of the seven stated that they would be interested in this information. Two stated that they would not like information; one of these respondents said that “it wouldn’t be helpful” because her situation was due to “past debt and not bad budgeting.”

*C. Client Interviews: Summary and Comparison of Customer Surveys*

The results of the survey have several implications for potential enhancements that can be made to the payment counseling services providing to JCP&L customers.

- **Regardless of the extent of contact from Dollar Energy CSRs, JCP&L customers had difficulty explaining the requirements and benefits of the Fresh Start program.** Less than half of all respondents were able to recount the basic program rule of paying their monthly bill on time and the basic program benefit of having their pre-program arrearages forgiven. The results were similar for both the sample that received 5 or more substantive contacts and those who received no substantive contacts from October through May.
- **Both groups of customers expressed a strong interest in receiving information about additional utility bill payment and social service assistance that may be available to them.** Most of the customers who received 5 or more substantive contacts from a CSR in the previous year stated that these calls typically included information about their current account balance and questions such as when they would pay their bill and how much they would pay towards it. When asked what information they wish they were provided on these phone calls, seven of the ten respondents in this group said they wanted to receive additional information on other sources of assistance to pay their bills.

All of the respondents who had not received a substantive contact from a CSR indicated that they would be interested in getting information about bill payment assistance.

- **The customers who had not received any substantive contacts did not seem fundamentally different than those who had talked to a CSR.** APPRISE anticipated that the “uncontacted” sample of customers would indicate little interest in receiving phone calls from Dollar Energy CSRs about their electric bill. Responses, however, indicated that customers were willing to talk to a JCPL representative about assistance available to them and most said that phone calls were an effective way to contact them. All of these respondents said they are

willing seek help from social service agencies or organizations and most of the respondents who stated that they've never received advice or assistance on making a budget or paying their bills on time said they would be interested in receiving it.

## V. Preliminary Impact Analysis

APPRISE staff reviewed multiple sources of data relating to payment counseling services provided to JCP&L Fresh Start customers, customers' outcomes in the Fresh Start program, and the amount invoiced by Dollar Energy, Inc. Staff assessed the effectiveness and penetration of the payment counseling services. The first section provides basic data on JCP&L Fresh Start program participants and Dollar Energy payment counseling services. The second section measures program impact and cost-effectiveness.

### A. Data

For this report, APPRISE analyzed JCP&L Fresh Start customer data from three sources:

- Monthly summary data provided by Dollar Energy, Inc. on the total count and duration of CSR calls by result, amount billed to JCP&L for services rendered, and descriptive data on payment promises secured; and
- Dollar Energy's database of CSR contacts with JCP&L Fresh Start customers including the date of the contact, the result of the call, and notes on the call such as the amount the customer agreed to pay if a payment promise was solicited; and
- JCP&L EXCEL files containing data on the date of a customer's enrollment into the Fresh Start program, their original Fresh Start balance, the date and amount of Fresh Start credits given, and their Fresh Start balance as of October 2005.

The first section below presents basic aggregate data on payment counseling services provided by Dollar Energy, Inc. from October 2004 to July 2005 in order to describe the general development of the payment counseling program and the scope of the services provided to date.

APPRISE also reviewed data for the subset of JCP&L customers who were automatically enrolled in the Fresh Start program during April 2004. This allowed APPRISE to analyze the volume and quality of contact that these customers had with Dollar Energy CSRs during October 2004 through July 2005. Data for the 2,807 JCP&L Fresh Start customers that were enrolled in April and served by Dollar Energy are analyzed here.<sup>1</sup>

The concluding sections review the correlation between customer contacts with Dollar Energy CSRs and the amount of forgiveness they received through the Fresh Start Program. Estimates of the cost effectiveness of payment counseling services are also presented.

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<sup>1</sup> As noted in Table V.1, approximately 3,250 JCP&L USF customers were enrolled in Fresh Start in April 2004, JCP&L provided Dollar Energy, Inc. with account information for 2,807 and did not provide account information for approximately 450. This population never received contact attempts from Dollar Energy CSRs and were not analyzed in this report.

## B. Descriptive Statistics for All JCP&L Customers

Approximately 5,220 JCP&L customers were enrolled in the Fresh Start program from April 2004 to July 2005. Approximately 3,260 were enrolled in April 2004. About 1,960 additional USF customers were taken in to the program during the following year.

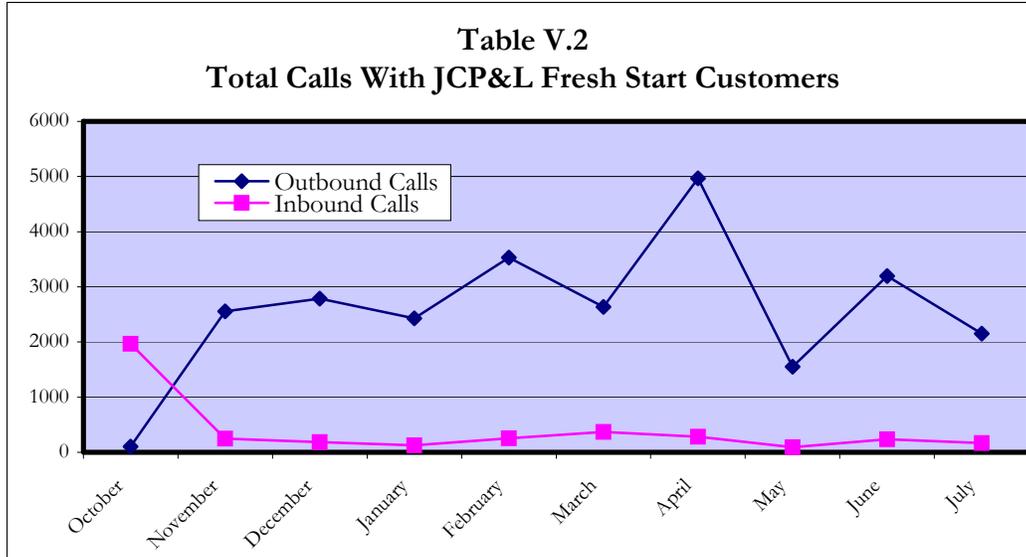
<b>Table V.1 JCP&amp;L USF Customers Enrolled in Fresh Start Program</b>	
<b>Date</b>	<b>New Enrollees</b>
April 2004	3,261
June 2004	1
August 2004	144
September 2004	207
November 2004	1
December 2004	377
January 2005	139
February 2005	176
March 2005	228
April 2005	225
May 2005	226
June 2005	129
July 2005	109
<b>Total</b>	<b>5,223<sup>2</sup></b>

The average number of total monthly calls that Dollar Energy CSRs had with all JCP&L Fresh Start customers was 2,777. Call volume was the largest in April 2005, due to CSR efforts to catch enrollees up on bill payment before their program end date. In May 2005, call volume was at its lowest program level.

The majority of payment counseling activity occurs through CSR-initiated (outbound) calls to JCP&L customers. However, CSRs also receive calls from messages they've left for customers (inbound). In most months, these inbound calls account for approximately 8% of all call activity.

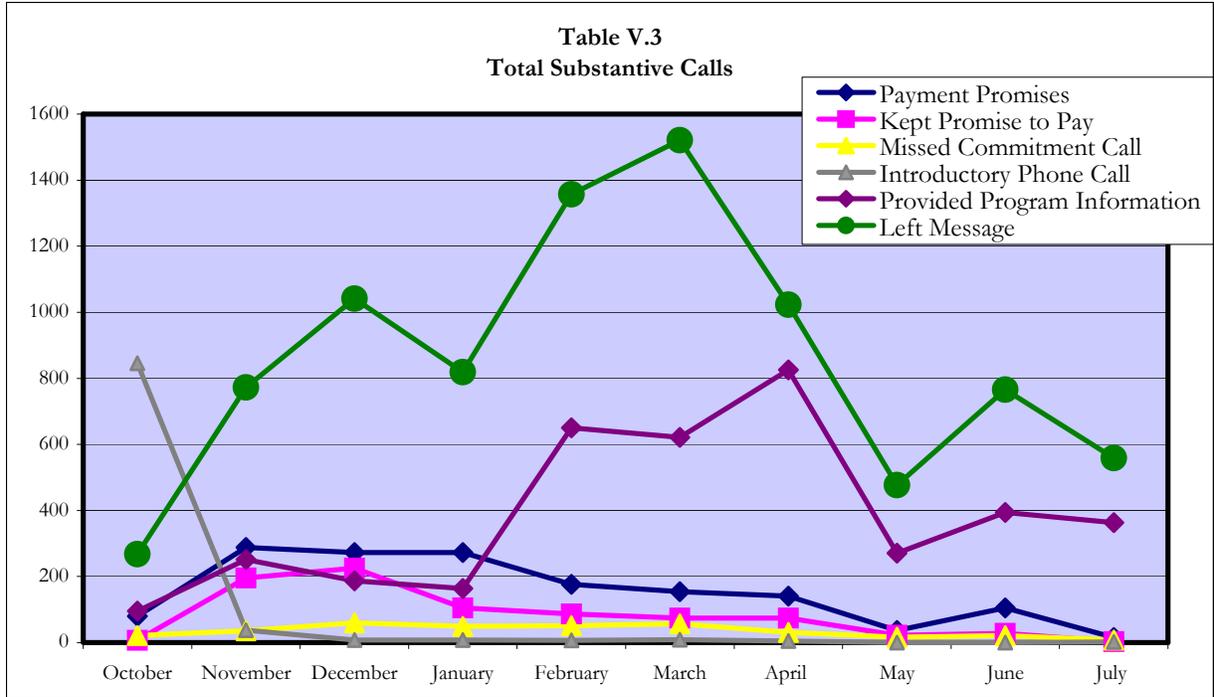
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<sup>2</sup> Twelve individuals were missing their Fresh Start Enrollment date in the dataset that was reviewed to create this table.

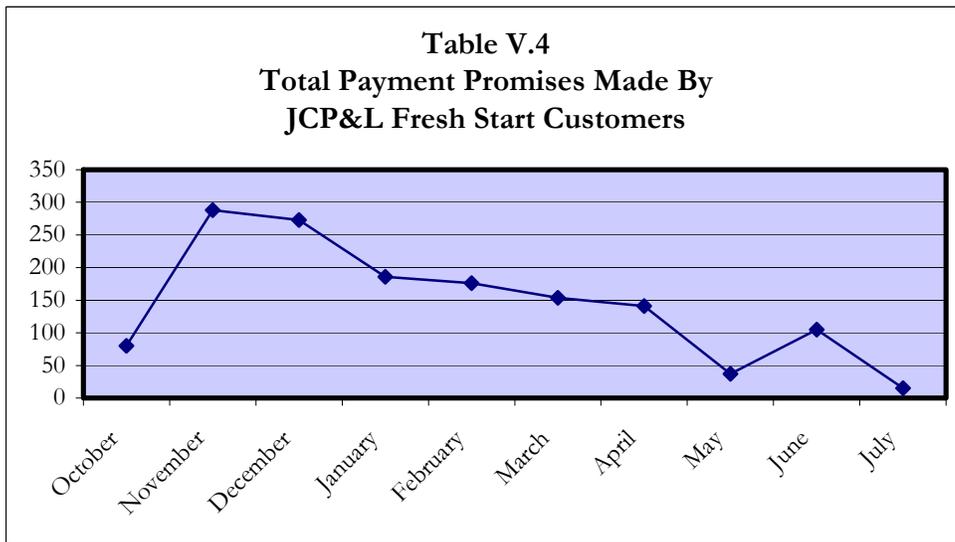


Dollar Energy categorizes substantive CSR contact with JCP&L customers either as introductory phone calls, left messages, calls in which program information is provided, as well as those related to payment promises. Payment promise calls include those where customers are asked to make payment promises, calls acknowledging when payment promises are kept, and calls made when a customer has missed a pre-arranged commitment.

A significant proportion of call activity is left messages; approximately 860 messages are left for customers each month. CSRs will leave messages for customers which states that they are calling on behalf of JCP&L and would like the customer to call them back at the program’s toll-free number. The message is general and does not contain any specific information about the customers’ bill. Calls providing program information occur frequently. An average of 382 calls providing program information are made per month. Approximately 271 calls related to payment promises (those for made, kept, or missed payment promises) are made by CSRs per month.



The number of payment promises secured by CSRs underwent a gradual decline from November through July. Overall, CSRs secured a monthly average of 154 payment promises per month, ranging from a high of 288 in November to a low of 15 in July.



Dollar Energy CSRs calls with JCP&L customers typically last under five minutes. Calls that solicit payment promises and provide program information are generally longer than other types of calls, averaging 5.35 minutes.

<b>Payment Promises Made</b>	5.4
<b>Kept Promise to Pay</b>	3.0
<b>Missed Commitment Call</b>	2.7
<b>Introductory Phone Call</b>	3.4
<b>Provided Program Information</b>	5.3
<b>Left Messages</b>	2.0

### *C. Descriptive Statistics for JCP&L Fresh Start April 2004 Enrollees*

The following section analyzes data for the 2,807 JCP&L customers that were enrolled in the Fresh Start program in April 2004 and served by Dollar Energy, Inc. Details of the contacts that Dollar Energy CSRs had with JCP&L Fresh Start customers from October 2004 through July 2005 were included in this analysis.

APPRISE reviewed the extent of substantive contact that Dollar Energy's CSRs had with JCP&L Fresh Start customers. As described in an earlier section, substantive contact includes the following types of calls: introductory phone calls, calls in which information and program information is provided, and calls related to payment promises. In some of the following tables, left messages are also included in the definition of substantive contact because this type of basic contact from a CSR may, in itself, serve as a reminder about timely bill payment although account information or the reason for the call is never explicitly stated in the message.

#### **1. Quality and Volume of Payment Counseling Services**

When those receiving left messages were included in the sample, approximately 71 percent of JCP&L Fresh Start customers had received any substantive contact in these months. When left messages were not defined as substantive contact, 56 percent of JCP&L Fresh Start customers received any substantive contact.

<b>Received Any Substantive Contact, Including "Left Message"</b>	70.5%
<b>Received Any Substantive Contact, Excluding "Left Message"</b>	56.3%
<b>Sample Size</b>	<b>2,807</b>

JCP&L Fresh Start customers received an average of 3.41 substantive contact calls each including left messages and 1.61 calls when left messages are excluded. In total, these customers received 9,576 (including left messages) and 4,535 (excluding left messages) calls resulting in verbal contact. For the 56 percent of JCP&L Fresh Start customers who received a substantive contact (excluding left messages), the average number of these types of calls received were 2.9.

A significant proportion of all call activity did not result in substantive contact. The proportion of the total calls that resulted in a substantive contact was approximately 19 percent. Slightly more than 80 percent of all calls placed by CSRs were unsuccessful in reaching JCP&L customers.

<b>Table V.7</b>	
<b>Percent of Calls Resulting in Substantive Contact, October to July 2005</b>	
<b>Average</b>	19.3%
<b>Sample Size</b>	2,807

Each month, approximately 23 percent of JCP&L Fresh Start customers received a substantive phone call (when left messages are defined as substantive contact) from a CSR. The proportion of customers receiving substantive phone calls was highest in February; approximately 47 percent received some substantive contact. When left messages are not defined as substantive contact, an average of 13 percent of JCP&L customers received such calls each month.

<b>Table V.8</b>		
<b>Percent Receiving Substantive Contact, October to July 2005</b>		
<b>Month</b>	<b>Percentage Receiving Substantive/ Payment Counseling Calls</b>	
	<b>Including Left Messages</b>	<b>Excluding Left Messages</b>
<b>October</b>	12.2%	7.0%
<b>November</b>	28.5%	17.6%
<b>December</b>	29.4%	15.6%
<b>January</b>	25.9%	12.1%
<b>February</b>	46.9%	23.2%
<b>March</b>	23.5%	13.1%
<b>April</b>	29.1%	18.9%
<b>May</b>	6.5%	4.4%
<b>June</b>	22.2%	11.8%
<b>July</b>	2.6%	1.6%
<b>Sample Size</b>	2,807	

CSRs made different types of contacts with customers. Approximately 40 percent of customers had at least one contact that the CSR described as “Provided Program Information.” About one-fourth had at least one contact where the customer made a payment promise.

<b>Table V.9A Substantive/ Payment Counseling Calls, By Type (October to July)</b>		
	<b>Yes</b>	<b>No</b>
<b>Introductory Phone Calls</b>	5.2%	94.8%
<b>Payment Promise Calls</b>		
Payment Promise Made	25.4%	74.6%
Payment Promise Kept	18.8%	81.2%
Missed Commitment Call	7.9%	92.1%
<b>Information Calls</b>		
Provided Information	10.5%	89.5%
Provided Program Information	37.4 %	62.6%
<b>Had Substantive Calls</b>	56.3%	43.7%

More than half of JCP&L customers received a substantive contact (excluding left messages) from CSRs during October through July. Nearly one-third received one to two substantive calls and approximately one-quarter received three or more.

<b>Table V.9B Number of Substantive Calls</b>	
<b>None</b>	43.7%
<b>1 to 2</b>	31.4%
<b>3 to 4</b>	14.1%
<b>5 or more</b>	10.8%

In any contact system, it is expected that CSRs will make unsuccessful contact attempts. About half of the time, a CSR found that the initial phone number that they received from JCP&L was no longer working. For about 10 percent of all customers, Directory Assistance contacts yielded a new phone number. At least one message was left for 57% of the customers. Only 7.5 percent of the customers who were contacted hung up on the CSR making the contact.

<b>Table V.10A Left Message and Unsuccessful Calls, By Type (October to July)</b>		
	<b>No</b>	<b>Yes</b>
<b>Left Message</b>	43.3%	56.7%
<b>Unsuccessful Contact</b>		
Bad Phone Number (2 wrap codes)	48.5%	51.5%
Customer Hung Up	92.6%	7.4%
No Answer/Call Intercept	38.7%	61.3 %
<b>Directory Assistance Activity</b>		
No Phone # Obtained	65.2%	34.8 %
Obtained New #	89.9%	10.1%

The CSRs made a large number of contacts over the 10-month period. Over 70 percent of customers had five or more calls that did not result in a conversation.

<b>Table V.10B Number of Unsuccessful Calls</b>	
<b>None</b>	1.5%
<b>1 to 2</b>	12.0%
<b>3 to 4</b>	15.9%
<b>5 or more</b>	70.6%

#### *D. Program Impact Measures*

The purpose of the Dollar Energy contacts was to encourage customers to pay their utility bills and thereby receive their Fresh Start Program forgiveness. CSR contacts furnished information about the USF and Fresh Start Programs, reminded customers about their payment requirements, and offered customers information about other sources of assistance. The primary outcome measure for the program was the amount of Fresh Start forgiveness received.

## 1. Original Balance and Forgiveness Received

The average arrearage of customers at the time of enrollment in the Fresh Start program was \$422. Slightly more than half of customers had an original past due balance of less than \$250. Approximately one-fourth of customers had original past due balances of \$500 or more. The average amount of forgiveness received by October 2005 was \$354. Over 40 percent received over \$250 in forgiveness as of October 2005. Nearly 20 percent had \$500 or more forgiven during the program period.

	<b>Original Past Due Balances</b>	<b>Past Due Balance Forgiven, As of October 2005</b>
<b>Average</b>	\$422	\$354
<b>Under \$60</b>	0.0%	5.7%
<b>\$60 to \$100</b>	15.8%	16.3%
<b>\$101 to \$250</b>	35.6%	36.4%
<b>\$251 to \$500</b>	23.7%	21.8%
<b>\$500 or more</b>	24.9%	19.9%

On average, more than 87 percent of customers' original past due balance were forgiven as of October 2005. Seventy-four percent of customers had a significant proportion (90 percent or more) of their original arrearages forgiven; 71 percent of customers received full forgiveness of their pre-program arrearages.

<b>Average</b>	87.4%
<b>100%</b>	70.7%
<b>90% to 99%</b>	2.8%
<b>70% to 89%</b>	7.7%
<b>50% to 69%</b>	7.1%
<b>Less than 50%</b>	11.7%

<b>Sample Size</b>	<b>2,807</b>
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Table V.13 compares the proportion of original balances forgiven and the size of the original past due balances. It shows that higher customer's arrears at the beginning of the program are associated with lower forgiveness percentages. For example, 77.9 percent of customers with a Fresh Start balance of \$100 or less received forgiveness for at least 90 percent of those arrears, while only 67.0 percent of those with a Fresh Start balance of \$500 or more received forgiveness for at least 90 percent of those arrears.

<b>Table V.13 Original Past Due Balances, By Percent Forgiven (as of October 2005)</b>					
	<b>Percentage of Original Past Due Balance Forgiven</b>				
	<b>Less than 50%</b>	<b>50% to 69%</b>	<b>70% to 89%</b>	<b>90% to 99%</b>	<b>100%</b>
<b>Of those with, original past due balances of ....</b>					
<b>\$60 to \$100</b>	9.1%	6.8%	6.3%	1.4%	76.5%
<b>\$101 to \$250</b>	9.8%	6.0%	6.6%	2.7%	74.9%
<b>\$251 to \$500</b>	12.0%	8.3%	8.4%	2.9%	68.5%
<b>\$500 or more</b>	15.6%	7.9%	9.6%	3.9%	63.1%

## 2. Substantive Contacts and Forgiveness Received

Customers that received at least one substantive contact in October through July were significantly more likely to have 90 percent or more of their past due balances forgiven. On average, those with substantive contacts had about 91% of their Fresh Start balances forgiven, while those without substantive contacts had only 80% of their Fresh Start balances forgiven. Approximately 76 percent of those with a substantive contact, including left messages, had 100 percent of their past due balances forgiven. Only 57 percent of those with no substantive contact (including left messages) received 100 percent of their past arrearages forgiven as a result of program compliance.

The average total amount of forgiveness was also higher for those receiving any substantive contact from a CSR. The total amount of forgiveness was over \$50 more for the subset of customers that had substantive contact than for those who had not (\$369 for those with substantive contacts compared to \$318 for those without substantive contacts).

<b>Table V.14 Percentage Forgiven and Amount of Forgiveness, By Whether Substantive Contact Was Achieved</b>				
	<b>Including Left Messages</b>		<b>Excluding Left Messages</b>	
	<b>Any Substantive Contact</b>	<b>No Substantive Contact</b>	<b>Any Substantive Contact</b>	<b>No Substantive Contact</b>
<b>Average</b>	90.7%	79.5%	91.9%	81.5%
<b>100%</b>	76.4%	57.1%	79.0%	60.0%
<b>90% to 99%</b>	2.6%	3.3%	2.6%	3.1%
<b>70% to 89%</b>	7.0%	9.4%	6.2%	9.7%
<b>50% to 69%</b>	6.1%	9.5%	5.4%	9.4%
<b>Less than 50%</b>	7.9%	20.7%	6.8%	17.9%
<b>Average</b>	\$369	\$318	\$373	\$330
<b>Under \$60</b>	3.5%	10.8%	2.9%	9.2%
<b>\$60 to \$100</b>	17.9%	14.4%	17.9%	15.7%
<b>\$101 to \$250</b>	35.9%	35.5%	36.4%	35.0%
<b>\$251 to \$500</b>	21.7%	22.1%	21.9%	21.8%
<b>\$500 or more</b>	20.9%	17.3%	21.0%	18.3%

The following two tables review the relationship between total number of substantive contacts and percentage and amount of forgiveness both when messages are included in the total number of substantive contacts, as well as when messages are excluded.

In both calculations, the proportion of original past due balances forgiven was greater for customers who received more substantive contacts. Customers with three or more contacts (including left messages) received 92 percent of their original past due balances forgiven by October 2005. Those with no substantive contacts had only 80 percent forgiven. The amount of forgiveness received also was lowest for those with no substantive contact.

<b>Table V.15 Total Number of Substantive Contacts, Including Left Messages</b>				
	<b>0</b>	<b>1 to 2</b>	<b>3 to 4</b>	<b>5 or more</b>
<b>Average</b>	79.5%	88.0%	92.0%	91.6%
<b>100%</b>	57.1%	73.8%	79.7%	76.4%

<b>90% to 99%</b>	3.3%	1.9%	2.0%	3.4%
<b>70% to 89%</b>	9.4%	6.7%	6.1%	7.7%
<b>50% to 69%</b>	9.5%	6.2%	5.5%	6.4%
<b>Less than 50%</b>	20.7%	11.5%	6.8%	6.2%
<b>Average</b>	\$318	\$390	\$359	\$362
<b>Under \$60</b>	10.8%	5.8%	2.8%	2.5%
<b>\$60 to \$100</b>	14.4%	17.7%	18.2%	18.0%
<b>\$101 to \$250</b>	35.5%	31.7%	37.9%	37.6%
<b>\$251 to \$500</b>	22.1%	22.3%	21.2%	21.6%
<b>\$500 or more</b>	17.3%	22.5%	19.9%	20.3%

The results are generally similar when messages are not categorized as substantive contacts in calculating total number of contacts. Larger number of total contacts corresponds with higher proportions of arrearage forgiveness received. Customers with five or more substantive contacts received, on average, almost \$70 more in arrearage forgiveness than those with no substantive contacts.

<b>Table V.16</b>				
<b>Total Number of Substantive Contacts, Excluding Left Messages</b>				
	<b>0</b>	<b>1 to 2</b>	<b>3 to 4</b>	<b>5 or more</b>
<b>Average</b>	81.5%	90.5%	93.2%	94.3%
<b>100%</b>	60.0%	77.3%	81.3%	80.9%
<b>90% to 99%</b>	3.1%	2.2%	2.3%	4.3%
<b>70% to 89%</b>	9.7%	6.1%	6.1%	6.6%
<b>50% to 69%</b>	9.4%	5.8%	5.1%	4.6%
<b>Less than 50%</b>	17.9%	8.6%	5.3%	3.6%
<b>Average</b>	\$330	\$379	\$341	\$398
<b>Under \$60</b>	9.2%	3.5%	2.5%	1.6%
<b>\$60 to \$100</b>	15.7%	17.8%	19.8%	15.4%
<b>\$101 to \$250</b>	35.0%	35.8%	36.5%	38.0%
<b>\$251 to \$500</b>	21.8%	21.5%	23.0%	21.6%
<b>\$500 or more</b>	18.3%	21.4%	18.2%	23.3%

## E. *Multivariate Analysis of Results*

In the previous section, we found that Fresh Start forgiveness was associated with both the original Fresh Start balance (i.e., the lower the balance the higher the percent forgiven) and with having a substantive Dollar Energy contact (i.e., the greater the number of contacts the higher the percent forgiven). To better measure the size of those relationships, we conducted two regression analyses.

In the first regression model, we estimated the impact of substantive contacts and messages on the total forgiveness amount (i.e., amount forgiven from April 2004 to October 2005). (Note: A third factor in the regression was the original Fresh Start amount, since we found that customers who started with higher Fresh Start amounts tended to have greater amounts forgiven.) As part of this analysis, we excluded 20 customers that had Fresh Start balances over \$3,000, since outliers tend to bias regression estimates. The estimated model parameters were:

$$\text{Forgiveness} = \$15 + .71 * \text{Original} + \$37 * \text{Substantive} + \$20 * \text{Message}$$

The interpretation of the model is that the average customer had forgiveness that was the sum of \$15, 71% of their original balance, \$37 if they had a substantive contact from Dollar Energy, and \$20 if they had a message from Dollar Energy. This model suggests that substantive contacts from Dollar Energy resulted in \$37 more in forgiveness than would have been accrued without the contacts and that messages from Dollar Energy resulted in \$20 more in forgiveness than would have been accrued without the messages. [Note: The model we estimated had an R-Square of 0.74 - indicating a good fit. Most of the model parameter estimates were statistically significant at the 99% level.]

In the second regression model, we looked at the number of contacts and messages, not just the presence of at least one. This model helps us to measure whether each contact has the same impact, or if there is a declining benefit for additional calls to the same customer. The estimated model parameters were:

$$\begin{aligned} \text{Forgiveness} = & \$23 + .71 * \text{Original} + \$16 * \text{Substantive} - \$1 * \text{Substantive}^2 \\ & + \$6 * \text{Message} - \$0.6 * \text{Message}^2 \end{aligned}$$

The interpretation of the model is that impact of the first substantive contact is \$15 (i.e.,  $\$16 * 1 - \$1 * 1^2$ ) and the impact of the second contact is \$13 (i.e.,  $\$15 - (\$16 * 2 - \$1 * 2^2)$ ). The model suggests that only 8 contacts have value and that only 5 messages have value. [Note: The model we estimated had an R-Square of 0.74 - indicating a good fit. Most of the model parameter estimates were statistically significant at the 90% level. The final two terms in the model were not statistically significant.]

The regression analysis controls for several factors simultaneously and allows us to statistically measure the impact of substantive contacts and the impact of messages. However, one limitation of this analysis is that we cannot assess whether there is some other factor that is actually responsible for the higher forgiveness amounts for customers

who were contacted. For example, it is reasonable to expect that the customers Dollar Energy can contact are fundamentally different from those that Dollar Energy cannot contact. However, this evaluation is unable to discern whether any such differences would inherently result in disparate bill payment behaviors. For that reason, while we can determine that contacted customers have better payment behaviors, we cannot definitively attribute those payment behaviors to the contact.

## F. Cost Analysis

Table V.17 provides a list of production and cost statistics and their sources that were reviewed in assessing the cost effectiveness of the payment counseling services. The total cost of services for April 2004 to July 2005 was about \$69,000 to serve 3,789 customers. In our analysis files, we were only able to match data for 2,807 of the customers served. We estimate that the cost for these customers was \$51,115.

Using the number of customers that received substantive contacts and the results from the regression analysis, we compute the total benefits from substantive contacts. Using the number of customers that received messages and the results from the regression analysis, we compute the total benefits from messages left. From both factors, the estimated total benefit is about \$93,000. Since the program cost about \$51,100 for these customers, the benefit to cost ratio is estimated to be about 1.8.

Additional factors that were not measured for this analysis may increase the total benefit to cost ratio for JCP&L Fresh Start customers being served by the Dollar Energy program. This analysis focused on the dollar amount of forgiveness received and not on the increase in monthly bill payments that contacted customers make. As described in Table V.14, customers receiving a substantive contact were more likely to pay their bills on time. Those contacted paid almost 91 percent of their bills, compared to uncontacted customers who paid slightly less than 80 percent of their bills. Based on the average annual energy burden of \$1023,<sup>3</sup> JCP&L is able to collect approximately \$115 more from contacted customers. Other factors that may potentially elevate the cost effectiveness of this program include decreased field collection activities and increases in the uptake on LIHEAP benefits amongst customers receiving reminders from CSRs to apply.

<b>Table V.17 Summary Statistics for Benefit-to-Cost Analysis</b>		
<b>Description of Analysis Variable</b>	<b>Value</b>	<b>Source</b>

<sup>3</sup> This is the average annual energy burden for JCP&L customers enrolled in the Universal Service Fund program in FY 2005 and is based on data from a 10-percent sample of USF customers provided to APPRISE by the Office of Information Technology within the New Jersey Department of Human Services.

<b>A)</b> Total Amount Invoiced – 4/2004 to 7/2005	\$68,683	Dollar Energy Statistics
<b>B)</b> Total Number of JCP&L Fresh Start Customers Served (Note: Dollar Energy received records for 3,789 of the 5,223 Fresh Start customers)	3,789	DE database tracking CSR contacts with JCP&L customers
<b>C)</b> Average Cost per Customer	\$18.21	A/B
<b>D)</b> Number of Customers in Merged File	2,807	Merged JCP&L/DE file (Note: We were able to merge records for 2,807 of the 3,789 customers served)
<b>E)</b> Costs for Customers in Merged File	\$51,115	C*D
<b>F)</b> Number of Customers with Substantive Contacts	1,580	Merged JCP&L DE file
<b>G)</b> Benefit per Customer of Substantive Contact	\$37	Regression Analysis
<b>H)</b> Total Benefits from Substantive Contacts	\$58,460	F*G
<b>I)</b> Number of Customers with Left Message	1,591	Merged JCP&L DE File
<b>J)</b> Benefit per Customer of Left Message	\$22	Regression Analysis
<b>K)</b> Total Benefits from Left Message	\$35,002	I*J
<b>L)</b> Total Program Benefits	\$93,462	H+K
<b>M)</b> Benefit / Cost Ratio	1.8	L/E

The cost analysis also gives us information on the estimated number of contacts that are cost-effective. We estimate the average cost per substantive contact to be about \$7. From our second regression analysis, we derived that the benefit of the fifth substantive contact is about \$7, and that the net benefit of the sixth contact falls to \$5. We estimate the average cost per message left at about \$3.50. The regression analysis shows that the benefit of the second message is about \$4.20, and that the net benefit of the third message is about \$3.00. So, while the benefit to cost ratio for the first contact and the first message is over 1.5, the ratio declines with additional calls. The ratio reaches about 1.0 with the fifth call and the third message. These statistics suggest that most of the value to the program is in the first three substantive contacts and the first two messages.

It is important to remember that, in large part, this cost analysis depends on the validity of the regression estimates. If the apparent program impact results from differences between those customers who were contacted and those that were not contacted, instead of from the intervention, the cost analysis is invalid.

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## VI. Conclusion

JCP&L Fresh Start customers have achieved a significant amount of arrearage forgiveness and the amount of forgiveness achieved is larger for customers receiving contacts from Dollar Energy CSRs. However, Dollar Energy CSRs were unable to reach a significant portion of customers and the survey found that many of these un-contacted customers are interested in receiving information from a CSR and are willing to be contacted. Survey results also indicate that additional work can be done to increase the level of understanding among JCP&L Fresh Start customers about Fresh Start program requirements and benefits.

### A. Findings

Several important results were generated in this analysis of the Dollar Energy, Inc. payment counseling services provided to JCP&L Fresh Start customers. These include:

#### *April 2004 Enrollee Outcomes*

- In total, JCP&L customers achieved a significant amount of arrearage forgiveness through the Fresh Start program. April 2004 Fresh Start enrollees served by the Dollar Energy, Inc. payment counseling program received approximately \$1,087,662 in past due balances eliminated as a result of program compliance. The average amount of forgiveness received was \$354 and the average proportion of original balances forgiven was 87.4 percent. Approximately 71 percent of April 2004 enrollees had all of their pre-program arrearages forgiven.

#### *Amount of Payment Counseling Services*

- About 56 percent of customers had substantive contacts, excluding left messages. These customers had an average of 2.9 substantive contacts. Each month, about 13 percent of customers received a substantive contact.
- About 57 percent of customers had messages from the Dollar Energy CSR. These customers had an average of 3.2 messages. About 71 percent of customers had a substantive contact, a message, or both.
- A significant proportion of JCP&L Fresh Start customers did not receive a substantive contact from CSRs. Forty-four percent did not receive any substantive contact (excluding left messages) and about 29 percent did not even receive a message (due to call screeners or disconnected phones).

#### *Impact of Contacts*

- The average amount of forgiveness received and the proportion of original balances forgiven were larger for JCP&L Fresh Start customers who received a substantive contact from a CSR during October 2004 through July 2005. Approximately 79 percent of those with any substantive contact, including left messages, had 90 percent or more of

their past due balances forgiven. The total amount of forgiveness ranged between \$43 and \$51 more for those receiving any substantive contact than those who had not.

- Regression analysis shows that, after controlling for the size of the original arrears, customers with a substantive contact had about \$37 more in forgiveness than customers not contacted and customers with a message had about \$23 more in forgiveness than customers not contacted. The regression analysis shows that the results of the two contacts are additive.
- Regression analysis shows that multiple contacts yield additional benefits, but that the size of the benefit declines with each additional substantive contact and message.

### ***Cost Effectiveness of Payment Counseling Services***

- The overall benefit-cost ratio for the program is estimated to be about 1.8; the program yields about \$1.80 in arrearage forgiveness for each \$1 spent on making contacts. The ratio assumes that the increase in forgiveness is a direct result of the program.
- The cost-benefit ratio for the first substantive call exceeds 2.0. The ratio gradually falls until it is about 1.0 for the fifth substantive contact.

### ***Uncontacted JCP&L Fresh Start Customers' Receptivity to Payment Counseling***

- In interviewing a sample of JCP&L Fresh Start customers that Dollar Energy CSRs were unable to contact, respondents indicated a willingness to receive information by phone. Seven of the 10 JCP&L Fresh Start customers interviewed said that a phone call from a CSR *was* an effective way to contact them. Bill inserts and informational mailings separate from bills were also preferred sources.

These respondents had a strong interest in receiving information about assistance available for paying their utility bills. All respondents stated that they would like to receive additional information.

Many of the respondents who did not receive contact from a CSR had never gotten advice or instruction on making a budget or managing money. Five of the seven respondents who never have received such information were interested in obtaining it.

### ***Assessment of Payment Counseling Services***

- The customer survey with JCP&L Fresh Start customers who had received several substantive contacts from a Dollar Energy CSR showed a high level of knowledge about the USF program. Respondents were less aware of the benefits and requirements of the Fresh Start program. Three of the ten customers interviewed were not familiar with the Fresh Start program. Three of the seven customers who said they were familiar with it could not provide a basic description of the Fresh Start program.

Calls typically contained information on the amount of the current bill and CSRs would frequently ask customers when they will make their next payment and how much they

will pay towards their next bill. Respondents had a strong interest in receiving additional information about other sources of assistance that may be available to them on these calls. Seven respondents said they wanted more information on bill payment assistance and social services.

Satisfaction with the calls from Dollar Energy CSRs was high when customers were asked about the demeanor of the CSRs, the length and pace of the call, and the time that they received the call. However, only five of the nine respondents who reported receiving a call indicated that they were satisfied with the content of the calls.

## *B. Recommendations*

Based on our findings from the Dollar Energy / JCP&L pilot program evaluation, we have four recommendations for the BPU with respect to the Dollar Energy / JCP&L program.

- **Maintain Program Funding** – At a minimum, the program should be continued in its present form. It appears that the program results in an increase in Fresh Start forgiveness for customers who are contacted by Dollar Energy.
- **Program Assessment** – The pilot was designed without a control. As a result, we cannot conclusively attribute increases in forgiveness to contacts from Dollar Energy. Since the program shows promise, a procedure should be developed to conclusively measure the program impacts.
- **Enhance Program Contact Rate** – The program currently fails to contact about 30 percent of Fresh Start Customers. Dollar Energy should test procedures for making contacts those customers.
- **Enhance Program Procedures** – The small sample of customers interviewed by APPRISE indicated that they wanted more referrals for assistance, and possibly additional budget counseling. That finding is consistent with APPRISE observations in which observers expected CSRs to do more to distinguish themselves from utility collections staff.

We also can make a tentative recommendation to the BPU that the payment counseling services be expanded to the broader population of USF customers. A conservative approach might suggest that it is important to conclusively determine that the program is cost-effective prior to expanding the program. However, a large number of customers are currently enrolled in the Fresh Start program and have only this one chance to obtain forgiveness for preprogram arrearages.

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## Appendix A

### A. *Client Interview Protocol for JCP&L Customers Contacted by Dollar Energy CSRs*

Hello. My name is XXXX and I'm calling for XXX regarding JCP&L's Fresh Start Program.

I am calling from APPRISE, Inc. We are calling JCP&L customers to ask them about the Fresh Start Program and if it has been helpful to them.

I'd like to ask you questions about the calls that you received from JCP&L representatives over the past year about your electric bill so we can help them improve the way they contact their customers. Everything you say will be kept private and will not affect your energy bill or assistance you may get.

#### **A. General Program Knowledge:**

##### USF

Do you know about the Universal Service Fund program?

What is your understanding of the Universal Service Fund program?

(If not sure) Do you get credits on your utility bill through the Universal Service Fund?

Where did you learn about the Universal Service Fund program?

##### Fresh Start

Do you know about the Fresh Start program?

What is your understanding of the Fresh Start program?

What are you required to do?

What benefits do you receive?

Where did you learn about the Fresh Start program?

#### **B. Frequency of Calls**

Have you received phone calls from JCP&L representatives about your electric bill in the past year?

How many times have you spoke with someone from the JCP&L about your electric bill in the past year?

How long do these phone calls typically last?

I am going to ask you to describe the conversations that you have with JCP&L representatives when they call about your bill. I first want to talk to you more generally about all of the calls you have received and then will ask you to more specifically describe your most recent phone call.

**C. Content of Calls**

What information are you *typically* given on these phone calls? (Interviewer: Please check off A through H in the UNAIDED column below if they mention any of the choices without being prompted)

Can you tell me whether you typically receive information about the following things? (Interviewer: Please go though the list of items that were not marked in the UNAIDED column and ask them specifically if they receive information on these items)

	<b>UNAIDED</b>  (Please check if they mention any of the items in A through H without being prompted)	<b>AIDED</b>  (After the respondent has answered question C1 and you have marked off A through H in the UNAIDED category, please ask whether they <i>typically</i> receive information on those not checked)
<b>A.</b> Information about the USF program		
<b>B.</b> The amount due for your current electric bill		
<b>C.</b> Information about the Fresh Start program		
<b>D.</b> The total amount of past due balances that have been forgiven so far		
<b>E.</b> Information about LIHEAP		
<b>F.</b> Information about Comfort Partners		
<b>G.</b> Information about other social services available to you		

<b>H.</b> Tips or advise on making a budget or paying your bills on time		
<b>I.</b> Anything Else.....		

What questions are you *typically* asked? (Interviewer: Please check off A through H in the UNAIDED column below if they mention any of the choices without being prompted)

Can you tell me whether you typically are asked about the following things? (Interviewer: Please go through the list of items that were not marked in the UNAIDED column and ask them specifically if they receive information on these items)

	<b>UNAIDED</b>  (Please check if they mention any of the items in A through G without being prompted)	<b>AIDED</b>  (After the respondent has answered question C1 and you have marked off A through H in the UNAIDED category, please ask whether they <i>typically</i> receive information on those not checked)
<b>A.</b> When you will make your next payment		
<b>B.</b> How much you will pay towards your next bill		
<b>C.</b> Whether you have any questions about your current bill		
<b>D.</b> Whether you have any questions about the amount forgiven already or what is required to receive full forgiveness		
<b>E.</b> Whether you need		

additional assistance to pay your electric bill		
<b>F.</b> Whether you need additional assistance paying your other bills		
<b>G.</b> Whether there are other services they can help you access		
<b>H.</b> Anything Else.....		

How would you describe the following aspects of your phone call:

- ✓ how pleasant the JCP&L representative was
- ✓ how knowledgeable the JCP&L representative was about your account information
- ✓ how helpful they were
- ✓ the length and pace of the call
- ✓ the time that they called

Can you describe your most recent conversation that you had with a representative from JCP&L regarding your electric bill?

When was it?

What did you talk about?

How long was it?

**D. Bill Payment/Arrearage History**

Now, I have a few short questions on how easy paying your electric and household bills have been in the past year.

How much difficulty would you say that you had paying your *electric bill* twelve months ago?

How much difficulty would you say that you had paying your *household bills* twelve months ago?

How much difficulty paying your electric bill do you currently have?

How much difficulty paying your household bills do you currently have?

Does knowing that your past due balance will be forgiven make you more likely to pay your bill on time or do you feel that it doesn't really effect whether you can pay your bill on time?

Do the calls you receive from a JCP&L representative make you more likely to pay your bills on time or do you feel that it doesn't really effect whether you can pay your bill on time?

Do you know how much you owed JCP&L in past due balances twelve months ago?

What is your current past due balance?

### **E. Recommendations for Dollar Energy Program**

I was hoping to get your thoughts on how satisfied you are with the calls you have gotten from JCP&L representatives regarding your bills

Is there any information that you are not given on the calls that you wish you were provided?

Is there anything else that you do not like and would recommend be changed about the calls you receive?

Overall, how satisfied are you with these calls?

Do you feel that they have provided you with useful information and reminders about your bill?

## Appendix B

### A. *Client Interview Protocol for JCP&L Customers Not Contacted by Dollar Energy CSRs*

Hello. My name is XXXX and I'm calling for XXX regarding JCP&L's Fresh Start Program.

I am calling from APPRISE, Inc. We are calling JCP&L customers to talk to them about the best ways for JCP&L to provide them with information about assistance that might be available to help them pay their bills. Everything you say will be kept private and will not affect your energy bill or assistance you may get.

#### A. **General Program Knowledge**

##### USF

Do you know about the Universal Service Fund program?

Are you currently participating in the USF program?

What is your understanding of the Universal Service Fund program?

(If not sure) Do you get credits on your utility bill through the Universal Service Fund?

Where did you learn about the Universal Service Fund program?

##### Fresh Start

Do you know about the Fresh Start program?

Are you currently participating in the Fresh Start program?

What is your understanding of the Fresh Start program?

What are you required to do?

What benefits do you receive?

Where did you learn about the Fresh Start program?

#### B. **Effective Ways to Contact**

Do you feel that a XXXX is a good way to let you know about programs to help you pay your utility bills?

- ✓ Phone Call from a JCP&L Customer Service Rep

- ✓ Insert with your bill
- ✓ Letters that are separate from your bills
- ✓ In-person visits
- ✓ Making information about services and assistance with your bills available at agencies and organizations that you go to for other reasons (please say what—social service agency, welfare office, ect.)

What is the best way for JCP&L to share information with you about assistance that is available to you?

If a customer service representative wants to give you advise or assistance to help you pay your bills, what could they do to distinguish themselves from bill collectors when they call you?

Are you interested in receiving information about assistance you can get paying your utility bills?

Will you contact JCP&L yourself if you are having trouble paying your bills or need assistance? If so, please describe these calls.

Will you contact other agencies or organizations if you are having trouble paying your bill or need assistance? If so, where.

Have you ever received any information about making a budget or specific tips on managing money?

If yes, from where.

If no, would you be interested in speaking to someone about that?