

## Chapter 14 Success Story – Talking Points

- Chapter 14 is working!
- Residential customers' **overdue arrearages are declining**. September 2007 is the 7<sup>th</sup> consecutive month of declining overdue arrearages reported by PA's electric and natural gas distribution companies.
- The total number of electric and gas residential customers in debt (on a payment agreement and those not on a payment agreement) **continues to drop** from pre-Chapter 14 days (year-end 2004) to year-end 2006. [Charts # 1 and 2](#)

Pre-Chapter 14	Under Chapter 14
<u>2004</u>	<u>2006</u>
960,235	799,827
- The number of **company established payment agreements** as of September 2007 is growing from the last two years at 294,452 agreements. This is higher than the annual average for each of the last two years: 2005 average = 254,506 agreements  
2006 average = 263,668 agreements [Chart #3](#)
- **PUC-established payments agreement** numbers are declining since the passage of Chapter 14, down from September 2004 at 22,943 agreements ... to September 2007 at 7,181 agreements in effect. We believe responsibility for negotiating payment agreements is now where it belongs (in the hands of the company) and the numbers demonstrate that the distribution companies are being responsible in making every effort to help payment-troubled customers. [Chart #4](#)
- Residential **terminations for non-payment** are always the last resort when other options have failed. [Chart #5](#)
- The annual **reconnect ratio has continued to increase** since 2004 *pre-Chapter 14*) which was just over 50% ... to 2006, with an annual reconnect ratio of 66%. The number of reconnections to terminations is called the **reconnect ratio** which is used by the PUC to demonstrate how successful a terminated customer is at getting service reconnected. [Chart #6](#)
- This number accounts making **full payment of arrearage** in September 2007 has **increased over 430%** from September 2004. When a customer is reconnected after termination non-payment and agrees to make the payment for the balance owed. [Chart #7](#)
- The number customers using the **medical certificates** because of illness to have service reconnected has greatly increased.

	<u>2004</u>	<u>Year ending Sept. 2007</u>
Number of Medical Certificates	4605	10,569

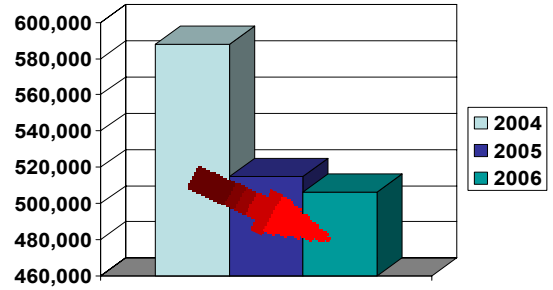
[Chart #8](#)
- Since the passage of Chapter 14 in 2004, PA's electric and natural gas distribution companies have significantly increased the number low-income customers receiving **reduced bills by 34%**, through company-run "Customer Assistance Programs" (CAP). [Chart #9](#)

- PA electric and natural gas distribution companies' **CAP program costs** (revenue shortfall and arrearage forgiveness) for the first six months in 2007 have totaled \$223 million ... as compared to the 2006 full year total of \$269 million. Expectations are that CAP expenditures for 2007 will be close to double those in 2006.
- PA's electric and natural gas distribution companies spent over \$327 million in 2006 alone for various **universal service programs** (i.e., CAP, weatherization, CARES and hardship funds) to assist their payment troubled customers.

# Total Number of Customers in Debt

## Residential Electric Customers

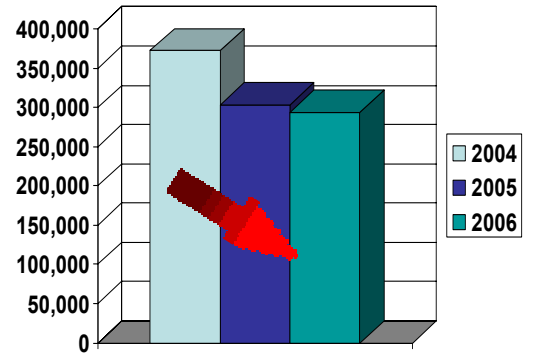
Company	2004	2005	2006
Allegheny	106,937	68,728	67,355
Duquesne	28,863	28,200	25,393
Met-Ed	49,668	47,998	51,085
PECO-Electric	209,704	183,723	157,093
Penelec	61,484	58,804	60,919
Penn Power	14,305	14,183	14,203
PPL	116,922	113,218	130,445
<b>TOTAL</b>	<b>587,883</b>	<b>514,854</b>	<b>506,493</b>



Source: Reports on Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies, Pennsylvania Public Utility Commission Bureau of Consumer Services

## Total Number of Customers in Debt Residential Natural Gas Customers

Company	2004	2005	2006
Columbia	27,732	26,391	21,678
Dominion	40,831	42,583	46,450
Equitable	48,030	20,275	18,484
NFG	12,234	10,387	10,210
PECO-Gas	31,336	27,453	37,113
PG Energy	14,182	12,985	14,256
PGW	180,908	143,992	126,395
UGI-Gas	17,099	19,304	18,748
<b>TOTAL</b>	<b>372,352</b>	<b>303,370</b>	<b>293,334</b>

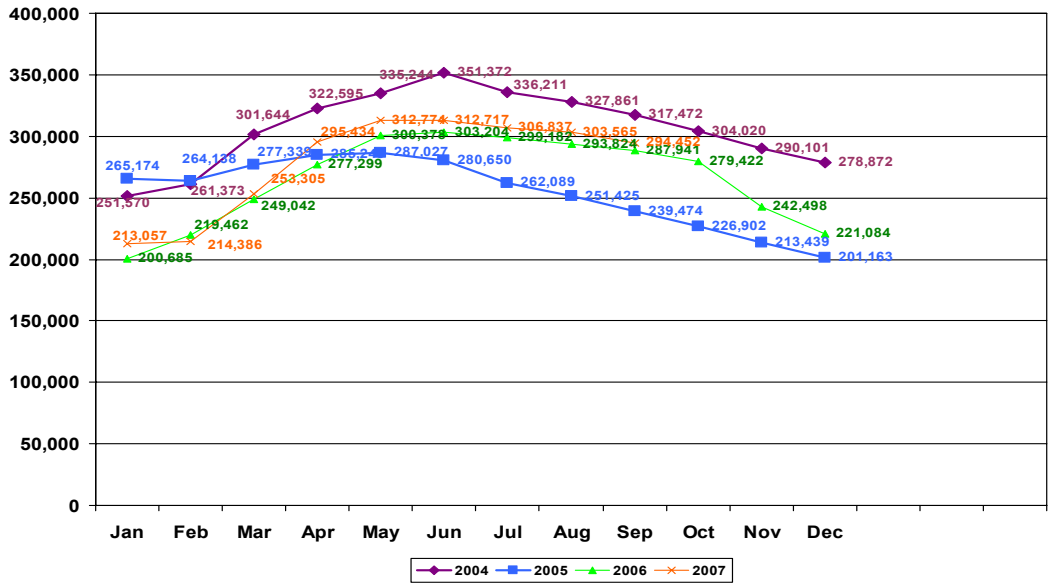


Source: Reports on Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies, Pennsylvania Public Utility Commission Bureau of Consumer Services

# Payment Agreements

## Jan 2004 to Present (September 2007)

### Company Payment Arrangements

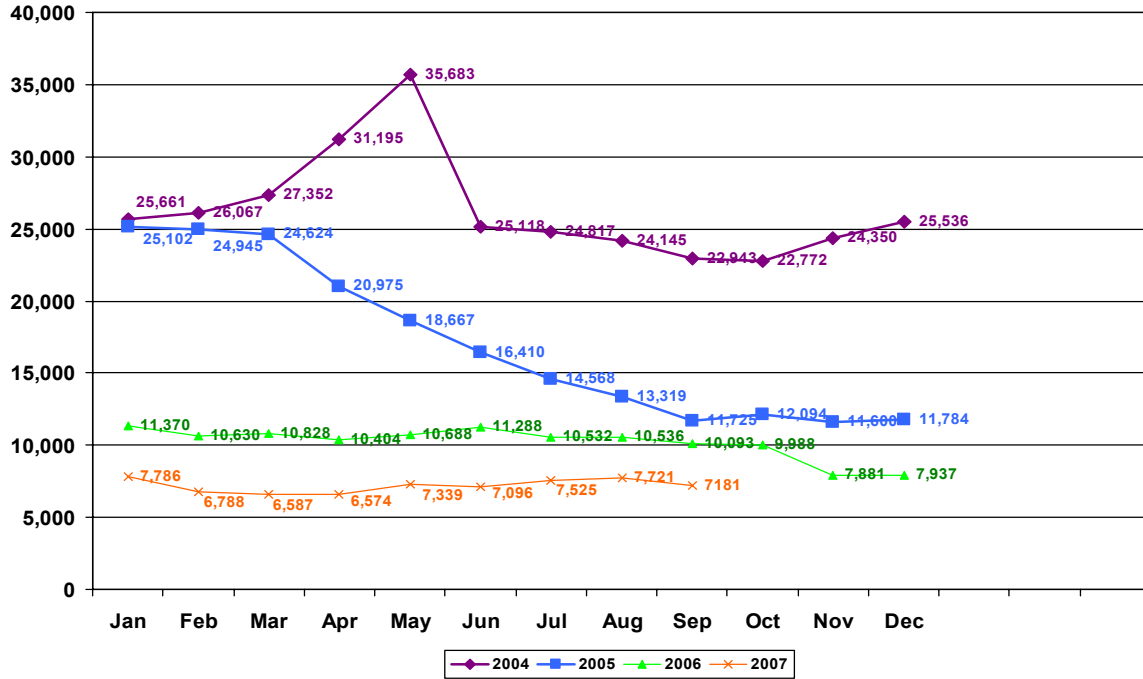


Data based on EAPA member companies' monthly Payment Plan Reports filed with Commission.

# Payment Agreements

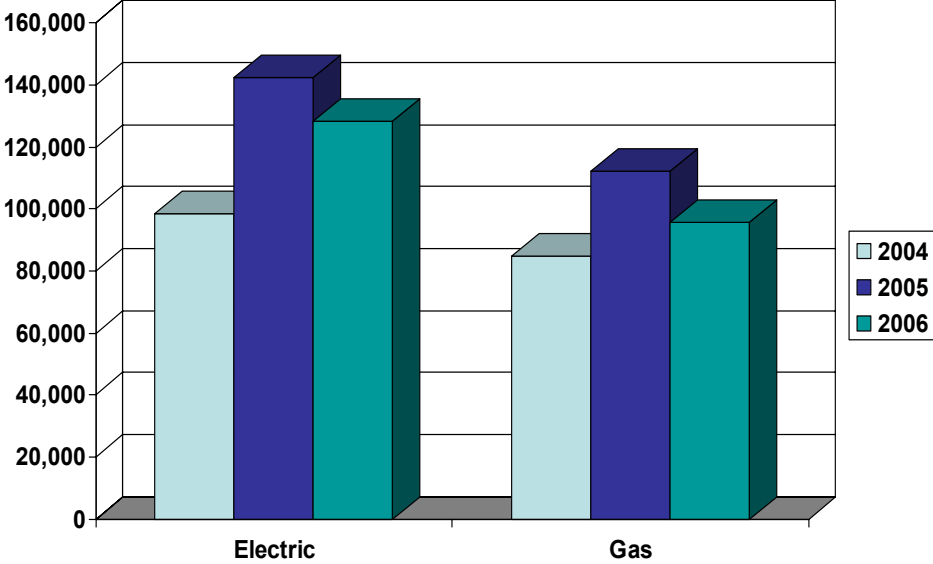
Jan 2004 to Present (September 2007)

## BCS Payment Arrangements



Data based on EAPA member companies' monthly Payment Plan Reports filed with Commission.

# Residential Terminations Electric & Natural Gas



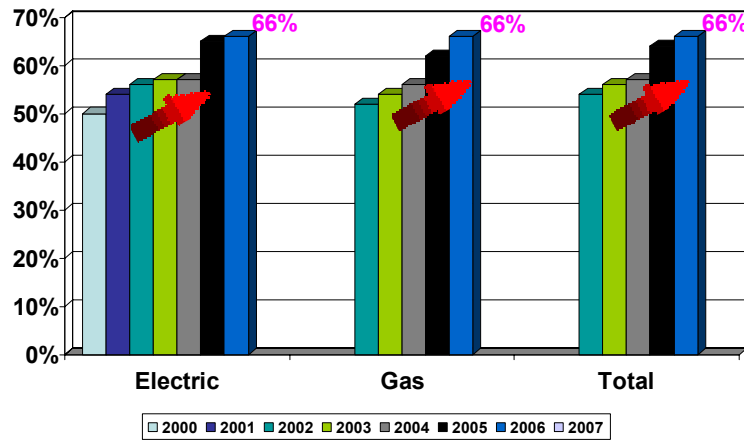
Source: Reports on Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies, Pennsylvania Public Utility Commission Bureau of Consumer Services

# Reconnect Ratio

Reconnection of service occurs when a customer either pays his/her debt in full or makes a significant payment and agrees to a payment agreement for the balance owed to the company. The ratio of reconnections to terminations is obtained by dividing the number of reconnections by the number of terminations.

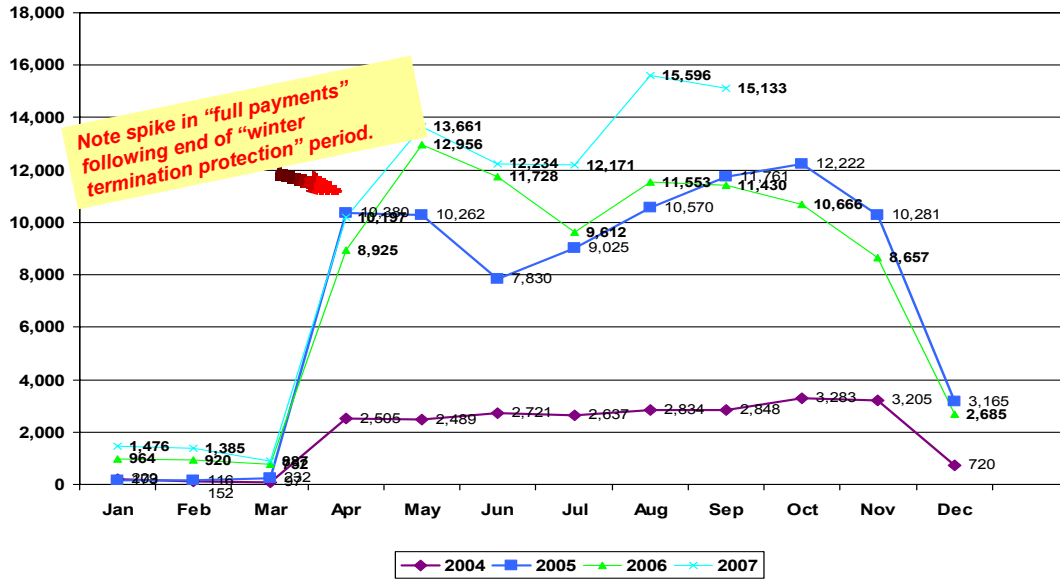
**This result is generally indicative of how successful customers whose service has been terminated are at getting service reconnected.**

**Reconnect Ratio continues to improve!**



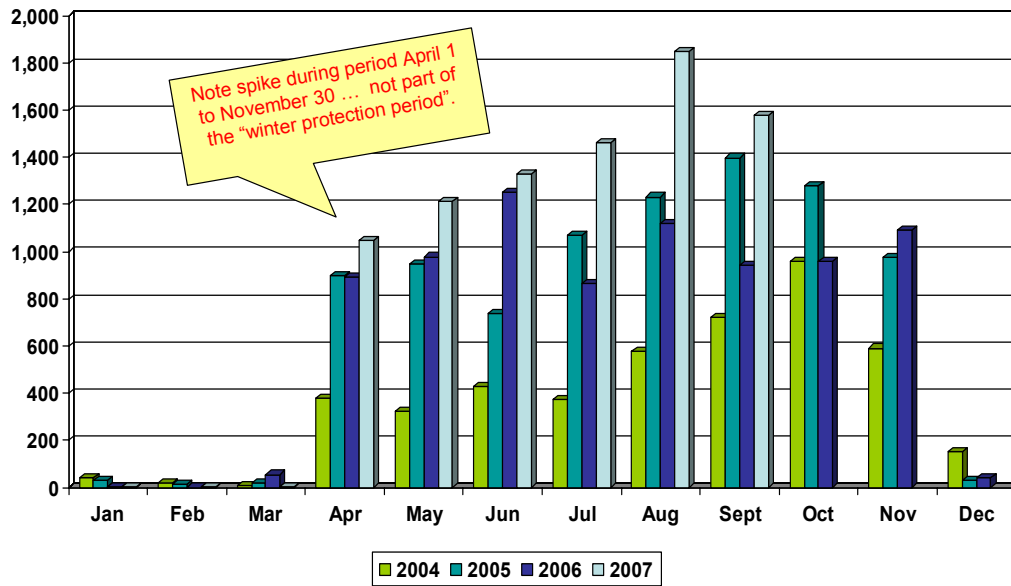
# Full Pay Reconnects

Residential Electric & Natural Gas Customers



Source: 56.231 Reports 2004, 2005, and 2006.

# Total Number of Reconnections Using Medical Certificates

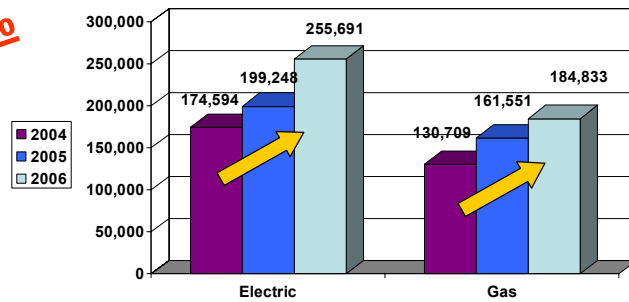


Source: 56.231 Reports

## Customer Assistance Program Participation (2004 v 2006)

	Participants Enrolled as of 12/31/2004	Participants Enrolled as of 12/31/2005	Participants Enrolled as of 12/31/2006
Electric	<b>174,594</b>	<b>199,248</b>	<b>225,691</b> <b>29% Increase</b>
Natural Gas	<b>130,709</b>	<b>161,551</b>	<b>184,833</b> <b>41% Increase</b>
<b>TOTAL</b>	<b>305,303</b>	<b>360,799</b>	<b>410,524</b>

Industry Increase 34%



Source: Reports on Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies, Pennsylvania Public Utility Commission Bureau of Consumer Services

