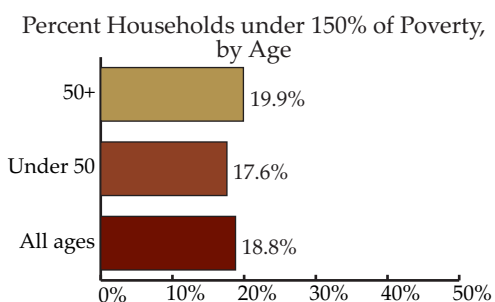


Energy and Telephone Assistance in the States

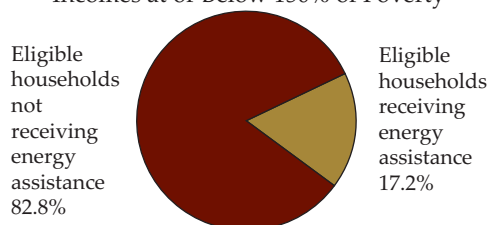
Pennsylvania

Pennsylvania in Brief (2006)

Total state population:	12,440,621
State median income:	\$68,578
Percent households age 50+:	51.6%

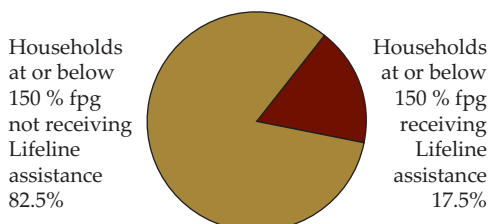


Energy Assistance among Households with Incomes at or Below 150% of Poverty



Telephone penetration rate in state: 94.8%

Percent Households At or Below 150% of Poverty Receiving Lifeline Assistance



Telephone Assistance

The primary low-income telephone assistance programs in Pennsylvania are the following:

- Lifeline
- Link-Up
- Universal Telephone Assistance Program

Lifeline

Lifeline provides participating low-income households with a monthly credit toward the price of basic local telephone service.

Benefits (2006)

Maximum monthly credit: \$12.00

Basic federal support: \$8.25

State support: \$2.50

Federal match: \$1.25

Local telephone companies, including the state's largest local telephone service provider, Verizon Pennsylvania, offer Lifeline 135 service, which provides eligible low-income customers with an \$8.25 maximum credit toward their basic monthly telephone charges. For very-low-income customers, Verizon offers Lifeline 100 service, which increases the monthly bill credit to \$12.00, as shown above.

Funding (2005)

Federal: \$14,665,539

State: \$4,812,240 (est.)

Verizon recovers the cost of providing the state portion of this benefit (\$2.50 per subscriber) in the rates it charges non-Lifeline subscribers for basic local telephone service.

Eligibility (2006)

To receive Lifeline 100 service, state residents must complete an application with Verizon and prove their household income is at or below 100% of the federal poverty guideline or that

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they are enrolled in at least one of the following programs:

- General Assistance (GA)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)

To receive Lifeline 135 service, state residents must complete an application with their local telephone provider, and prove their household income is at or below 135% of the federal poverty guideline, and that they are enrolled in at least one of the following programs:

- General Assistance (GA)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- State blind pension
- Federal public housing assistance
- Medicaid
- Food stamps
- Low-Income Home Energy Assistance Program (LIHEAP)
- National School Lunch Program

The Pennsylvania Department of Revenue verifies income when requested by the carrier. LIHEAP and the National School Lunch participation are verified by the Department of Agriculture and the Department of Education respectively. The Pennsylvania Department of Public Welfare verifies participation in the remaining programs. Verizon and other service providers recertify Lifeline participants annually.

Participation (2005)

Households served: 160,408

Participation rate: 20.9% (based on 135% of the federal poverty guideline)

Link-Up

Qualified customers receive a discount on the price of installing new telephone service.

Benefits (2006)

LinkUp subscribers receive the following:

- A credit of \$30 or a 50% reduction in the charges customers pay for connecting to new telephone service, whichever is less
- The option of deferring payment on the balance of the connection fee (up to \$200) with no interest charges for a period not to exceed one year

Funding (2005)

Federal: \$947,188

Eligibility (2005)

Eligibility requirements are the same as for Lifeline.

Participation (2005)

Households served: 32,233

Universal Telephone Assistance Program (UTAP)

The Universal Telephone Assistance Program (UTAP) helps Lifeline-qualified Verizon customers avoid shut offs and restore their telephone service by paying their overdue local telephone bills.

Benefits (2005)

Average benefit: \$78

Qualified customers receive financial assistance to reconcile any preexisting basic local telephone service arrearage.

Funding (2005)

Total: \$1,143,146

UTAP was established in 1995 as part of a public utility commission order that created an alternative form of regulation for Verizon.

Eligibility

Lifeline customers and qualified Lifeline applicants are eligible to receive UTAP assistance from Verizon. As the manager of UTAP, the Salvation Army confirms customer eligibility and distributes benefits to program participants.

Participation (2005)

Households served: 14,658

Energy and Telephone Assistance in the States

Energy Assistance

Low-income energy assistance programs in Pennsylvania include the following:

- Low-Income Home Energy Assistance Program (LIHEAP)—Home Energy Assistance Program (HEAP)
- Weatherization Assistance Program
- Universal Service and Energy Conservation Plan
- Customer Assistance Program (CAP)
- Low-Income Usage Reduction Program (LIURP)
- Customer Assistance Referral and Evaluation Services (CARES)
- Hardship Funds

Low-Income Home Energy Assistance Program LIHEAP—Home Energy Assistance Program (HEAP)

The federal Low-Income Home Energy Assistance Program (LIHEAP) provides the state of Pennsylvania with a block grant to help eligible low-income households meet their immediate home energy needs. With this grant, Pennsylvania distributes payments through its Home Energy Assistance Program (HEAP), which includes two categories of assistance: heating and crisis. The state also uses a portion of the grant to supplement funding for Pennsylvania's Weatherization Assistance Program (WAP).

Benefits (FY2006)

- Heating: No maximum benefit
- Crisis: \$300 maximum per household

Clients receive one benefit a year. Benefits are paid to the energy provider unless the client's home energy costs are included in rent, in which case the payment is sent directly to the client. Heating and crisis assistance are available from November 8 to April 28.

Funding (FY2006)

Total: \$244,553,728
 Federal: \$225,253,728
 Regular net block grant: \$133,272,895
 One-time additional net block grant: \$1,537,314
 Total emergency/cont.: 67,513,929
 DOE funds: \$14,772,357
 Leveraging incentive program: \$2,536,948
 FY2005 carryover: \$3,885,000
 REACH funds: \$135,285
 State
 Act 81 supplemental LIHEAP funding: \$19,300,000
 Energy conservation assistance funds: \$1,600,000

County assistance offices of the Pennsylvania State Department of Welfare accept applications, determine eligibility, notify clients, and make payments to energy providers and clients. Pennsylvania allocates LIHEAP funding in the following manner:

Heating assistance:	64%
Crisis assistance:	11%
Weatherization:	15%
Administration, etc.:	10%

Eligibility (FY2006)

State residents with household incomes at or below 150% of poverty are eligible for the regular program. State residents with household incomes at or below 135% of poverty are eligible for crisis assistance.

Participation (FY 2005 est.)

Households served by program component:
 Heating: 385,000

Weatherization Assistance Program

Through the Weatherization Assistance Program (WAP), the U.S. Department of Energy provides Pennsylvania with a formula distribution grant to help low-income residents—especially those older, disabled, or living with young children—

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increase the energy efficiency of their homes, reduce their energy expenditures, and improve health and safety.

Benefits (FY2006)

Average benefit per household: \$2,826

Weatherization technicians use energy audits to identify and implement energy-saving measures for each home. Examples of these measures include the following:

- Insulating attic, floors, water heater, and exposed pipes
- Tuning up, repairing, or replacing the furnace or heating unit and/or air distribution system
- Installing ventilation fans to provide adequate indoor air quality and moisture control
- Stopping air infiltration by weather-stripping and caulking around doors and windows, replacing broken glass panes, and repairing or replacing windows

Funding (FY2006)

Total: \$33,101,584

Federal: \$33,101,584

Department of Energy: \$15,101,584

Additional LIHEAP funding: \$18,000,000

State: \$19,300,000

The Pennsylvania Department of Community and Economic Development distributes grants to 42 local service providers, including community action and nonprofit agencies and local government offices. These agencies accept applications, determine eligibility, and provide weatherization services, including performing energy audits and implementing suggested measures.

Eligibility (FY2006)

Households with total income at or below 150% of the federal poverty guideline, or those that contain a member who has received cash assistance payments under title IV or XVI of the Social Security Act or applicable state or local law at any time during the 12-month period

preceding the determination of eligibility are eligible for assistance

Participation (2005)

Households served: 12,406

Universal Service and Energy Conservation Plan

Under restructuring legislation for Pennsylvania's electric and gas utilities, the Pennsylvania Public Utility Commission (PUC) requires all major natural gas and electric distribution companies to offer universal service programs that help low-income consumers maintain their utility service². Utility universal service programs include the following four components:

Customer Assistance Program (CAP)

The Customer Assistance Program (CAP), sponsored by the 13 major electric and natural gas distribution companies in Pennsylvania, provides low-income customers with a history of difficulty paying their utility bills the opportunity to make regular monthly payments based on household size and gross income.

Benefits (program year 2005)

Maximum CAP credit: \$1,800 per year

The CAP credit is the difference between the amount that would have been billed at the standard residential rate and the amount billed at the CAP rate. In general, the CAP benefit should be sufficient to ensure that the participating household's annual payments for electric and natural gas home energy do not exceed 17% of their annual income.

Average monthly CAP electric bills (2005):

\$42 to \$76

Average annual electric CAP credits (2005):

\$190 to \$689

Average monthly CAP natural gas bills:

\$48 to \$138.

Average annual natural gas Cap credits:

\$99 to \$1,115

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For participants with very low incomes, CAP benefits may reduce the annual maximum payment for electric and natural gas home energy to as low as 7% of the participant's annual gross income. Some CAP programs also provide arrearage forgiveness.

Funding (2005)

Total CAP gross costs: \$242,784,920
Electric distribution companies: \$104,095,800
Natural gas distribution companies: \$138,689,120

CAP funding is derived from non-bypassable, competitively neutral distribution service charges paid by all utility customers. In 2005 the average residential electric utility customer spent \$25.83 in universal service charges, while the average residential gas customer spent \$60.78.

Eligibility (2005)

Customers who, on one or more occasions over a period of a year, have made late, insufficient, or no payments toward their bill and have household incomes at or below 150% of the federal poverty guideline may be eligible for CAP benefits. Participants also must agree to make regular monthly payments on their bill. Each CAP program includes minimum payment terms based on the following guidelines established by the Public Utility Commission:

Participation (as of December 2005)

Households served:
Natural gas distribution companies: 161,551
Electric distribution companies: 199,248

Low-Income Usage Reduction Program (LIURP)

The Low-Income Usage Reduction Program (LIURP) is a statewide residential usage reduction program mandated by the PUC and sponsored by state's utilities. The program provides weatherization assistance and energy-usage reduction education to low-income, high-usage consumers in order to help them conserve energy and lower energy bills. The following information profiles the LIURPs sponsored by the 13 major electric and natural gas distribution companies in Pennsylvania.

Benefits (2005)

Electric heating jobs: \$870 - \$2,361
Natural gas heating jobs: \$775 - \$4,526

Depending on the results of a home energy audit, a LIURP participant's electric or natural gas distribution company may perform any of the following measures:

- Install sidewall and/or attic insulation
- Replace furnace
- Install programmable thermostats,
- Replace refrigerators, water heaters, plastic windows
- Perform various other measures designed to reduce energy bills, use or demand for space heating, water heating, and nonheating electric service.

LIURP programs also offer use reduction education services, including group and individual presentations and workshops to help participants derive the maximum energy savings from installation of program measures and through modification of energy-related behavior.

Funding (2005)

LIURP funding is derived from non-bypassable, competitively neutral distribution service charges paid by all utility customers.

- 2005 total expenditures of electric distribution companies: \$19,253,647
- o 2006 projected expenditures of electric distribution companies: \$21,360,904
- 2005 total expenditures of natural gas distribution companies: \$7,780,926
- o 2006 projected expenditures of natural gas distribution companies: \$8,004,040

Eligibility (2005)

Households with incomes at or below 150% of the federal poverty guidelines are eligible for assistance. In addition, each utility is permitted to spend up to 20% of LIURP funds on customers who have an arrearage and household incomes between 150 and 200% of the federal poverty guideline. Eligible customers with the most significant home energy needs and the

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greatest opportunities for bill reductions relative to the cost of providing LIURP services are given priority for program services. LIURP benefits are available to homeowners and renters in single or multifamily dwellings.

LIURP recipients are eligible to have an energy-saving measure installed when such a measure is not already present and functioning effectively, and if the resulting energy savings can pay for the cost of the installation within seven years (or 12 years for certain measures).

Participation (2005)

Households served:

Electric heating:	3,910
Electric water heating:	2,887
Electric baseload:	11,090
Natural gas heating:	4,393

Customer Assistance Referral and Evaluation Services (CARES)

Customer Assistance Referral and Evaluation Services (CARES) provides referrals to appropriate programs for payment-troubled customers to assist them in securing energy assistance funds and other services that will maximize their ability to pay their utility bills. CARES is offered by the major electric and natural gas distribution companies in Pennsylvania.

Benefits (2005)

Total grants to CARE participants (in addition to LIHEAP grants)

Electric distribution companies:	\$256,801
Natural gas distribution companies:	\$47,033

Typically, a CARE program offers basic budget counseling, customized payment plans, and referrals to energy grant programs and other community resources.

LIHEAP outreach is a significant component of CARES. In 2005 electric utility customers received \$20,737,060 in LIHEAP benefits while natural gas customers received \$50,265,311.

Funding (2005)

Total: \$1,541,938

Electric distribution companies: \$593,915

Natural gas distribution companies: \$948,023

CARES funding is derived from non-bypassable, competitively neutral distribution service charges paid by all utility customers.

Eligibility (2005)

In general, CARES is targeted to customers who are considered "payment-troubled". Payment-troubled customers are those who, on one or more occasions over a 12-month period have made late, insufficient, or no payments toward their bill because of a sudden, temporary financial crisis. Each electric and natural gas distribution company, however, may define specific eligibility criteria for its individual CARES program.

Participation (2005)

CARES participants are reflected in the number of households in 2005 that received LIHEAP cash grants: 62,064 customers of electric utilities, and 161,838 customers of gas utilities.

Hardship Funds

Hardship funds provide cash assistance to utility customers to help them afford the cost of their utility service.

The following information profiles the hardship fund programs sponsored by the major electric and natural gas distribution companies in Pennsylvania.

Benefits

Average benefit per household:

Electric customer:	\$293
Gas customer:	\$325

Benefits are paid directly to companies on behalf of the eligible customers.

Funding (2004-2005)

Total: \$2,230,560

Ratepayer/employee contributions:	\$892,814
Utility and shareholder contributions:	\$1,337,746

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The majority of funding for utility hardship funds comes from the utilities and their shareholders. Customers and utility employees may also contribute, and funding may also come from formal complaint settlements, overcharge settlements, off-system sales, special solicitations of business corporations, and natural gas purchase arrangements.

Eligibility (2005)

Each electric and natural gas distribution company may define eligibility for a Hardship Fund.

Participation (2004-2005)

Households served:

Electric utility customers: 11,357

Natural gas utility customers: 6,633

Seasonal, Health-, and Income-Related Disconnection Policy

Seasonal

From December 1 to April 15, Pennsylvania requires utilities to seek permission from the PUC before disconnecting residential natural gas or electric service for nonpayment. In practice, the Pennsylvania PUC does not grant permission for disconnection of service for nonpayment during the winter months.

Health

Pennsylvania requires utilities to delay for up to 30 days disconnection of residential service if a medical professional certifies in writing that the customer or a permanent household resident is seriously ill or affected by a medical condition that would be aggravated by a lack of utility service. The medical certificate can be renewed two more times, the customer is required to negotiate a deferred payment arrangement during the period of delay.

Deferred Payments

Utilities are required to offer residential customers in danger of service disconnection an opportunity to enter into a deferred payment agreement, and they are required to maintain service to the customer if the customer agrees to the arrangement.