



FirstEnergy Human Services

Amended

Universal Service & Energy Conservation Plan

Program Years 2011, 2012, 2013 and 2014

December 1, 2014

West Penn Power, a FirstEnergy Company
Universal Service and Energy Conservation Program Designs
Program Years 2011, 2012, 2013 and 2014

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INTRODUCTION

West Penn Power Company's ("West Penn Power" or the "Company") amended and updated Universal Service and Energy Conservation Plan filing is being provided to the Pennsylvania Public Utility Commission ("Commission") in accordance with the 52 Pa. Code Chapter 54 Reporting Requirements for Universal Service and Energy Conservation Programs as published in the Pennsylvania Bulletin on August 8, 1998.

This plan describes the Company's portfolio of Universal Service and Energy Conservation programs for Calendar Years 2011, 2012, 2013 and 2014, including program enhancements or modifications which will be adopted upon Commission approval.

COMPANY GOALS

Through the Low Income Payment & Usage Reduction Program ("LIPURP") and the Low Income Usage Reduction Program ("LIURP"), West Penn Power intends to ensure cost effectively that low-income, payment-troubled customers have access to affordable energy. The Company will work with eligible customers to:

- Establish affordable payment arrangements, which maintain electric service and guide customers towards self-sufficiency in paying their electric bill; and
- Provide assistance in reducing their energy consumption to a more affordable level.

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West Penn's portfolio of Universal Service and Energy Conservation Programs, include:

- Customer Assistance and Referral for Evaluation Services ("CARES");
- Dollar Energy Emergency Hardship Fund;
- Low Income Payment and Usage Reduction Program ("LIPURP"); and
- Low Income Usage Reduction Program ("LIURP").

The projected program budgets and number of participants are as follows:

Program Name	Program Year	Projected Distribution Rate and Settlement Budgets	Projected Number of Participants
LIPURP Administration and Benefits	2011	\$5,880,000	20,500
	2012	\$5,880,000	20,500
	2013	\$5,880,000	20,500
	2014	\$12,519,000	22,500
LIURP Administration and Measures	2011	\$2,352,000	1,000
	2012	\$2,552,000	1,100
	2013	\$2,702,000	1,200
	2014	\$3,402,000	1,400
CARES Administration	2011	\$ 65,000	100
	2012	\$ 65,000	100
	2013	\$ 65,000	100
	2014	\$ 65,000	100
Dollar Energy Hardship Fund Administration	2011	\$ 45,000	1,000
	2012	\$ 45,000	1,000
	2013	\$ 45,000	1,000
	2014	\$ 45,000	1,000

The Company's needs assessment was based on the poverty percentages by county obtained from the 2000 U.S. Census Data listed in The State of the Child in Pennsylvania. Percentages were applied to the number of households in each county serviced by the Company. An additional resource was a summary that listed West Penn customers who had actually received low-income benefits.

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The Company currently recovers \$8.082 million in distribution rates to fund its Universal Service and Energy Conservation Programs. Additional funding sources included in this Plan are a LIURP commitment under spend from program years 2008-2010, and additional LIPURP and LIURP funding as a result of the PaPUC's approval of this provision in the Joint Petition for Partial Settlement in the FirstEnergy Corp. – Allegheny Energy, Inc., merger at PaPUC Docket Nos. A-2010-2176520 and A-2010-2176732.

PROGRAM ADMINISTRATION

Company employees and Dollar Energy Fund employees are utilized to administer West Penn Power's Universal Service and Energy Conservation Programs.

Company Employees – Universal Service & Energy Conservation Programs

These Company employees are located at one of the following offices:

General Office
76 South Main Street
Akron, Ohio 44308

Customer Service Center
1310 Fairmont Avenue
Fairmont, West Virginia 26554

Human Services Department
P. O. Box 16001
Reading, Pennsylvania 19612

Director, Customer Services – Kaye Julian
Manager, Compliance and Human Services – Lisa Watson
Supervisor, Human Services Energy Conservation Programs – Maria Frederick
Supervisor, Human Services Universal Service Programs – Leonard Howell

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Company employees will coordinate all Universal Service Program activities and assist Dollar Energy Fund employees as needed. The toll free telephone number 1-800-207-1250 will be utilized for Universal Service enrollment and related program questions.

Dollar Energy Fund Contract Employees – LIPURP

Dollar Energy Fund contract employees are available from 8:00 a.m. to 4:30 p.m., Monday through Friday, excluding holidays. These contract employees are located at West Penn Power's Customer Service Center – 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601

Lead Representative – (1)

Universal Service Representatives Full Time – (9)

Dollar Energy Fund Contract Employees –LIURP

These employees are located at FirstEnergy's office:

Customer Service Center
800 Cabin Hill Drive
Greensburg, Pennsylvania 15601

Program Manager – (1)

Program Coordinator – (1)

Program Assistant – (1)

Customer Service Representatives – (4)

QA Inspector – (1)

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Use of Community-Based Organizations (“CBOs”)

West Penn Power will continue the use of CBOs for the daily administration of Universal Service and Energy Conservation Programs. CBOs will perform weatherization services, income verification, program applications, grant making and referrals to other assistance programs. Agencies include, but are not limited to, the Dollar Energy Fund, Inc., Community Action Agencies, Salvation Army Corps and Catholic Charities.

West Penn Power and Dollar Energy will select contractors for the LIURP Program, and will be responsible for providing training and related materials. Each contractor providing weatherization services will be required to sign a contract with West Penn Power or Dollar Energy. West Penn Power and/or Dollar Energy have the right to terminate a contractor if contract requirements are not met.

Upon receipt of an approved participant’s demographic survey, a contractor will perform an audit of the customer’s home, provide energy conservation education, make recommendations for installation, and install electric space heating, electric water heating, or base load measures as outlined in the LIURP section of this Plan and in compliance with signed contracts with the weatherization contractors. For quality control and the safety of our customers, a third-party inspection agency contracted by West Penn Power will provide inspection services. West Penn Power and Dollar Energy employees will be responsible for all other services related to LIURP, including but not limited to, prescreening, and referrals to other agencies.

Dollar Energy Contract employees located at the Greensburg Service Center will have access to West Penn Power's SAP System, Human Services Web Site, the Chronicles case management system and various software applications as required to complete the tasks associated with Universal Service Programs.

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LOW INCOME PAYMENT & USAGE REDUCTION PROGRAM

The Low Income Payment and Usage Reduction Program (“LIPURP” or “CAP”) will provide customers with monthly subsidy benefits and arrearage forgiveness credits. A participating low-income, payment-troubled customer will be required to make a monthly payment based on percentage of income payment plan (“PIPP”), or an established minimum payment which is based on usage and household occupancy. However, the monthly CAP payment cannot exceed a customer’s projected monthly budget billing calculation. Payments applied to cover monthly customer obligation charges will be obtained from the customer, LIHEAP cash and crisis assistance, and \$1 Energy Fund grants. Funds to cover the monthly shortfall will be covered by monthly CAP supplemental grants. The Arrearage Forgiveness Component will provide credits for the elimination of preprogram and post-program balances¹ (“co-payment balance”), in response to customer payments. An additional \$5.00 a month payment is required to be paid by the customer toward their co-payment balance. Applicants will be provided with a detailed explanation of the Company’s programs along with referrals to other applicable assistance programs.

Eligibility

¹ Includes pre-enrollment outstanding balances and annual consumption bill balances that exceed maximum bill subsidy limits. Does not include past-due participant payment obligations.

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- Total gross household income at or below 150% of the federal poverty income guidelines;
- Be payment troubled with a delinquent account balance of at least \$50;
- Residential account with an active account status;
- Applicant/Ratepayer must reside at the service address (primary residence);
- If eligible, must agree to participate in the LIURP Program; and
- If eligible, must agree to participate in PA LIHEAP – regardless of heat type.

Exemptions

A household may be exempt from control features if one or more of the following conditions exist:

- The household experienced the addition of a family member;
- A member of the household experienced a serious illness;
- Energy consumption was beyond the household's ability to control;
- The household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption;
- Energy consumption estimates have been based on consumption of a previous occupant.

Percent of Income Payment Plan

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LIPURP participants will be placed on a percent of income payment plan (“PIPP”) which does not exceed the individual participant’s monthly budget billing calculation. Three poverty levels and related percent of income payment percentages will be established as follows:

% Of Poverty Level	Less than 50%	51% - 100%	101% - 150%
Heating	13%	16%	17%
Water Heating	8%	12%	14%
Base-load	5%	6%	7%

Supplemental Grants

Non-Electric Heat Accounts - Maximum Supplemental Grant = \$560 Annually

Electric Heat Accounts – Maximum Supplemental Grant = \$1,400 Annually

Participant Co-Payment

An additional \$5 monthly payment toward the co-payment balance is required in addition to the minimum monthly payment.

Minimum Monthly Payment Amounts

Minimum monthly payment amounts, regardless of income level, will be \$50 for heating, \$30 for water heating, and \$25 for base-load.

Arrearage Forgiveness

Arrearage Forgiveness Component credits will be awarded to program participants in response to in-full monthly payments. Currently when payment is made on current charges, the customer will be eligible to receive a two percent reduction to their CAP co-payment balance. Effective, September 2013, when payment is made on current charges, the customer will be eligible to receive a 1/36th reduction to their CAP co-payment balance.

Participant and Budget Projections

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Program Year	2011	2012	2013	2014
Enrollment	20,500	20,500	20,500	22,500
Distribution Rate Budget	\$5,880,000	\$5,880,000	\$5,880,000	\$12,519,000

Pending Commission approval, the CAP budgetary financial challenges created by a long standing line item budget contained within Distribution Rates and the absence of a Universal Service Cost Rider will be managed by including \$1,618,572 in Low Income Usage Reduction Program (“LIURP”) under spending (2008 to 2010 Program Years) with the Distribution Rate Budget of \$5,880,000 for 2011, 2012 and 2013 as needed. For 2014, projections reflect actual costs and participation levels as agreed upon in the Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Energy merger at Pa PUC Docket Nos. A-2010-2176520 and A-2010-2176732.

Electric Heat Customers

All eligible electric heating customers will be required to apply for and be in receipt of a LIHEAP benefit in order to participate in CAP. LIHEAP assistance grants received by the Company for customers will be applied to customers’ monthly obligation amount, including past due and current charges. If LIHEAP credit remains after the customer obligation is satisfied, the remaining credit will apply to future bills. If needed, heating customers will also be encouraged to apply for Dollar Energy Fund grants and/or other benefits as available.

Base Load and Water Heat Customers

Base load and water heating customers will be strongly encouraged to apply for LIHEAP, Dollar Energy Fund grants and other benefits as available. Failure to apply for these grants is not a condition to continue participation in the CAP program.

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Customer payments, LIHEAP Cash and Crisis grants and Dollar Energy Fund grants will first be applied to customers' monthly obligation amounts, including past due and current charges. Any resulting credit from overpayment of current charges will apply to future current charges. Customers will be provided with supplemental benefit amounts to cover their monthly shortfall. While maintaining electric service with an affordable payment, customers will be guided towards self-sufficiency in paying their electric bills.

Customer Responsibility

The initial application and subsequent annual recertification of customers in the program is required prior to enrollment or continued participation in the program. In addition, any missed CAP payments will also be required prior to being re-enrolled in the new program year. Customers may apply and recertify over the telephone. The benefits and requirements of the program will be provided to the customers. However, the Company reserves the right to require in-person verification at qualified agency locations when one of the following situations exists:

- Arrearage in excess of \$1,000;
- Questionable household occupancy size;
- Questionable or zero household income;
- Customer not in receipt of other eligible programs; or
- Other reasons as determined.

Customers are encouraged to call throughout the program year if their income or household size has changed. If this causes a change in the payment amount, the monthly CAP payment will be subject to change. Any outstanding payment required prior to notification/verification of a change in household income and/or household size is the responsibility of the customer and must be paid as originally required by the Company.

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In addition, the participant must agree to any additional requirements or actions resulting from modifications to the program. The Company anticipates most changes or modifications will occur at recertification.

Control Features

Customers will not be allowed to participate in LIPURP if they are unwilling to:

- Provide authorization for income verification or proof of income; and/or
- Make regular monthly payments.

Default Provisions

Participants will be subject to removal from the program for any of the following reasons:

- Failure to Recertify;
- Misrepresentation of Household Circumstances;
- Failure to Permit Scheduled Meter Reading;
- Refusal to Accept Weatherization (Except for Compelling Reasons);
- Refusal to Accept Program Changes;
- Meter Tampering;
- Self Reconnection of Service;
- Unreasonable and/or Increased Consumption Post LIURP Measures; or
- Failure to Make Monthly CAP Payments / Pattern of Returned Checks.

Stay-Out Provisions

A one-year stay-out provision will be in effect for the following reasons:

- Customer requests to be removed from the program to avoid termination of electric service.

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- Customer requests to be removed from CAP to benefit from lower bills when a current bill for actual usage is less than the CAP payment amount.
- Customer tampers with electric meter.
- Customer self reconnects electric service.

Energy Conservation and Education

Energy education efforts will be directed toward high use and LIURP customers in an effort to change the participants' attitudes toward conservation and thus gain control of their energy usage and reduce their monthly bills. Depending on their needs, customers may receive an energy audit of their home and weatherization through LIURP or PA Act 129 Low Income Programs at no out of pocket cost to them.

Customers are encouraged to conserve electric consumption while enrolled in CAP. CAP customers may be subject to removal from the program as a result of unreasonable and/or increased usage.

Shopping With Alternate Suppliers

LIPURP participants will be allowed to shop with alternate suppliers,² but must select the consolidated EDC bill option with the electric generation supplier.

² This enhancement will require computer programming and will not be ready for implementation until the integration of Allegheny Energy companies into the FirstEnergy Computer Enterprise System, SAP.

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LOW INCOME USAGE REDUCTION PROGRAM (“LIURP”)

The goal of the LIURP program is to achieve bill reduction through usage reduction. West Penn Power has provided usage reduction measures to heating, water heating, and base load low-income customers for many years. Participants are provided energy education and usage reduction measures in an effort to reduce their consumption.

Needs Assessment

A Needs Assessment was done in order to determine a projected number of customers and associated costs for those customers who may qualify for weatherization services. Census Data was used in order to determine the percentage of low-income population in the Company’s service territory. Based on census data, approximately 154,000 households in the Company’s service territory are below 150% of the federal poverty income guidelines. This number includes all households as follows.

- Occupants who pay an electric bill and reside in a single family dwelling or side by side duplex (Eligible for LIURP);
- Occupants who pay an electric bill and benefited from LIURP measures within the past seven years. (Not eligible for LIURP);
- Occupants whose electric bill is included in their rent (Not eligible for LIURP); and
- Occupants who reside in master-metered apartment building (Not eligible for LIURP).

Funding and Production

West Penn Power is required to spend \$2.202 million per year under the commitments made by West Penn Power at Pa PUC Docket Nos. R-00973981 and R-00039022. In addition, this Plan includes incremental LIURP spending provided for as a provision in the Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Energy merger at Pa PUC Docket Nos. A-2010-2176520 and A-2010-2176732 as was approved by the Pa PUC’s order in those proceedings

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entered March 8, 2011. Those incremental amounts are \$150,000 in 2011; \$350,000 in 2012; \$500,000 in 2013 and \$700,000 in 2014. This Plan also addresses providing additional measures per home and the reallocation of the LIURP under spending of \$1,618,572 from the 2008 – 2010 Program Years to the LIPURP.

Past years' under spending of LIURP funds is attributed to the following:

- Department of Community and Economic Development (DCED) jobs leveraged shows American Recovery and Reinvestment Act (ARRA) funds spent to cover a majority of the installed measures in lieu of spending West Penn LIURP dollars;
- Minimal leveraged jobs with DCED when jobs came directly to DCED for comprehensive measures; and
- Addition of a PA Act 129 Program, namely the Joint Utility Usage Management Program (JUUMP) which also serves customers up to 150% of the federal poverty level and provides comprehensive measures

Please note that not all factors listed above should be viewed as a negative. The sole purpose in doing so is to show that there are other funding sources available for low-income energy conservation and weatherization work.

The following Budget and Production Targets have been established for LIURP program years 2011 – 2014.

Budget

Budget	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	\$2,352,000	\$2,552,000	\$2,702,000	\$3,402,000

Production Targets

<u>Type of Job</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Heating	500	550	600	800
Water Heating	400	450	500	500
Baseload	100	100	100	100

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There are currently 10 Community Action Agencies and 7 private contractors who perform the measures.

Eligibility

Customer eligibility is determined using a number of factors including income level and usage. Customer's household income must be below 200% of the federal poverty income guidelines ("FPIG"). Customers who qualify under the income guidelines also must have an average usage of approximately 540 kWh per month or 6,500 kWh annually. Priority is given to those customers with the highest usage and arrearages. It should be noted that eligibility criteria will be periodically reviewed. All criteria will be subject to adjustment, as needed, to insure the program is as effective as possible.

PA Act 129 Low Income Programs also serves customers up to 150% of the FPIG. Upon application the customer will be enrolled in the program that provides the most energy savings benefit. The Company offers a PA Act 129 Program called the Joint Utility Usage Management Program (JUUMP). This program is a partnership with gas companies that also serves West Penn customers who would otherwise be eligible to participate in the LIURP Program. The JUUMP Program offers all measures currently offered in LIURP as well as those measures offered by the natural gas companies.

The Company's goal is to maximize the effectiveness of the number of customers whose weatherization services can be coordinated with the PA Weatherization Program or a natural gas distribution company (NGDC). No minimum usage threshold is required for customers whose weatherization services can be combined in one job.

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Special Needs

The Company also provides WARM services to "special needs" customers whose household income is at 151% to 200% of the Federal Poverty Guidelines. PUC regulations allow up to 20 percent of the LIURP budget to be used for these customers. "Special needs" customers include customers with overdue account balances, and those households with medical problems, personal crisis situations, and loss of income. This allows more customers under 200% of federal poverty income guidelines to participate in the program without requiring or encouraging an account arrearage.

Control Features

Customers refusing to provide authorization for income verification will be ineligible for LIURP.

Customer Responsibility

Customers will be instructed on how to apply for all available weatherization services offered by the county or the state weatherization agency if they meet the eligibility requirements and every effort will be made to coordinate programs. It will be the customer's responsibility to apply for the free services.

Participants must accept the energy education component of the program. Energy education is expected to positively influence customers' usage and thus make electric bills more affordable. To assist the Company in tracking monthly usage, participants must agree to allow access to their electric meter for scheduled bimonthly meter readings.

Should the applicant refuse to agree to any of the components of the program, the application for LIURP will be denied.

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Referral

Customers will be referred to LIURP and all available programs from the Company's Customer Service Center, Universal Service Center, Social Service Agencies, PUC, and individuals. Targeted outreach and community presentations are also used to inform customers about the program as well as cross-marketing with Act 129 programs.

Provisions of Program Services

Once a customer is selected to receive usage reduction measures, a job complete with demographic survey will be forwarded to the contractor. Upon receipt of the approved participant demographic survey, the contractor will schedule an energy audit to evaluate the customer's home and to determine the usage reduction measures that will be installed under LIURP. Spending on customer homes is tied to the customer's past electric consumption. Measures will be installed as outlined below and in compliance with signed contract references.

Any repair believed necessary to prevent a hazardous or unhealthy situation will be considered a health and safety expenditure not to exceed 30% of the customer's total job cost. .

LIURP is divided into three program segments:

- Electric Space Heating;
- Electric Water Heating; and
- Base Load.

Electric Space Heating - Customers residing in single-family dwellings, mobile homes and duplexes (side by side homes), which are individually metered and have electric as their primary

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heating source. Customer may not have participated in West Penn's LIURP program within the past five years. While this list is not comprehensive, qualifying participants may receive any of the following measures:

Energy Efficient Lighting
Smart Power Strips
Attic, Ceiling, Floor, Duct, or Wall Insulation
Attic, Duct and Basement Air Sealing, i.e. Caulking & Foaming
Some Storm & Prime Window & Door Replacements
Water Heater Tank Replacement
Aerators and Low Flow Showerhead Installations
Pipe Insulation in Unheated Spaces
Inefficient Refrigerator Replacement
Inefficient Freezer Replacement
Electric Dryer Venting
Clothes Line Installation
Inefficient Window/Wall A/C Replacement
A/C/Heating Thermostat Repair/Replacement
Repair/Replacement of Exhaust Fans
Some Electric Heating and Central A/C System Repair/Replacements
Some Plumbing & Electric Repairs
Waterbed Mattress Replacements
Appliance Timers
Energy Education

Electric Water Heating - Customers residing in single-family dwellings, mobile homes and duplex (side by side homes), which are individually metered and heat their water with electric and have not participated in the Company's LIURP program within the past five years. While this list is not comprehensive, qualifying participants may receive any of the following measures:

Water Heater Tank Replacement
Aerators and Low Flow Showerhead Installations
Pipe Insulation in Unheated Areas
Some Plumbing & Electric Repairs
Energy Efficient Lighting
Smart Power Strips

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Inefficient Refrigerator Replacement
Inefficient Freezer Replacement
Repair/Replacement of Exhaust Fans
Electric Dryer Venting
Appliance Timers
Inefficient Window/Wall A/C Replacement
Clothes Line Installation
Waterbed Mattress Replacement
Energy Efficient Lighting
Energy Education

Base Load - Customers residing in single-family dwellings, mobile homes and duplex (side-by-side homes) whose primary heating and water-heating source is something other than electricity and have not participated in the Company's LIURP program within the past five years. While this list is not comprehensive, qualifying participants may receive any of the following measures:

Energy Efficient Lighting
Smart Power Strips
Inefficient Refrigerator Replacement
Electric Dryer Venting
Repair/Replacement of Exhaust Fans
Inefficient Freezer Replacement
Clothes Line Installation
Inefficient Window/Wall A/C Replacement
Waterbed Mattress Replacement
Appliance Timers
Energy Education

Energy Conservation and Education

Energy education efforts will emphasize changing the participants' attitudes toward conservation and thus gaining control of their energy usage and reducing their monthly bills. Every customer

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enrolled in the LIURP program will receive energy conservation education. Customers whose consumption increases post LIURP will be contacted to receive remedial education.

Quality Control

A third party inspection agency contracted by West Penn Power will inspect 15% of all WARM jobs. WARM contractors are required to remediate any problems identified by the inspector to meet Program policies and specifications. The percentage of job inspections may be increased as determined by Program administrators.

CARES PROGRAM

Overview and Objectives

The Customer Assistance and Referral for Evaluation Services (“CARES”) Program is a special service for West Penn Power customers who are unable to pay their electric bills due to a temporary hardship and provides customers assistance on a short-term basis. CARES customers are afforded some time during which to have their hardship addressed by seeking assistance and other benefits. Special payment arrangements may be made to assist the customer on a temporary basis, or if eligible, the customer is enrolled into West Penn’s LIURP program and will not remain in CARES.

Based upon the customer’s circumstances, West Penn Power’s Specialist makes referrals to social agencies and provides information on appropriate Company and/or external programs to assist the customer.

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In addition to providing assistance to needy customers, the Company Specialist also performs the task of strengthening and maintaining a network of community organizations and government agencies that can provide services to their customers. The program is designed to work with customers on a personal basis through phone conversations, energy education, financial management training, and/or proper social agency referrals.

Program Design

The CARES Program provides a casework approach to help customers secure energy assistance funds and other needed funding and services. Those services may include referrals to social agencies or programs. CARES Referrals are made by the Company's Customer Service Representatives, PUC, the customer, and social service agencies. All referrals are directed to the Company's Universal Services group for review to determine if the customer needs further assistance through the CARES Program. If the customer is income eligible, the customer will be enrolled into LIPURP. Reasons for Referral are:

- Serious Illness or Injury to Member of Household
- Death of Primary Wage Earner
- SSI or Disability Recipient
- Low Income Elderly
- Low Income Single Parent
- Loss of Income to Household
- Marital or Family Problems
- Loss of Unemployment Benefits
- High Medical Bills
- Mental Health Disability

The Company contacts the customer to further assess the customer's situation and works with the customer to alleviate the problem. The customer is made aware of the agencies and services available to assist them. Also, a customer may be referred to food banks and Tri-State Food

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Share, consumer credit counseling, job centers, and the Office of Vocational Rehabilitation if unable to return to former job due to health reasons.

Each case is monitored for progress. Further assistance is offered as necessary, but the customer is expected to maintain payment obligations. When CARES has helped to minimize or eliminate the hardship, the customer is released from the program because they no longer need help.

Eligibility

There are no income guidelines to qualify for the CARES Program. The CARES eligible customer must be payment-troubled and experiencing a temporary hardship.

Networking

For the CARES program to be effective it is necessary for the Company to maintain a strong network of agencies and a strong knowledge of available assistance programs. This relationship allows the Company to help make proper referrals to meet customers' needs. Through interaction with agency personnel, through mailings and personal phone calls, the Company has established and maintained a sound relationship with social agencies and other utility companies.

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DOLLAR ENERGY EMERGENCY HARDSHIP FUND

Overview and Objectives

West Penn participates in the Dollar Energy Emergency Hardship Fund to provide cash assistance to utility customers to help them pay their utility bills. The Dollar Energy Fund makes payments directly to the Company on behalf of eligible customers. Contributions from shareholders, utility employees and customers are primary sources of funding for this program. Hardship funds provide assistance grants to customers who still have a critical need for assistance after other resources have been exhausted. The Dollar Energy Fund has been helping to make basic utilities more affordable for people with fixed or limited incomes. Individuals apply once a year for each utility and are not expected to pay the grants back.

Dates of Operation

The Fund accepts applications in accordance with pre-established account status guidelines, or as long as funds remain available. Program dates are as follows:

- | | |
|----------------------------------|---|
| - October 1 through November 30 | - Service Terminated or Pending Termination |
| - December 1 through January 31 | - Service Terminated |
| - February 1 through February 28 | - Service Terminated or Pending Termination |
| - March 1 through September 30 | - Open to All Customers*; or |
| | - Service Terminated or Pending Termination; or |
| | - Service Terminated; or |
| | - Closed |

* pending availability of funds

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Maximum Grant Amount

One maximum grant of \$500 may be awarded to a customer during a program year.

Eligibility Guidelines

- Residential single home or apartment;
- Name on account must be an adult resident;³
- Total household income (gross) must be at or below 200% of the federal poverty; income guidelines (exceptions will be made based on circumstances);
- Must have paid a minimum of \$150 on their account within the past 90 days (minimum of \$100 if over age 62);
- Account balance must be at least \$100 (senior citizens age 62 and over may have a \$0 account balance, but not a credit balance) (exceptions will be made based on circumstances);
- Must provide income and expense information.

Note: The Dollar Energy Fund is a “fund of last resort” with regard to the Pennsylvania Low Income Home Energy Assistance Program (“LIHEAP”). Customers must first apply for LIHEAP through the Pennsylvania Department of Public Welfare, when available, and must first participate in LIPURP, when eligible.

³ Residency exception will be made for ratepayers assigned to active military duty.

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LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (“LIHEAP”)

1. LIHEAP helps eligible customers on low or limited incomes pay their heating bills through energy assistance grants. A customer does not have to have an unpaid bill to receive energy assistance. The Department of Public Welfare (“DPW”) administers LIHEAP and establishes dates in which LIHEAP is available. There are two components of the LIHEAP Program – Cash grant and Crisis grant. To be eligible for a LIHEAP Cash grant a customer must be responsible for home heating costs and meet Federal Poverty Income Guidelines. To qualify for a LIHEAP Crisis grant a customer must be experiencing an energy emergency. Various efforts, such as bill inserts, letters, phone calls and customer referrals are attempted to encourage customers to pursue the LIHEAP funds when available. All LIHEAP grant dollars will be applied to customer payment obligations, including past due and current charges. If LIHEAP credit remains after the customer obligation is satisfied, the remaining credit will apply to future bills⁴.

⁴ These LIHEAP cash settlement rules were implemented prior to the 2011-2012 LIHEAP Program Year.

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SUMMARY OF PROGRAM ENHANCEMENTS

Low Income Payment & Usage Reduction Program (“LIPURP” or “CAP”)

1. Increase Percent of Income Payment Plan amount for Electric-Heat accounts for the 51% - 100% of Poverty Level to 16%, which is the maximum permitted in the PA Policy statement.
2. Apply all LIHEAP grant dollars to customers' payment obligations;
3. Effective September 2013, change arrearage forgiveness component credit from 2% to 1/36th.
4. In addition to the Distribution Rate Budget of \$5,880,000, include \$1,618,572 in Low Income Usage Reduction Program (“LIURP”) under spending (2008 to 2010 Program Years) to 2011, 2012 and 2013 as needed; and
5. Allow CAP participants to shop with alternate suppliers.

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Low Income Usage Reduction Program (LIURP)

1. Move \$1,618,572 in LIURP under spending (2008 to 2010 Program Years) to the 2011 through 2014 LIURP Distribution Rate Budgets;
2. Include incremental LIURP spending of \$150,000, \$350,000, 500,000 and \$700,000 in years 2011, 2012, 2013 and 2014, respectively provided for as a provision in the Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Energy merger at Docket Nos. A-2010-2176520 and A-2010-2176732 as was approved by the Pa PUC's order in those proceedings entered March 8, 2011;
3. Decrease usage eligibility guidelines from 667 kWh per month or 8,000 kWh annually, to 540 kWh per month or 6,500 kWh annually;
4. Eliminate the minimum threshold usage requirement for customers whose weatherization services can be coordinated with the PA Weatherization Program or a natural gas distribution company (NGDC),
5. Reduce the stay-out period from seven (7) years to five (5) years for customers or properties that have previously received LIURP services, and
6. Provide a greater portion of the LIURP budget for customers with household incomes between 150% and 200% of the federal poverty income guidelines.

Customer Assistance and Referral Evaluation System Program (CARES)

No enhancements or modifications are planned.

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Hardship Funds

No enhancements or modifications are planned.

Low Income Home Energy Assistance Program (LIHEAP)

1. Apply all LIHEAP grant dollars to customers' payment obligations.

CONCLUSION

Through Universal Service Programs, such as LIPURP, LIURP, CARES, Dollar Energy Fund and LIHEAP, the Company intends to ensure cost effectively that payment-troubled customers on a limited or fixed income have access to affordable energy.

With the approval of this updated plan, the Company will offer its Universal Service and Energy Conservation Programs in compliance with applicable Commission and other requirements, including the following:

- Chapter 56, Standards and Billing Practices for Residential Utility Service.
- 66 Pa. C. S. §1401 et seq. (Responsible Utility Customer Protection Act – Chapter 14).
- 52 Pa. Code §§54.71-54.78 – Reporting Requirements for Universal Service and Energy Conservation Programs.
- 52 Pa. Code §§58.1-18 (regarding LIURP).
- CAP Policy Statement of July 25, 1992, Docket No. M-00920345.
- Electricity Generation Customer Choice and Competition Act of December 3, 1996, 66 Pa. C. S. §§2801 et seq.

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- Commission Universal Service and Energy Conservation Programs Guidelines, Docket No. M-00960890F0010 – July 10, 1997.
- Commission Universal Service and Energy Conservation Program Reporting Requirements, Docket No. L-00970130 – April 30, 1998.
- Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Docket No. M-00051923 entered December 18, 2006.
- Joint Petition for Partial Settlement in the FirstEnergy – Allegheny Merger at Docket Nos. A-2020-2176520 and A-2010-2176732 as approved by PaPUC order entered March 8, 2011.

PLAN INQUIRIES DIRECTORY

Inquiries regarding this Plan should be directed to:

Lisa Watson, Manager – Compliance and Human Services

FirstEnergy Customer Service
1310 Fairmont Avenue
Fairmont, WV 26554
Telephone: 304-367-3248
Email: lwatson@firstenergycorp.com