

CONSUMER SERVICES
ACTIVITY REPORT: 1987

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CONSUMER SERVICES ACTIVITY REPORT - 1986

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THE CONSUMER SERVICES ACTIVITY REPORT FOR 1987

INTRODUCTION

This report highlights the complaint handling of the Pennsylvania Public Utility Commission's Bureau of Consumer Services. It is an annual overview of the performance of the major electric, gas and telephone companies for the year 1987. This report compares the handling of consumer complaints and payment negotiations in these industries and between individual companies within each industry. The results reported below provide information which can be used by the Commission to evaluate company activities and to set policies and goals in the area of customer services.

The Bureau of Consumer Services (BCS) was mandated under Act 216 of 1976 to provide responsive, efficient and accountable management of consumer complaints. Its responsibilities were clarified under Act 114 of 1986 in regard to reporting and deciding customer complaints. In order to fulfill its mandates, the Bureau began investigating utility customer complaints and mediating service termination cases in April 1977. In the ensuing decade the Bureau has investigated 218,259 cases and has received an additional 199,443 opinions and requests for information. To manage this complaint data, the Bureau maintains a computer based consumer information system through a contract with the Pennsylvania State University. This system enables complaints to be aggregated and analyzed so that generic as well as individual problems can be addressed.

A number of studies have found that only a minority, often a small minority, of dissatisfied persons complain about unsatisfactory products or services. The Bureau's experience reflects this fact as it has frequently found that a seemingly small number of individual complaints from utility customers may represent management failures or other systemic problems in utility operations. Support for evaluations of utilities is secured by aggregating data from thousands of complaints to provide information about how effectively utilities meet consumers' needs and whether their activities comply with Commission standards. The results of this analysis are periodically communicated to companies so that they can act independently to resolve problems before a formal Commission action becomes necessary. In many cases, companies which have taken advantage of this information have been able to resolve problems and improve service. However, companies which fail to act responsively to resolve problems have been subjected to fines and rate case adjustments of expenses or revenues.

The data in this report are aggregated in a manner which reflects natural regulatory distinctions. The bulk of the data is from the Bureau's Consumer Services Information System (CSIS). In addition, this report includes statistics from the Bureau's Collections Reporting System (CRS). The CRS provides a valuable resource for measuring changes in company collections performance. Cases involving termination of

service are distinctly different from consumer complaints. For this reason the Bureau routinely analyzes the two groups of cases separately. All cases involving termination of electric, gas or water service have been classified as "mediation" cases. Telephone suspension and termination complaints, which fall under unique regulations, are analyzed as consumer complaints.

The data and performance measures in this report have been in use for a number of years. The first two measures, the relative rate of mediation requests and consumer complaints for each company, are the most basic problem indicators. Two qualitative measures of company performance, reponse time and percent of cases justified, are also included in this report. The Bureau provides feedback to utilities on these measures in the form of Quarterly Closing Automated Reports Formats (ARFS) to all major electric, gas and telephone companies which have requested that information. Therefore, the companies reviewed in this report are well acquainted with the measures used here, with the Bureau's approach to interpreting these measures, and with their performance on these measures in 1987. An explanation of these measures is included below for readers who encounter them for the first time.

Chapter X of this report focuses on company failures at complying with the Commission's regulations. This analysis appears in this report for the first time. It explains the Bureau's compliance process and discusses the highlights of compliance activity from 1985-1987.

A number of cases are eliminated from the data base for this report because they do not represent company behavior which is appropriate to evaluate. One treatment of the data involves the purging of complaints which do not involve residential service. The Bureau's regulatory authority is largely confined to residential accounts. Thus, all cases that involve commercial accounts are deleted from the analysis and from Tables 2 thru 21. (Appendix A lists the distribution of commercial cases by company for the electric, gas and telephone industries. See Appendix B for the industry percentage of BCS cases defined as residential and commercial). Also, residential customer contacts which do not require investigation are excluded from the data base used here. These "nonevaluative" cases include problems over which the Commission has no jurisdiction, information requests which do not require investigation and most cases where the customer did not contact the company prior to complaining to the Commission.

I. OVERVIEW OF BUREAU OPERATIONS AND 1987 HIGHLIGHTS

The Bureau of Consumer Services was created by Act 216 of 1976. Its responsibilities were clarified in Act 114 of 1986. Act 114 of 1986 confers four primary responsibilities of the Bureau of Consumer Services. The first of these is to "...investigate and issue final determinations on all informal consumer complaints...". The Bureau's Field Services Division is responsible for receiving, investigating and deciding all informal complaints received by the Commission. The second legislative mandate states that "The Bureau shall on behalf of the Commission keep records of all complaints...and shall at least annually report to the Commission on such matters." In this regard, the Bureau's Division of Research and Planning maintains a sophisticated information system. This allows it both to access pertinent information regarding complaints and to use statistics from complaints to evaluate a company's performance. The third legislative mandate requires that the Bureau "...shall advise the Commission as to the need for formal Commission action on any matters brought to its attention by the complaints." The Bureau uses complaints in a number of ways to identify failures of utility operations or problems which require formal Commission action. Finally, Act 114 confers on the Commission a responsibility for maintaining the quality of utility service. The Bureau has a number of assignments in this area where utility customer services are involved. This discussion describes what the Bureau did during 1987 to satisfy its various responsibilities.

The Bureau meets its often complementary responsibilities through a focus on seven programmatic areas. These are: complaint handling, complaint analysis and feedback, utility program evaluation, payment-troubled customers programs, consumer policy analysis, regulation enforcement and management reports. The Bureau's activities in these areas during 1987 are explained below where utility performance at handling consumer complaints and solving problems is discussed.

Consumer Complaint Handling - The Field Services Division

The handling of consumers' complaints against utilities is the foundation for a number of Bureau programs. The complaint process provides an avenue through which consumers can gain rapid redress for errors and improper behavior by utilities. Three sections in the Field Services Division receive and investigate consumer complaints. Complaints about billing, service and company operation are handled in the Informal Complaint Unit. All complaints against telephone companies are handled in the Telephone Complaint Unit. Requests for help with payment agreements are handled in the Residential Termination Unit.

During 1987 the Field Services Division received 26,402 contacts from customers. Of these, 15,215 were found to be complaints which required investigation. In most cases, a binding decision was issued at the conclusion of the investigation. In a number of these cases, violations of Commission regulations were identified and an investigation of company practices was begun. Each of these complaints was coded to allow the Bureau to aggregate individual case data into a statistical picture which indicates where consumers are encountering

problems and of how each company is performing. The bulk of this Activity Report is devoted to the analysis of these statistics. The Bureau staff met with several companies to review effective procedures for complaint handling.

Complaint Analysis - Identifying Patterns and Trends

Complaint analysis is the process through which BCS applies information from individual complaints to the identification of broader utility problems. As indicated above, the concept that individual complaints represent systematic problems underlies the broad application of statistics based on complaints. Each individual case is evaluated after it is closed to determine whether the company handled the customer's dispute properly. Excessive delay and unfair or arbitrary actions are specifically identified and computer coded so that information from numerous complaints can be combined and analyzed to evaluate utility operations. The computer system, the Consumer Services Information System (CSIS), is then used to aggregate information from cases so that company performance can be compared and evaluated. Research and investigations have demonstrated that a limited number of complaints can provide information which points to a much broader pattern of problems. This framework of analysis has supported the Bureau's intervention in rate cases, fines for noncompliance and other formal actions. It has also led to cooperative problem solving with individual companies. The following programs involve complaint analysis activities:

- * The Bureau maintains an automated reporting system which provides information about utility customer services' performance. Information from this phase of complaint analysis is supplied to utilities on a quarterly basis. This "early warning system" allows them to detect and respond to unsatisfactory trends in performance before these become the focus of Commission concern.
- * The Bureau's Annual Overview Report, published in June, 1986 focused on the performance of the major gas, electric and telephone companies. This report permits the Commission, the public and companies to compare basic indices of customer services' performance for the major companies which serve the bulk of the state's population.

Evaluation of Utility Performance

The complaint analysis is combined with other information sources to provide an in-depth evaluation of the utility's customer services performance. The overall evaluations help to focus Commission resources on companies which are unable to maintain effective customer services. The Bureau can monitor companies with ongoing problems and intervene with companies which have declining performance.

- * Electric and gas utilities are required to report monthly regarding bill collection and termination

activities. The analysis of the reported data permits the evaluation of the systems which utilities use to collect unpaid bills. This ongoing effort is presented in detail in Chapter IX where basic statistics related to the performance of major utility collections activities are analyzed. Companies which evaluations reveal are performing poorly are targeted for in-depth review.

- * Utilities' general customer services activities have been another focus for evaluation. The Bureau has performed customer services audits of the operations of PP&L, UGI-Gas and Penelec. The audits revealed many problems which these companies then addressed. The Bureau continues to track UGI's activities in order to assess company effectiveness at solving operational and administrative problems. A consumer services audit system for telephone companies has been developed and will be implemented in 1988.

Payment-Troubled Customers Programs

The Commission's nationally renowned programs for assisting payment-troubled customers have been implemented by all major companies. They help to protect tens of thousands of customers each year.

- * In 1987, the Bureau secured approval of regulations mandating standardizing of utility programs to weatherize the homes of utilities' low income heating and water heating customers. The Bureau assisted companies in the design and development of weatherization programs. Detailed program guidelines were provided to each company. In addition, the Bureau staff met with each company to review and discuss preliminary plans and to evaluate alternative approaches to providing weatherization services. These programs, which went into effect in early 1988, will protect thousands of poor households against unnecessarily high utility bills.
- * In a follow-up to the payment-troubled customers investigation the Bureau prepared a guaranteed service proposal for Commission review. This proposal addresses the plight of customers who cannot manage to pay for service even with other forms of assistance. Also in 1987 the Commission approved a set of proposed Telephone Quality of Service Regulations drafted by the Bureau. These require companies to maintain minimum levels of technical performance in the operation of their systems. The regulations have been approved and will go into effect on July 1, 1988.

Policy Analysis

The Bureau has always supported and participated in policy analysis in order to develop long-range plans. These activities help to identify areas where regulatory intervention is needed or where regulatory policy needs to be changed.

- * The Bureau published two reports based on data from a telephone survey conducted by Penn State. These reports were "Consumer Awareness of the Utility Regulatory System in Pennsylvania" and "Consumer Awareness, Consumer Information and Utility Consumer Education in Pennsylvania". These reports provided information which is being used both to structure the consumer education program and to highlight specific material which will be needed in this program.
- * Bureau staff members prepared presentations for conferences and meetings sponsored by Michigan State University, NARUC, the Energy Resource Group, the Federal Department of Energy, the Department of Public Welfare, the Emergency Fuel Group, and Drexel University. These communicated Commission achievements in programs and policy analysis to other regulatory agencies and interested state and federal agencies.

Compliance - Insuring Proper Utility Practices

Utility compliance with statutes and Commission regulations is achieved through several Bureau activities.

- * First, the staff of the Field Services Division identifies potential violations in the handling of individual cases. Over 1300 violations were identified in this way in 1987. In each case the company involved is required to respond in writing to the alleged violation. This process calls the utility's attention to violations so that it can take steps to voluntarily comply with the regulations. This also allows documentation to be accumulated which will support further action if a pattern of violations persists over time.
- * A preventive approach to compliance was initiated in 1987 through the process of reviewing company procedures. This involves the reviewing of small companies' procedures in areas which are known to be particularly problematic. The goal of this is to have companies comply with the Commission's regulations without resorting to formal, and hence adversarial, actions by the Bureau.

- * Another preventive approach to compliance involves providing comparative information on company performance. This was done in 1987 through the publication of a report on Bureau compliance activity in 1985 and 1986. In addition to comparing companies, the report explained the regulations from an operational perspective so that utilities can modify their procedures.

Management Support

The complexity of the Bureau's approach to influencing utility company activities requires a sophisticated support system. This system produces three primary products which help to maintain the quality of Bureau programs.

- * Quality control activities are emphasized in order to insure the credibility of BCS data. Each case is independently evaluated to insure that Bureau staff handles complaints properly. Bureau policies relating to complaint handling and regulatory guidelines are continually reviewed to insure consistent results. The coding of case records is also reviewed on a regular basis to guarantee the validity and reliability of CSIS information so that utility evaluations are accurate.
- * A Consumer Feedback Survey is done monthly to determine how consumers feel about their contact with BCS.
 - In 1987 95% of those responding felt that the Bureau representative was polite, 93% felt that the representative was interested in helping, and 92% felt that their problem was handled quickly.
 - In addition, 42% said they got more help than they expected from the Bureau and 36% felt they got the help they expected.
 - Most important, 62% of respondents rated the Bureau's overall service as excellent and 23% rated that service as good.
 - The messages in this survey are very positive. Even so, unfavorable survey responses are used to determine needs for remedial training and modification in procedures. Traditional management information is also produced to support the quality of Bureau programs. Supervisors in the Field Services Division receive reports which compare staff performance and allow quantitative goals to be reinforced. Also,

information is provided to the Bureau's managers so that they can evaluate progress at achieving goals and prepare plans for future Bureau activities.

II. OVERALL ACTIVITY

The Bureau's cases fall into three basic categories: consumer complaints, mediation requests, and inquiries. The Bureau received 15,215 contacts from utility customers which required investigation in 1987. The 6,433 consumer complaints about utilities' actions related to billing, service delivery, repairs, etc. In 758 of these contacts the Bureau saved the customers money in billing adjustments. The total amount of money saved for these customers was \$169,655. Mediation requests, of which there were 8,782, came from customers who needed help in negotiating payment arrangements with their utility companies in order to avoid termination of service or to have service reconnected. It is important to note that telephone service termination cases are treated as consumer complaints. The Bureau also received 11,187 inquiries and information requests which did not require investigation.

Mediation Requests

Mediation requests decreased by nearly 14% from 10,181 in 1986 to 8,782 in 1987. This is the smallest annual number of BCS mediations since the Bureau began keeping records in 1978. The mediation volume peaked at 19,603 in 1982 and has dropped 55% since then. (See Appendix C - Table 2 for annual volume). In this light, the 1987 results are encouraging. Companies seem to have improved negotiation techniques needed to reduce unnecessary requests for arbitrated payment agreements. In addition, the development of broadly applicable programs for payment-troubled customers appears to have helped many customers to cope successfully with their problems.

Consumer Complaints

Consumer complaints increased by 9% from 5,896 in 1986 to 6,433 in 1987. These numbers are consistent with the range in numbers of complaints from 1981 through 1985. (See Appendix C - Table 1 for the monthly volume of mediations and consumer complaints). Thus, it appears that there is a stable, long term pattern in consumer complaints. This information is being used as a basis for planning by the Bureau.

Commission regulations require that customers seek to resolve problems directly with their utilities prior to registering a complaint with the Commission. In view of this, the Bureau seeks to foster improvements in utility complaint handling operations so that complaints will be properly handled and customers will not find it necessary to appeal to the Commission. Since the Bureau receives complaints from only a fraction of dissatisfied customers, this effort has benefits which go far beyond reducing the Bureau's work load.

The success of this effort can be seen in the fact that consumer complaint volume peaked at 11,409 in 1978 and has declined by 44% since then. Pressure on all companies to effectively implement Chapter 56 led to dramatic reductions in complaints in 1979 and 1980 and brought complaint volume to the consistent level which has endured since

1983. In light of this long term, consistent pattern in consumer complaints, the Bureau's goal of a further decline in consumer complaints can be achieved only if individual companies make significant improvements. Specifically, these are the companies with the worst performance in their respective industries. The Bureau will target them for improvement in 1988.

Inquiries and Opinions

During 1987 there were 11,187 cases which required no follow-up beyond the initial contact. These cases involved requests for information which were handled at the time of contact, protests or questions related to rates, and referrals to other Commission offices and to appropriate agencies outside the P.U.C. The largest referral category in 1987 was to the utility involved because the customer had not previously discussed the problem with the company. Rate protests were received regarding proposed rate hikes for major companies such as Duquesne Light, Equitable Gas and National Fuel Gas. (See Appendix D for the distribution of inquiries and opinions by major problem categories.)

III. NATURE OF BCS CONSUMER COMPLAINTS

The table below presents a comparison of the six major problem areas into which consumer complaints fell in 1986 and 1987. The most common problems were billing and service. (See Table 1). Billing problems include complaints about confusing estimation methods, disputed usage, and inaccurately estimated bills. Billing complaints became more frequent from 1986 to 1987. Another third of complaints dealt with service and people-delivered service complaints which are related to utility unresponsiveness, poor quality of service, and delays in repairs. The remaining complaints are distributed among the credit and deposits, telephone service termination and rates and tariff complaints categories.

Table 1

PRIMARY PROBLEMS FOR CONSUMER COMPLAINTS: 1986-1987

	1986	1987	Percent change 1986-1987
Billing/Payment	47%	53%	13%
Credit/Deposits	7%	5%	-29%
Rates/Tariffs	2%	1%	-50%
Service	23%	24%	4%
People Delivered Service (Repairs)	11%	9%	-18%
Termination (telephone)	10%	8%	-20%

IV. GEOGRAPHIC DISTRIBUTION OF BUREAU ACTIVITY

In general, the geographic distribution of cases does not conform to population density. County by county variations in mediation requests and consumer complaints are depicted in Appendix E, Tables 1 and 2. The number of cases per 1,000 households is calculated to make it possible to compare customer problems throughout the state.

Mediation Requests

The average state-wide county mediation rate was 1.39 per 1,000 households in 1987. The number of mediation requests in 1987 ranged from none in Sullivan County to 2,489 in Allegheny County. (See Appendix E, Table 1). Lawrence County had the highest rate of mediation requests at 5.76 per 1,000 households. Allegheny (4.36), Fayette (4.31) and Mercer (4.07) counties also had high mediation rates. The extent of regulated utility service, the degree of urbanization, relative economic well-being, and the quality of company negotiations may be factors which affect mediation requests. High mediation rates tend to be clustered in the western part of the state and low rates are most common in rural counties. This may be a reflection on the use of regulated service for heating.

Consumer Complaints

The average state-wide consumer complaint rate was 1.37 per 1,000 households in 1987. Consumer complaints varied from a low of 0 in Sullivan County to a high of 1,242 in Allegheny County. (See Appendix E, Table 2). Complaint rates were the highest in Wyoming (2.72), Monroe (2.69), Lackawanna (2.53), Dauphin (2.45) and Greene (2.33).

V. TYPE OF UTILITIES INVOLVED

Mediation Requests

As in past years, almost all mediation cases in 1987 involved electric (62%) or gas companies (31%). (See Appendix F). Meanwhile, 7% of the mediation requests (865 cases) stemmed from threatened termination of water service. These results for 1987 represent a change from the past three years. Electric companies accounted for a significantly larger portion of BCS mediations in 1987 than in 1986 because, while electric industry mediations were basically stable, the gas industry saw a substantial decrease. All telephone complaints related to suspension and termination are classified by BCS as consumer complaints because they are not subject to arbitrated payment agreements based on the customer's ability to pay.

Consumer Complaints

Telephone companies were involved in 35% of consumer complaints. Electric and gas companies accounted for 33% and 17% of all complaints respectively. The most significant change from 1986 to 1987 involved the gas industry, which experienced a 22% decrease in consumer complaints. This decline caused the gas industry's proportion of consumer complaints to drop from 24% in 1986 to 17% in 1987. Also, the electric and water industries showed slight increases in their proportion of complaints while the telephone industry proportion remained constant. The water industry continues to take up an increasing portion of BCS consumer complaints. This pattern leads the Bureau to monitor the water industry more closely in 1988.

VI. MAJOR COMPANIES

The wide difference in the size of even the major utilities makes comparisons which use raw numbers of complaints unsupportable. The need to compare company performance has thus led to the calculation of a uniform measure, the rate of cases per thousand residential customers. (See Appendix G for the number of residential customers for the major electric, gas, and telephone companies). Unusually high mediation and complaint rates^{1/} often indicate situations which require investigation. Thus, information on complaint and mediation rates is used to reveal patterns and trends which help to focus BCS research and compliance activities. The discussion below provides an overview of Bureau activity along with some preliminary findings. (See Appendix H for statistics covering the past five years).

Consumer Complaints

Consumer complaints include all complaints regarding billings, rates, deposits, and service. All complaints against telephone companies are consumer complaints. The Commission has established a process in which the companies play the primary role in handling consumer complaints. The Bureau normally does not become involved in consumer complaints until negotiations between the customer and the company fail. Thus, high rates of complaints to the Bureau can indicate that a company is unable to effectively resolve consumer problems. In addition, significant decreases in the frequency of problems over time may also indicate that a company is improving.

Gas Utilities

There were 22% fewer complaints against the major gas utilities in 1987 than in 1986 (See Table 2). This is the fourth annual decline in the past five years. It is hoped that the number of consumer complaints against gas companies will continue this long term pattern of improvement.

1/ Formulas for Mediation and Complaint Rates

$$\text{Mediation Rate} = \frac{\text{Total Number of Mediation Cases}/12}{\text{Monthly Average Number of Overdue Residential Customers}/1000}$$

$$\text{Complaint Rate} = \frac{\text{Total Number of Consumer Complaints}}{\text{Monthly Average Number of Residential Customers}/1000}$$

Table 2

Residential
Consumer Complaints
Major Gas Companies
(1986-1987)

Company	1986		1987		1986-1987
	N	Complaint Rate	N	Complaint Rate	Percent Change in N
Columbia	178	.58	107	.35	-40%
Equitable	479	2.13	289	1.28	-40%
NFG	81	.44	72	.39	-11%
P.G.&W.-Gas	88	.82	72	.66	-22%
Peoples	242	.80	226	.75	- 7%
UGI-Gas	156	.83	183	.97	17%
Total (average rate)	1224	.93	949	(.94)	(-22%)

Among the highlights of the past year:

- * In 1987, Columbia Gas reduced consumer complaints for the third out of the past four years with a total reduction of 63% over this time. As a result Columbia's complaint rate is once again the best in the gas industry. This rate is the industry's best since BCS began keeping records in 1978. Consequently, Columbia should serve as a positive role model to other major gas companies.
- * Despite a significant reduction in consumer complaints from 1986 to 1987, Equitable continues to have the industry's worst consumer complaint rate. The company has carried this stigma since 1981.
- * UGI was the only gas company to experience an increase in consumer complaints from 1986 to 1987. This trend will be tracked very closely during 1988 through periodic informal discussions with the company.

Electric Utilities

In contrast to the gas industry, there were 20% more consumer complaints against major electric companies in 1987 than in 1986. This is the third annual increase in the past four years. However, while the difference between the two industry averages has narrowed, the complaint rate for major electric companies continues to be significantly better than that for major gas companies.

Table 3

Residential
Consumer Complaints
Major Electric Companies

(1986-1987)

Company	1986		1987		1986-1987
	N	Complaint Rate	N	Complaint Rate	Percent Change in N
Duquesne	253	.51	303	.61	20%
Met. Ed.	94	.27	109	.31	14%
Penelec	206	.44	177	.38	-14%
Penn Power	35	.31	48	.42	27%
P.P.&L.	242	.26	282	.29	17%
P.E. Co.	488	.40	630	.50	29%
UGI-Luzerne	19	.38	47	.93	147%
West Penn	221	.42	275	.52	24%
Total (average rate)	1558	(.37)	1871	(.50)	(20%)

Among the preliminary findings:

- * Consumer complaints against Duquesne Light increased for the second straight year. Its complaint rate continues to be one of the worst in the industry.
- * As a result of the second consecutive annual decline in consumer complaints, Penelec's 1987 consumer complaint rate became better than the industry average for the first time in this decade.
- * PP&L maintained a complaint rate which is the best in the industry for the third year in a row.
- * UGI-Luzerne showed the industry's largest increase in consumer complaints in the electric industry from 1986 to 1987. Specifically, billing and service complaints rose substantially from 1986 to 1987. During this time, the company's complaint rate went from average to the worst in the industry.

Telephone Utilities

Complaints against major telephone companies increased by 3% from 1986 to 1987 (See Table 4). In contrast, there was a 16% increase from 1984 to 1985 and a 33% decrease from 1985 to 1986. In this light, this slight increase may signify a stabilization of complaints at a level somewhat below that which was experienced during the initial phase of divestiture. Also, the telephone industry has the highest incidence of non-residential complaints. These are not reflected here but there

was one additional complaint from a commercial customer for each four complaints listed in Table 4. (Statistics on BCS cases involving non-residential telephone accounts for 1986 and 1987 appear in Appendix A).

Table 4

Residential
Consumer Complaints
Major Telephone Companies
(1986-1987)

Company	1986		1987		1986-1987 Percent Change in N
	N	Complaint Rate	N	Complaint Rate	
Bell	759	.23	924	.27	22%
Commonwealth	79	.62	62	.46	-22%
Continental#	29	.50	44	.70	52%
General	207	.64	148	.45	-29%
Alltel	116	1.14	86	.83	-26%
United	128	.58	94	.42	-27%
Total (average rate)	1318	(.62)	1358	(.52)	(3%)

includes Quaker State

Among the highlights of the past year:

- * The Bureau is encouraged by ALLTEL's second consecutive annual decrease in consumer complaints. Nevertheless, ALLTEL's complaint rate continues to be the industry's worst, as it has been since 1982.
- * Bell was one of two major telephone companies to show an increase in consumer complaints from 1986 to 1987. On the positive side, Bell's complaint rate has either been the best or tied for the best in the industry in every year since BCS began reporting this data in 1978.
- * Continental experienced the largest increase in consumer complaints in the telephone industry from 1986 to 1987. The net effect of the change is revealed in the drop in the company's complaint rate ranking from next to the best in 1986 to next to worst in 1987.

Mediation Requests

The Commission's service termination procedures protect utility customers' rights and provide companies with an effective collections tool. The Bureau normally intervenes at the customer's request only after direct negotiations between the customer and the company have failed. In 1988 the Bureau continues to focus on having companies improve payment negotiations.

As with consumer complaints, differences in company size make comparisons between utilities based on numbers of mediations unproductive. In response to this, the number of mediation requests per 1,000 overdue residential customers - the mediation rate - is used to permit comparisons among companies. The mediation rate can be used as a preliminary evaluation of companies' effectiveness in making payment arrangements. Unusually high or low rates, or sizeable changes in rates can reflect company performance. In particular, the Bureau views significant increases in the number of mediation cases or high mediation rates as error signals which companies should address.

The volume of mediation requests has declined substantially. The figures depicted in Tables 5 and 6 fail to reflect reductions in mediation cases over the past five years which have totaled 43% for the major electric companies and 53% for the major gas companies. These reductions are directly attributable to four things. The first of these is that companies have paid increased attention to the quality of payment agreements. The stabilizing of residential bills in the past few years also appears to have contributed to the ability of companies to master effective payment negotiations. In addition, more and better programs for payment-troubled customers have improved the ability of many customers to pay off their arrearages. Continued attention to the management of collections and to payment-troubled customers' activities should, at the very least, stabilize mediation cases at the current level.

Gas Utilities

Mediation requests from gas customers decreased by 37% from 1985 to 1986. The Bureau is encouraged by this and anticipates that the gas industry will continue to improve in 1988.

Table 5

Residential
Mediation Requests
Major Gas Companies

(1986-1987)

Company	1986		1987		1986-1987 Percent Change in N
	N	Mediation Rate	N	Mediation Rate	
Columbia	536	1.53	249	.58	-54%
Equitable	1361	4.31	339	1.06	-75%
National Fuel	277	.99	268	.95	- 3%
P.G.&W.-Gas	161	1.00	181	1.20	12%
Peoples	1086	2.63	1048	2.67	- 3%
UGI-Gas	625	2.39	461	1.69	-26%
Total (average rate)	4046	(2.14)	2546	(1.36)	(-37%)

Among the preliminary findings:

- * Columbia's 54% decrease in mediations from 1986 to 1987 was the company's third consecutive annual improvement. Columbia's mediation rate improved from the industry's worst in 1984 to the industry's best in 1987.
- * Equitable's 75% reduction in mediations from 1986 to 1987 was one of the most dramatic improvements ever recorded for a gas or electric company. Equitable's mediation rate ranking improved from the industry's worst in 1986 to above average among the six major gas companies in 1987.
- * PG&W was the only major gas company to have more mediation requests in 1987 than in 1986. Nevertheless, PG&W's mediation rate remained better than the industry average.
- * Peoples Gas reduced mediations for the fourth year in the past five. Even so, there remains much room for improvement as indicated by Peoples' mediation rate, which was the industry's worst in 1987.

Electric Utilities

The electric industry experienced a 2% increase in mediation requests from 1986 to 1987. This slight increase follows two consecutive annual declines. Even so, the mediation rate for the electric industry (.77) continues to be much better than that for the gas industry (1.36). This may be due to the fact that the gas industry has a greater saturation of heating customers than does the electric industry. Therefore, heating customers have larger bills and are thus more at risk for nonpayment. Consequently, the mediation rate is expected to be greater for the gas industry than for the electric industry.

Table 6

Residential
Mediation Requests
Major Electric Companies

(1986-1987)

Company	1986		1987		1986-1987
	N	Mediation Rate	N	Mediation Rate	Percent Change in N
Duquesne Light	947	1.06	1095	1.33	16%
Met. Ed.	140	.24	152	.26	9%
Penelec	255	.28	366	.42	44%
Penn Power	315	1.37	271	1.24	- 14%
P.P.&L.	788	.53	478	.32	- 39%
P.E.Co.	1753	.55	1725	.58	- 2%
UGI-Luzerne	67	.86	88	1.14	31%
West Penn	707	.68	893	.85	26%
Total (average rate)	4972	(.70)	5068	(.77)	(2%)

Among the highlights of the past year:

- * Duquesne's 16% increase in mediations caused its mediation rate to become the industry's worst in 1987. Even so, the number of mediations for Duquesne peaked in 1982 at 2,672. Since then the company has reduced its mediations by 59%. During this period, the industry has improved by 51%. Thus, while Duquesne's comparative performance is poor, it is slowly catching up to its industry.
- * Despite a 16% increase in mediations from 1986 to 1987, Met.Ed.'s mediation rate remained the industry's best in 1987, nearly three times better than the industry average.
- * Due to its third annual decline in mediations, PP&L's mediation rate has improved from worse than average in 1984 to more than twice as good as the industry average in 1987.
- * West Penn's 26% increase in mediations from 1986 to 1987 caused its 1987 mediation rate to rise to a level that is worse than the industry average for the first time in this decade.

VII. RESPONSE TIME

Response time is the time span in days from the date of the Bureau's first contact with the company regarding a complaint to the date on which the company provides the Bureau with all of the information needed to resolve the complaint. Response time quantifies the speed of a utility's response ("responsiveness") in resolving BCS complaints. In this report, response time is presented as the mean number of days for each company. Mediation requests and consumer complaints are reviewed separately.

Response time is important for two reasons. First, a short response time means that a company has moved quickly to address the customer's problem. Second, a short response time is a clear indication that a company maintains adequate records. These records are required by Commission regulations and their routine presence indicates that companies generally have the resources on hand which are necessary to resolve a dispute before it becomes necessary for the Bureau to become involved. For these reasons, significant improvements or declines in response time performance, as well as failure to improve on conspicuously bad performance, are the focus of the analysis here.

Mediation Response Time

Every day that a mediation case remains open and unresolved, the customer continues to accumulate a larger debt to the company. As a result, there is a strong, inherent economic incentive for the company to process mediation requests expeditiously so that a final disposition of the complaint can be determined. The statistics below seem to reflect this logic as company performance has improved and converged over time.

Early in 1987 the Bureau formalized a policy of requiring all companies to respond through written dispute reports in all BCS mediation cases. This may have caused mediation response time to increase for those companies which made significant changes in Business Office practices to satisfy this requirement. This change in policy should not affect the response time of those companies which were previously providing written dispute reports should have no reason for increased response time.

Electric Utilities

The major electric companies' overall average mediation response time was one day quicker in 1987 than in 1986. This is a particularly favorable finding as six of the eight companies contributed to this trend.

Table 7

Mediation Response Time
Major Electric Companies

Company	Ave. Time in Days 1986	Ave. Time in Days 1987	1986-1987 Change in Days
Duquesne Light	7	9	2
Met.Ed.	4	2	- 2
Penelec	5	5	no change
Penn Power	2	7	5
P.P.&L.	4	4	no change
P.E.Co.	6	5	- 1
UGI-Luzerne	5	4	- 1
West Penn	8	4	- 4
Ave. Response Time*	6	5	- 1

*Total days of response time divided by total cases

- * Duquesne Light and Penn Power were the only major electric companies to take more time to respond to BCS Mediation requests in 1987 than in 1986. As a result, these are the only companies to have response times that were worse than the industry average.
- * Met.Ed. was the most responsive company to mediation requests in 1987 with a response time less than half the average for the electric industry.

Gas Utilities

The mediation response time for the major gas companies, as a group, improved by one day from 1986 to 1987. However, half of these six companies took longer to respond in 1987 than in 1986. Collectively, the major gas companies are three days slower at responding to mediations than are the major electric companies. There is clearly room for improvement here.

Table 8

Mediation Response Time
Major Gas Companies

Company	Ave. Time in Days 1986	Ave. Time in Days 1987	1986-1987 Change in Days
Columbia	9	9	no change
Equitable	15	5	-10
National Fuel	6	10	4
P.G.&W. - Gas	5	8	3
Peoples	5	8	3
UGI-Gas	6	6	no change
Ave. Response Time*	9	8	-1

*Total days of response time divided by total cases

- * Equitable showed the most dramatic improvement in the gas industry in mediation response time from 1986 to 1987. As a result, Equitable went from being the least responsive in 1986 to the most responsive major gas company in 1987. The Bureau is encouraged by Equitable's improvement in this area.
- * NFG and Columbia had mediation response times in 1987 that were slower than the industry average. In particular, the decline in National Fuel's response time performance is a source of concern. PG&W and Peoples also took longer to respond to mediation requests in 1987 than in 1986.

Consumer Complaint Response Time

Slow response to complaints registered with BCS is an indication of inadequate complaint handling procedures. If a company is unresponsive to a BCS complaint, there is an indication that it is also unresponsive in handling the large majority of customer disputes which never reach the Bureau. Detailed investigations have verified the existence of the relationship between poor response time to the Bureau and unresponsiveness to customers. Responsiveness is thus an important index of the quality of utility complaint handling. Attention both to careful management of consumer complaints and to maintaining accurate customer records is an approach which allows companies to reduce the number of customers who complain to the Bureau.

Electric Utilities

The major electric companies as a group improved their responsiveness to consumer complaints by one week from 1986 to 1987. The range in responsiveness in 1987 varies from two to four weeks with an average of three weeks. The Bureau continues to urge companies to seek improvement in 1988.

Table 9

Consumer Complaint Response Time
Major Electric Companies

Company	Ave. Time in Days 1986	Ave. Time in Days 1987	1986-1987 Change in Days
Duquesne Light	31	28	- 3
Met.Ed.	24	14	-10
Penelec	16	16	no change
Penn Power	11	18	7
P.P.&L.	21	16	- 5
P.E.Co.	39	22	-17
UGI-Luzerne	25	15	-10
West Penn	26	21	- 5
Ave. Response Time*	28	21	- 7

*Total days of response time divided by total cases

- * Despite an improvement of three days in responsiveness from 1986 to 1987 to consumer complaints, Duquesne Light was the least responsive major company in 1987. The Bureau will closely monitor Duquesne in 1988 regarding responsiveness to both complaints and mediations.
- * Met.Ed.'s improvement in responsiveness of ten days, raised its ranking among the major electric companies to the top in 1987.
- * Although Penn Power's response time remained better than the industry average in 1987, it became a full week slower. This mirrors the company's mediation response time performance where it also had the greatest decay in responsiveness in the industry. The company should act to determine the source of this disturbing trend.

Gas Utilities

Major gas companies as a group were substantially quicker than the major electric companies at responding to consumer complaints. The industry average of sixteen days is much improved over the 1986 average of twenty-four days. All of the gas companies would fall above average in comparison to the electric industry. The Bureau anticipates continued improvement in 1988.

Table 10

Consumer Complaint Response Time
Major Gas Companies

Company	Ave. Time in Days 1986	Ave. Time in Days 1987	1986-1987 Change in Days
Columbia	21	12	- 9
Equitable	32	18	-14
National Fuel	10	14	4
P.G.&W. - Gas	29	16	-13
Peoples	21	18	- 3
UGI-Gas	17	15	- 2
Ave. Response Time*	24	16	- 8

*Total days of response time divided by total cases

* Five of the six major gas companies improved their responsiveness to BCS consumer complaints from 1986 to 1987. As a result, the range in responsiveness among the major gas companies has narrowed from over three weeks in 1986 to only 6 days in 1987. In other words, the overall response time is good and the worst companies in the industry are not all that far behind the best. The Bureau is encouraged by these improvements.

* NFG took four days longer to respond to BCS consumer complaints in 1987 than in 1986. It was the only gas company to increase its response time both to consumer complaints and mediation cases.

Telephone Utilities

The telephone industry showed a slight deterioration in responsiveness from 1986 to 1987. The industry average response time went from two weeks to sixteen days. This is in sharp contrast to the large improvements in the electric and gas industries. Should this trend continue, the telephone industry may be last rather than first in responsiveness.

Table 11

Consumer Complaint Response Time
Major Telephone Companies

Company	Ave. Time in Days 1986	Ave. Time in Days 1987	1986-1987 Change in Days
ALLTEL	7	13	6
Bell	14	17	3
Commonwealth	11	9	- 2
Continental	23	21	- 2
General	17	13	- 4
United	14	14	no change
Ave. Response Time*	14	16	2

*Total days of response time divided by total cases

- * Commonwealth's response time of nine days is the telephone industry's best for 1987. This commendable effort sets a standard against which all other major companies can compare their performance.
- * General Telephone showed the greatest improvement in responsiveness to consumer complaints from 1986 to 1987. General's response time is now next to the best in the industry.
- * ALLTEL's response time nearly doubled from 1986 to 1987. Even though ALLTEL's response time remains better than the industry average, the Bureau is concerned with the magnitude of this increase.
- * Despite its improvement in response time from 1986 to 1987, Continental's response time remains the industry's worst, five days slower than the industry average, in 1987.

Summary

Response time is an important indicator of a company's responsiveness at handling disputes. A quick response time indicates that a company generally has the resources on hand which are necessary to resolve a dispute before it becomes necessary for BCS involvement. Although some companies failed to perform adequately in this area, the fact remains that there were large improvements in the electric and gas industries in responding to consumer complaints and mediation requests.

VIII. CASE OUTCOME - JUSTIFIED PERCENT

One of the Bureau's primary concerns is that utilities handle contacts effectively before they are brought to the Bureau's attention.

This will have two desirable effects. First, proper case handling minimizes errors and maximizes customer satisfaction, thus preventing unnecessary complaints to the Bureau. Second, proper case handling guarantees that most customer complaints to the Bureau will be resolved in the company's favor. Outcome is measured in terms of consumer complaints which are found to be valid or "justified". Commission regulations require that electric, gas and telephone customers contact their utilities to resolve a complaint prior to seeking PUC intervention. Although exceptions are permitted under extenuating circumstances, the Bureau's policy is to accept complaints only from customers who have already been unable to work out their problems with the company. Thus, a BCS case which is "justified" is a clear indication that the company has handled a dispute improperly.

Informal complaints to the Bureau represent customer appeals to the Commission regarding disputes with utilities. These cases are a result of the inability of the utility and the customer to reach a mutually satisfactory resolution to a dispute. Once the Bureau is contacted, there are three possible outcome classifications: complaint "justified", "inconclusive" and complaint "unjustified". In 1985 and 1986 the method for determining the case outcome was revised. In the past, the outcome variable was based on whether the BCS case concluded with the person's need being met by the company after BCS intervention. Specifically, complaints were "upheld" when the original problem was resolved as the customer requested; complaints were "dismissed" if the complaint was not resolved as the customer requested; or complaints were considered to be a "compromise" if there had been a partial solution to the problem. Unfortunately, this led to companies being rated badly when they focused on attempting to satisfy the customer's request after the case came to the Bureau.

The new approach focuses strictly on the regulatory aspect of the complaint and rates companies negatively only where appropriate procedures were not followed or where the regulations have been violated. The outcome variable will continue to be used as a means to identify utility effectiveness in dealing with customers prior to BCS intervention. However, beginning with consumer complaints opened on July 1, 1985, and mediation cases opened on January 1, 1986, this variable is used to identify whether or not correct procedures were followed by the utility at the time the customer contacted the company and prior to the time the customer contacted the Bureau. Specifically, a case is considered "justified" in the appeal to BCS if it is found that, prior to BCS intervention, the company did not comply with PUC orders, regulations, reports, Secretarial Letters, tariffs, etc. "Unjustified" complaints are those cases in which the company demonstrates that correct procedures were followed prior to BCS intervention. "Inconclusive" complaints are those in which incomplete records, equivocal findings or uncertain regulatory interpretations make it difficult to determine whether or not

the customer was justified in the appeal to the Bureau. It is anticipated that the majority of cases will now fall into either the "justified" or "unjustified" category. This will allow the Bureau to more accurately assess company performance.

Mediation Justified Percent

Company effectiveness at negotiating payment arrangements when service termination is threatened is a major concern of the Bureau. In monitoring utility performance, the Bureau uses the percent of mediation cases justified to measure a company's effectiveness in negotiating with its customers. When a company's negotiations prior to a customer's appeal to BCS are found to have failed to conform to long-standing regulatory requirements, the case is said to be "justified". The following analysis focuses on the effectiveness of the major electric and gas companies in this area.

Electric Utilities

The range of performance in the electric industry is quite broad. The major electric companies as a group were somewhat less effective in negotiating payment arrangements than the major gas companies in 1987. Although this is consistent with the results from 1986, there is no definitive explanation for the difference between these two industries other than the poor performance of individual companies. Also, the electric industry's performance decayed slightly while the gas industry's improved somewhat.

Table 12

Justified Mediations Major Electric Companies

Company	Justified Percent		Net Change 1986 to 1987
	1986	1987	
Duquesne Light	46%	43%	- 3%
Met.Ed.	22%	31%	9%
Penelec	27%	24%	- 3%
Penn Power	31%	26%	- 5%
PP&L	25%	24%	- 1%
P.E.Co.	31%	35%	4%
UGI-Luzerne	48%	51%	3%
West Penn	37%	45%	8%
Average Justified Percent	34%	36%	2%

* Four major electric companies improved and four companies deteriorated from 1986 to 1987 as indicated by their percent of mediations which are justified. The overall decline in the industry's performance was largely due to a sharp increase in justified mediations related to Met.Ed. and West Penn.

- * Penelec and PP&L were tied with the best percent of justified mediations in the electric industry.
- * UGI-Luzerne, West Penn and Duquesne had levels of justified mediations which were far above the industry average and at levels which are simply unacceptable. Management attention to this problem is in order.

Gas Utilities

The gas companies exhibited a broad range of performance, from 16 to 43 percent, in the percent of justified mediations. This makes it clear that there is room for substantial improvement on the part of some companies.

Table 13

Justified Mediations Major Gas Companies

Company	Justified Percent		Net Change 1986 to 1987
	1986	1987	
Columbia	14%	16%	2%
Equitable	42%	35%	- 7%
National Fuel	24%	43%	19%
P.G.&W. - Gas	39%	33%	- 6%
Peoples	20%	20%	no change
UGI-Gas	41%	39%	- 2%
Average Justified Percent	31%	28%	- 3%

- * Three of the six major gas companies improved their effectiveness at customer payment negotiations while the industry average indicated moderate improvement from 1986 to 1987.
- * For the second year in a row, Columbia was the most effective in either industry at handling customer payment negotiations. In contrast, NFG saw a decline in performance far out of line with the industry. The Bureau is concerned because NFG's percent of cases which were justified went from significantly better than average in 1986 to the industry's worst in 1987.

Consumer Complaint Justified Percent

Substantially more consumer complaints than mediation cases are found to be "justified". There are several reasons for this. First, consumer complaints are very different from mediation requests in that they involve a number of very diverse problems and their resolution requires considerable expertise. In contrast, mediation cases involve a portion of the regulations which is procedurally less complex. In addition, mediations typically involve large amounts of money. It appears that this factor has led to a greater supply of managerial,

technical and personnel resources being applied to making payment negotiations effective. There appear to be clear opportunities for improvement by all companies in effectively handling consumer complaints.

Electric Utilities

For the second year in a row, the consumer complaint handling performance of the major electric companies was much more similar than in the mediation area. However, these companies as a group were less effective in 1987 than in 1986. On a comparative basis, electric companies were more effective than telephone companies but less effective than gas companies.

Table 14

Justified Consumer Complaints Major Electric Companies

Company	Justified Percent		Net Change 1986 to 1987
	1986	1987	
Duquesne Light	41%	39%	- 2%
Met.Ed.	35%	33%	- 2%
Penelec	38%	51%	13%
Penn Power	57%	47%	-10%
P.P.&L.	40%	43%	3%
P.E.Co.	52%	53%	1%
UGI-Luzerne	44%	43%	- 1%
West Penn	50%	54%	4%
Average Justified Percent	45%	47%	2%

* Among the major electric companies in 1987, Penelec, PECO and West Penn were worse than average in effectively handling consumer complaints. In addition, each of these companies was less effective in 1987 than in 1986. These companies clearly must attend more carefully to handling consumer complaints.

* Met.Ed. was the most effective among electric companies at handling consumer complaints in 1987.

Gas Utilities

Of the three industries reviewed in this report, the gas industry was the most effective in handling consumer complaints in 1987. However, the Bureau is somewhat concerned because only one of the six major gas companies was more effective in 1987 than in 1986.

Table 15

Justified Consumer Complaints
Major Gas Companies

Company	Justified Percent		Net Change 1986 to 1987
	1986	1987	
Columbia	37%	37%	no change
Equitable	56%	44%	-12%
National Fuel	41%	52%	9%
P.G.&W. - Gas	29%	48%	19%
Peoples	33%	36%	3%
UGI-Gas	42%	53%	11%
Average Justified Percent	44%	44%	no change

- * Despite experiencing a decline in effectiveness in consumer complaint handling from 1986 to 1987, Peoples became the most effective major gas company in 1987.
- * NFG and UGI Gas both deteriorated and became worse than the industry average of justified consumer complaints. Also, each of these companies was significantly less effective in 1987 than in 1986.

Telephone Utilities

The telephone industry continues to be the least effective at consumer complaint handling. Also, the telephone industry's effectiveness declined from 1986 to 1987. This result concerns the Bureau in light of the three years that Chapter 64 regulations have been in effect.

Table 16

Justified Consumer Complaints
Major Telephone Companies

Company	Justified Percent		Net Change 1986 to 1987
	1986	1987	
ALLTEL	28%	50%	22%
Bell	45%	50%	5%
Commonwealth	59%	62%	3%
Continental	57%	77%	20%
General	68%	66%	- 2%
United	50%	58%	8%
Average Justified Percent	49%	54%	5%

- * ALLTEL's percent of justified consumer complaints increased by 22% from 1986 to 1987. This deterioration caused ALLTEL to move from being outstanding among the major telephone companies to being only slightly above average.
- * Among the major telephone companies, only General's performance improved. Even so, General is close to the least effective company in the industry.
- * Of all major telephone companies, Continental is by far the least effective in consumer complaint handling. In 1987, more than three out of every four complaints were mishandled by the company prior to BCS intervention. This is the worst record of any major company reviewed in this report.

Summary

Case outcome, measured in terms of the percentage of cases "justified", is the central measure of the quality of program services. Justified cases represent company failures at complying with the Commission regulations and rules or with Commonwealth statutes. When the Bureau encounters company performance at handling cases which is significantly worse than average then there is reason to suspect that any customer who contacts the company is at risk from improper complaint handling by the company.

IX. COLLECTIONS STATISTICS

Statistics on utility collection of unpaid bills are used to support the assessment of the effectiveness of the management of company customer services activities. In order to insure that consistent, reliable, information on collection activities is available, the Commission requires that all regulated electric and gas companies submit monthly residential service termination reports to the Bureau. These reports list the number of customers, number of overdue customers, amount of money overdue and various statistics related to service termination. The data from these reports form the Bureau's Collections Reporting System (CRS). The CRS is a unique system that gives the Bureau the ability to compare similar activities both among companies and over time. Thus, the BCS can chart an individual company's performance over a period of years as well as compare the individual company to others in its respective industry.

The total amount owed by residential gas and electric customers in an average month in 1987 was nearly \$103 million. This represents a 2.5% increase from 1986 (\$100.4 million). Much of this money will eventually be recovered, but delayed payments affect cash flow and have a direct impact on customers' rates. For these reasons, the Commission carefully monitors collections problem indicators.

Overdue Customers

In an average month in 1987 there were 832,079 residential accounts of major gas and electric companies in arrears. Comparisons between utilities cannot be made on a purely numerical basis because of the substantial differences in the size of companies. The percent of customers is used instead to allow the relative performance of companies to be determined. This is a level of payment problems which has remained essentially stable over time. (See Table 17). This is important because companies which have lower percentages of customers in arrears have less risk of losing money to unpaid bills. The table below shows several clear findings.

Table 17

Percentage of Customers Overdue*

Company	1985	1986	1987	Percent Change 1985-1987
Duquesne	14.8%	15.0%	13.8%	- 7%
Met. Ed.	15.1	14.4	13.5	-11%
Penelec	19.5	16.7	15.8	-19%
Penn Power	21.2	16.9	15.9	-25%
P.P.&L.	13.2	13.2	13.2	no change
P.E.Co.#	23.7	21.4	19.9	-16%
UGI-Luzerne	13.0	13.0	12.8	- 2%
West Penn	15.9	16.4	16.6	4%
Columbia	9.9	9.6	11.8	19%
Equitable	12.2	11.7	11.8	- 3%
N.F.G.	12.1	12.7	12.6	4%
P.G.&W.	13.2	12.5	11.5	-13%
Peoples	10.8	11.4	10.9	1%
UGI-Gas	12.8	11.6	12.0	- 6%
Overall Avg.	16.4%	15.5%	15.0%	
Percent Change				- 9%

* Overdue customers/total customers

Combined electric and gas

* In 1987, as has always been the case, the major electric and gas companies showed a substantial range in the percentage of customers who are overdue. This range was from a low of 10.9% for Peoples Gas to a high of 19.9% for PECO. Peoples Gas replaced Columbia Gas as the company with the smallest percent of customers overdue. In contrast, PECO has had the largest percent overdue since BCS began reporting this data in 1980.

* Overall, nine of the fourteen major electric and gas companies reported fewer overdue residential accounts in 1987 than in 1985. The overall reduction was 9% from 1985 to 1987 with Penn Power, Penelec, PECO, PG&W and Met.Ed. experiencing the largest declines in overdue customers.

* Columbia Gas was the only major company to show a substantial increase (19%) in overdue customers from 1985 to 1987, although West Penn, NFG and Peoples showed slight increases.

Weighted Arrearage

The amount of money owed by overdue residential customers is illustrative of the payment problems faced by individual companies. These amounts vary substantially from company to company. For example,

the amount of money owed in an average month of 1987 ranged from \$571,000 for UGI-Luzerne to more than \$30.7 million for PECO. While this is enlightening, the total dollars figure explains little about the role of individual customers in determining total amounts owed. Thus, it is statistics which reflect individual arrearages which provides information on the true extent of payment problems.

Weighted arrearages represent the number of average bills contained in an average arrearage. This shows how quickly companies move to keep unpaid bills under control. The Bureau's research has shown that the older an arrearage is, the greater the risk that the account will be written off. Thus, the lower the weighted arrearage score, the better the collections system performance. Companies can be compared using this measure because the differences in arrearage sizes which are due to differences in the size of bills are eliminated. Weighted arrearages permit comparisons of collections efficiency by adjusting arrearages to compensate for differences in customer bills. These statistics are available monthly, so comparisons of both collections systems and trends in collections efficiency are possible far more frequently than if write-offs ratios, which are only available annually, are used. Also, weighted arrearages are a fair basis for comparison in the short term because they are not subject to distortions caused by accounting and management practices, as is the case with write-offs ratios. To sum up, this statistic appears to be a useful measure for both regulators and utility business managers to use in comparing companies' collections performance and for tracking individual companies over time. (Average usage and average bills are presented in Appendix I, Tables 1 and 2 and average arrearages are presented in Appendix J).

Table 18

Weighted Arrearage*

Company	1985	1986	1987	Percent Change 1985-1987
Duquesne	2.75	3.04	3.38	23%
Met. Ed.	1.77	1.87	2.03	15%
Penelec	2.81	2.08	1.71	- 39%
Penn Power	1.31	1.21	1.36	4%
P.P.&L.	1.62	1.81	2.18	35%
P.E.Co.#	1.85	1.86	1.91	3%
UGI-Luzerne	1.83	1.82	1.65	- 10%
West Penn	1.64	1.68	1.71	4%
Columbia	1.87	2.01	2.25	20%
Equitable	3.18	2.86	3.70	16%
N.F.G.	2.12	2.36	2.35	11%
P.G.&W.	2.24	2.17	2.28	2%
Peoples	2.71	2.91	2.84	5%
UGI-Gas	1.99	1.86	1.92	- 4%
Overall Ave.	1.91	1.92	2.04	
Percent change				7%

*Average arrearage divided by average bills. The smaller scores reflect better performance.

#Combined electric and gas

Among the preliminary findings:

- * Weighted arrearage scores increased by 7% from 1985 to 1987 for the major electric and gas companies as a group. In 1987, an average arrearage was equivalent to slightly more than two average bills.
- * Only three major companies, Penelec, UGI-Luzerne and UGI-Gas, showed a lower weighted arrearage score in 1987 than in 1985. Equitable and Duquesne had the worst weighted arrearage scores in their respective industries. The risk this represents is reflected in write-offs statistics (Table 21) which show Duquesne as second worst in the electric industry and Equitable as worst in the gas industry.
- * Penn Power had the best weighted arrearage score in the electric industry in 1987, a position the company has maintained since 1981. In the gas industry, UGI-Gas has the best weighted arrearage score in each of the last two years.

Termination of Service

Service termination is expensive in many regards. It costs a great deal to negotiate payment agreements which then fail, to make pre-termination contacts and to terminate service. The social costs of termination are difficult to quantify but are obviously important. In view of the costs involved, service termination is the one area where some sort of carefully considered standardization from company to company should exist. The goal of companies should be to eliminate unnecessary service terminations through non-coercive collections techniques. This should result in a stable or even reduced number of terminations. In light of this perspective, the analysis below focuses on the extent of change rather than on the absolute number of terminations. (See Table 19 for individual company performance).

Table 19
Number of Residential Service Terminations

	1985	1986	1987	Percent Change 1985-1987
Duquesne	3,967	1,998	2,129	- 46%
Met. Ed.	2,189	1,929	1,493	- 32%
Penelec	799	1,643	4,064	409%
Penn Power	1,073	1,053	975	- 9%
P.P.&L.	5,741	5,413	3,347	- 42%
P.E.Co.#	41,853	31,345	33,120	- 21%
UGI-Luzerne	694	691	755	19%
West Penn	5,838	6,103	6,713	15%
Columbia	4,436	2,979	1,898	- 57%
Equitable	4,887	3,858	1,796	- 63%
NFG	4,093	3,934	3,534	- 14%
P.G.&W.	1,760	1,352	1,115	- 37%
Peoples	4,577	3,702	4,123	- 10%
UGI-Gas	4,537	4,157	4,136	- 9%
Total	86,444	70,157	69,198	- 20%

Combined electric and gas operations

Among the preliminary findings:

- * Overall, the major electric and gas companies terminated 20% fewer customers in 1987 than in 1985. In comparison, the number of customers who are overdue declined by 8% over the same period. This net reduction in terminations is encouraging. It may reflect the stabilization of utility rates over the past few years.
- * Only Penelec, UGI-Luzerne and West Penn terminated more residential customers in 1987 than in 1985. Penelec's quadrupeling of terminations reflects a substantial revision in collections policy. This will be tracked very closely to insure that the company exercises sufficient restraint in selecting accounts for termination.

- * Duquesne, PP&L, Equitable and Columbia were the leaders in their respective industries in the reduction of terminations from 1985 to 1987. Each of these companies reduced terminations by at least 40% during this period.

Termination Rate

Termination rate is calculated by dividing the number of terminations by the number of residential customers. Termination rate is a statistic which enables BCS and companies to compare termination practices between companies without regard to differences in company size. For this reason, the analysis here focuses on absolute comparison of performance. The Bureau will pursue further investigation regarding companies which have a termination rate that is substantially worse than their industry average.

Table 20

Termination Rate*

Company	1985	1986	1987	Percent Change 1985-1987
Duquesne	0.80%	0.40%	0.43%	- 46%
Met. Ed.	0.65%	0.57%	0.42%	- 35%
Penelec	0.17%	0.35%	0.86%	406%
Penn Power	0.95%	0.93%	0.85%	- 11%
P.P.&L.	0.62%	0.58%	0.35%	- 44%
P.E.Co.#	3.44%	2.54%	2.65%	- 23%
UGI-Luzerne	1.39%	1.38%	1.49%	7%
West Penn	1.11%	1.16%	1.26%	14%
Columbia	1.46%	0.98%	0.62%	- 58%
Equitable	2.17%	1.72%	0.80%	- 63%
N.F.G.	2.22%	2.13%	1.90%	- 14%
P.G.&W.	1.66%	1.26%	1.02%	- 39%
Peoples	1.53%	1.22%	1.37%	- 10%
UGI-Gas	2.41%	2.21%	2.18%	- 10%
Overall Ave.	1.59%	1.28%	1.25%	
Percent Change				- 21%

*Annual terminations as a percentage of the number of residential customers

#Combined electric and gas operations

- * The range of termination rates among the major electric and gas companies was substantial. On a comparative basis, terminations were over seven times more likely for the company which terminated most often than for the company which terminated least often. This range far exceeds the range of any measure of payment problems and so must represent a difference in company policy.

- * PP&L and Columbia terminated the smallest proportion of customers in their respective industries in 1987.
- * PECO and UGI-Gas terminated the largest proportion of customers. In particular, PECO terminated a proportion of customers which was more than twice as great as any other electric company. Although both of these companies are showing improvement, the Bureau is still concerned about their performance and will continue to monitor them.

Uncollectible Accounts

The most commonly used long-term measure of collections system performance is the proportion of accounts written-off as uncollectible to revenues, the "write-offs ratio." In order to report a statistic that is easier to read, comprehend and compare, BCS modifies the raw score ratio of write-offs to revenues to be the percentage of residential billings written off as uncollectible. The statistics in Table 21 use residential gross write-offs. Write-offs and revenues can be traced to both residential and non-residential service. With the focus of this report being residential accounts, a percentage of residential billings written off as uncollectible is the best available measure of performance in collecting bills. (Appendix K provides a listing of net total write-offs as a percentage of total revenues from 1985 to 1987. An extensive discussion of this statistic can be found in the Bureau's 1983 Report "Utility Payment Problems: The Measurement and Evaluation of Responses to Customer Nonpayment").

Collectively, the major electric and gas companies showed a 10% increase in the percentage of billings written off from 1985 to 1987. This negative trend is of concern to the Bureau.

The following are highlights of the statistical picture underlying Table 21:

Table 21

Percentage of Gross Residential Billings Written Off As Uncollectible

Company	1985	1986	1987	Percent Change 1985-1987
Duquesne	1.37%	1.59%	1.75%	28%
Met. Ed.	1.07%	1.06%	1.15%	7%
Penelec	1.27%	1.66%	1.72%	35%
Penn Power	0.48%	0.49%	0.53%	10%
P.P.&L.	1.01%	1.17%	1.29%	28%
P.E.Co.#	1.84%	1.91%	2.08%	13%
UGI-Luzerne	0.38%	0.38%	0.61%	61%
West Penn	0.59%	0.57%	0.58%	- 2%
Columbia	1.49%	1.92%	1.96%	32%
Equitable	3.76%	3.24%	3.33%	- 11%
N.F.G.	1.69%	1.36%	1.63%	- 4%
P.G.&W.	1.56%	1.73%	1.14%	- 27%
Peoples	1.16%	1.11%	1.04%	- 10%
UGI-Gas	1.69%	1.80%	1.85%	9%
Overall Ave.	1.48%	1.56%	1.63%	
Percent Change #Combined electric and gas				10%

- * Five companies, West Penn, Equitable, NFG, PG&W and Peoples showed a reduction in the percentage of residential billings written off as uncollectible from 1985 to 1987.
- * In contrast, the nine other major companies saw their write-offs percentages increase. UGI-Luzerne and Columbia experienced the largest increases in their respective industries.
- * From a comparative perspective, in 1987 there was a substantial range in the amount of lost revenues. For example, in the electric industry PECO was four times as likely to write-off bills as was Penn Power. In the gas industry, Equitable was three times as likely to write-off bills as was Peoples Gas.

Summary

The state of residential payment problems appears to be fairly stable. There were fewer terminations among a smaller number of overdue customers in 1987. Weighted arrearages and write-offs increased slightly. In other words, customers were less at risk from serious payment problems and termination while the cost of these protections increased slightly.

X. COMPLIANCE

The activities of the Bureau of Consumer Services include efforts to insure that public utilities' customer services conform with the standards of conduct codified in the Commission's regulations. The focus here is on the Chapter 56 residential utility service regulations. These regulations, adopted in June 1978, govern residential electric, gas, water, steam heat, and sewage service. The purpose of Chapter 56, as stated in Section 56.1, is to "...establish and enforce uniform, fair, and equitable residential utility service standards governing eligibility criteria, credit and deposit practices, and account billing, termination, and customer complaint procedures."^{2/}

The Bureau of Consumer Services has developed three complementary methods to secure utility compliance with Chapter 56 regulations. These methods are (1) the informal compliance notification process, (2) the consumer services review program, and (3) formal complaints. Both the consumer services review program and formal complaints are used as needed to focus on a specific utility. Alternately, the informal notification process, in conjunction with the automated compliance tracking system, serves to guide the Bureau in the selection of companies for the review program and formal complaints.

The informal compliance notification process is the keystone of the Bureau's compliance efforts. The process provides utilities with specific examples of apparent violations of Chapter 56 so that they can use the information to pinpoint and voluntarily correct deficiencies in their customer service operations. The informal compliance notification process uses consumer complaints to identify, document, and notify utilities of apparent violations. A utility which receives notification of an apparent violation has an opportunity to refute the facts which support the allegation of a violation. Failing a satisfactory refutation, appropriate corrective action is to be taken to prevent further occurrences. Corrective actions generally entail modifying a computer program; revising the text of a notice, bill, letter or company procedure; or providing additional staff training to insure the proper implementation of a sound procedure. The notification process also affords utilities the opportunity to receive written clarifications of Chapter 56 provisions and Commission and Bureau policies.

During 1985, 1986, and 1987 the Bureau determined that there were 4,223 informally verified violations of Chapter 56 by the fixed utilities under the PUC's jurisdiction. The significance of these violations is frequently underscored by the fact that many of the informal violations represent systematic errors which are widespread and affect numerous utility customers. However, because the Bureau only

^{2/} Violations of the Chapter 64 residential telephone standards are not included in this report. Subsequent BCS reports will include evaluations of telephone company compliance activity.

receives a small fraction of the complaints customers have with their utility companies, the Bureau has only limited opportunities to identify such systematic errors. Therefore, the informal compliance notification process is specifically designed to identify systematic errors and press utilities to investigate the scope of the problem and then take corrective action.

Utilities that wish to avoid BCS compliance actions have several options. First, they may take advantage of the Bureau's informal notification process. They can also develop their own complaint/compliance information systems to identify compliance problems before they come to the Commission's attention. Companies which analyze their mistakes and take appropriate corrective action can prevent the ill will generated when customers are denied their rights. Additionally, by tracking violations and complaints and treating them as potential error signals, utilities can pinpoint problematic procedures and employee errors which give rise to violations and complaints. Company operations can then be improved to the satisfaction of the PUC, utility customers, and the utility management. A more detailed description of the Bureau's compliance activities can be found in the BCS report of August, 1987 entitled Consumer Services Compliance Report 1985-1986.

Informal Compliance Findings

The data analyzed in this section have been gleaned from the informal complaints filed with the PUC by residential customers during 1985, 1986, and 1987. The violation statistics for the major electric and gas companies are presented by company and year in Table 22.

Table 23 contains the informally verified violations for all fixed utilities by year and the most commonly violated sections or areas of Chapter 56.

Opposing viewpoints regarding the meaning of the aggregate figures for informally verified violations have been expressed at various times in the past. Some utilities view the data as reflecting an extremely small number of errors given the massive number of customer contacts routinely handled by utilities. They suggest that the BCS' informally verified violations represent no more than the occasional mistakes that are inevitable in an operation the size of a public utility. Instead of viewing the aggregate violation data as indicative of poor compliance performance, some companies suggest that the statistics actually demonstrate the good faith efforts to comply with these residential service regulations. They argue that, if this were not the case, the violation data would be much higher.

The Bureau of Consumer Services views the informal violation figures quite differently. The Bureau's perspective is that each informally verified violation is an error signal. A single infraction can be indicative of a system-wide misapplication of a particular section of the regulations. Because of consumers' reluctance to complain, and because the PUC gets involved with only a small fraction of the total number of complaints to utilities, there is sufficient reason to believe that there are numerous violations occurring which will go undetected by

the PUC. Additionally, the other two methods used by the BCS to effect compliance with Chapter 56 support the perspective that informally verified violations often represent larger compliance problems.

Several considerations are important to keep in mind when viewing the aggregate figures. First, the data pertaining to the number of violations do not take into consideration the cause of the individual violations. Some violations may be more serious because of their systematic nature, and therefore may be indicative of ongoing or repetitive violations. Other violations involve threats to the health and safety of utility customers, thereby increasing their seriousness.

Another set of considerations to keep in mind when viewing aggregate violation measures is that, as a performance measure, they are most important because they indicate infractions of PUC regulations. Therefore, while a utility may take note of a significant decrease in an aggregate figure, it should be kept in mind that the criterion for ideal performance is zero violations.

For these reasons, the aggregate figures presented in Table 22 are considered by the BCS along with other information which is case specific. The value of the aggregate figures is in depicting apparent gross trends over time and pointing out extreme deviations.

Table 22

Informal Violations of Chapter 56 1985-1987

Major Electric & Gas Companies

	<u>1985</u>	<u>1986</u>	<u>1987 Total+</u>	<u>1987 # of Total Verified</u>	<u>1987 # of Total Pending</u>
Duquesne	60	82	138	123	15
Met.Ed.	37	8	3	2	1
Penelec	23	26	38	37	1
Penn Power	34	18	21	18	3
PP&L	59	55	78	70	8
PECO	283	359	475	311	164
UGI-Luzerne	11	18	10	8	2
West Penn	84	67	99	82	17
Major Electrics	591	633	862	651	211
Columbia	76	43	25	22	3
Equitable	295	209	70	56	14
NFG	37	18	59	51	8
PG&W	32	30	42	42	0
Peoples	58	48	67	51	16
UGI-Gas	128	95	61	54	7
Major Gas	626	443	324	276	48

+ The total number of violations for 1987 (column 3) is comprised mostly of verified violations (column 4) and a smaller proportion of pending violations (column 5). Overall, approximately eighty percent of pending violations are subsequently determined to be verified violations. The total number of violations for 1987 may increase as new violations are discovered and cited from customer complaints which originated in 1987 but are still under investigation by the bureau. In most instances, the actual total number of violations for 1987 will be equal to or greater than the number reported in column 3.

The highlights from Table 22 include the following:

- * Duquesne experienced a one hundred percent increase in the number of violations from 1985 to 1987. This placed Duquesne second only to PECO among the major utilities in number of informally verified violations.

- * Metropolitan Edison has the best compliance record of the major electric and gas companies for the second consecutive year. The pattern of compliance by this company in 1986 and 1987, as reflected in Table 22, is something the other major utilities should strive to equal or exceed.
- * PECO's informally verified violations from informal complaints filed in 1987 may increase as much as 32% over 1986 if the 164 pending compliance cases are upheld at the informal level.
- * Columbia reduced the number of informally verified violations by over 40% for the second consecutive year. The BCS views this improvement as a direct consequence of the formal complaint against the company which was adopted by the Commission.
- * Equitable reduced the number of informally verified violations by 67% from 1986 to 1987. A formal complaint against Equitable was settled by order entered October 9, 1986. As with Columbia, the BCS believes Equitable's improvement is a direct result of this formal action.
- * UGI Gas Division experienced more than a 50% decrease in the number of violations from 1985 to 1987. This pattern indicates that UGI is gradually improving its implementation of corrective action since the Consumer Services Review of the utility by the BCS in 1984.

Table 23

Most commonly violated areas of Chapter 56

All Utilities 1985-87

<u>Sections</u>	<u>1985</u>		<u>1986</u>		<u>1987</u>	
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>
§56.11 Billing Frequency	86	6%	69	5%	52	4%
§56.12 Meter Reading	172	12%	177	13%	144	10%
§56.14 Make-up Bills	124	8%	89	6%	59	4%
§56.16 Transfer of Accounts	72	5%	99	7%	53	4%
§56.32-.37 Credit Standards	88	6%	71	5%	32	2%
§56.81-.83 Termination Grounds	171	12%	120	9%	78	6%
§56.91-.97 Standard Termination Procedures	125	8%	93	7%	124	9%
§56.121-.126 Landlord-Ratepayer Termination Procedures	51	3%	58	4%	57	4%
§56.141-.152 Dispute Handling	260	18%	307	22%	356	26%
56.163 Informal Complaint Review	36	3%	44	3%	51	4%
Others	275	19%	262	19%	368	27%
TOTAL	1460	100%	1389	100%	1374	100%

The highlights from Table 23 include the following:

- * The most common compliance problem over the past three years is failure by utilities to treat customer complaints in full accord with the explicit standards of conduct set forth in the Chapter 56 dispute handling provision (§56.141-§56.152).
- * Failure by companies to obtain appropriate meter readings within prescribed periods constitutes the overwhelming majority of informally verified violations of Section 56.12. At first glance, violations of the provisions relating to meter reading may appear innocuous. However, BCS experience indicates that noncompliance with §56.12 frequently leads to high bill complaints. Substantial rebillings can be a great burden to customers with limited incomes.
- * Informally verified violations of the Chapter 56 provisions relating to termination of service (§56.81 thru §56.126) account for 21% of the apparent violations uncovered by BCS investigators over the past three years. The fact that one of five violations involved these important Chapter 56 standards indicates that utilities have not established and/or properly implemented procedures which insure day-to-day compliance with these provisions.
- * Compliance with the Chapter 56 "make-up" bill provision (§56.14) has improved. BCS data shows a 52% decrease in apparent violations of §56.14 from 1985 to 1987.
- * Overall, the number of informally verified violations gleaned by BCS investigators from informal complaints has decreased 5% from 1985 to 1987. Although this drop is encouraging, it is offset by the fact that the criterion for good performance is zero violations. Moreover, Chapter 56 has been in effect for ten years. Utilities have had ample time to adjust their operations to comply with these residential service standards. Thus, the 4,223 apparent violations gathered by the BCS over the past three years indicate utilities have not fully incorporated Chapter 56 into their daily customer operations.

XI. CONCLUSION

This report provides an overview and a general analysis of BCS complaint handling activity during 1987. The consumer complaint and mediation rates used here are quantitative problem indicators related to utility company performance in various customer services areas. Response time and percent of complaints "justified" are more sophisticated, qualitative performance measures which reflect a company's responsiveness and effectiveness in handling BCS cases. These measures reflect the Bureau's emphasis on improvement in all areas of complaint handling. In addition, the analysis of collections statistics provides a basis for comparing company performance at dealing with unpaid bills. Finally, a first review of compliance statistics shows which companies are least successful at operating in conformity with Commission regulations. The discussion above has fulfilled the Bureau's goal of making assessments of utility performance generally available.

The Bureau has consistently sought to improve the customer services performance of utility companies. Towards this end, the Bureau has pursued the goal of reducing the number of both mediations and consumer complaints. In 1987, the Bureau met this goal for mediation requests because of the improvements made by the gas industry. However, the overall number of consumer complaints increased by 9% from 1986 to 1987. This is primarily a result of the significant increase in complaints against the electric industry as seven of the eight major companies had more complaints in 1987 than in 1986. More importantly, the overall consumer complaint level is consistent with the annual volume from 1981 through 1985. Consequently, the long-term pattern in consumer complaints appears to have leveled off.

From 1986 to 1987 many major companies became more responsive to BCS consumer complaints. Improvements made by the gas companies allowed them to approach parity with the telephone industry. At the same time, the electric companies showed substantial improvement. However mediation response time remained stable as an equal number of companies showed improvement and deterioration. Overall, both the electric and gas industries responded one day quicker in 1987 than in 1986 to BCS mediations.

There is reason for concern in the 1987 results which showed an increase in the percent of justified consumer complaints. Overall, the major companies have become less effective at handling consumer complaints. The worst companies in each industry will be closely monitored by the Bureau in 1988. The effectiveness of companies at negotiating payment arrangements has stabilized. Nevertheless, the companies which show evidence of poor negotiations will be targeted for close scrutiny in 1988. The Bureau maintains a policy of encouraging ineffective companies to open informal communications to address these problems.

Overall, the utility collections picture in Pennsylvania has been relatively stable from 1985 to 1987. Improvements as indicated by some collections statistics offset the deteriorations as indicated by other statistics. On the positive side in 1987, fewer customers were in arrears and terminations decreased. On the negative side, weighted arrearages increased and the percentage of residential billings written off as uncollectible increased. Thus, fewer customers are at risk but the cost of protecting them has increased. Although collections results are once again mixed, the Bureau is encouraged by the collections performance of the major gas and electric companies in 1987 and looks for companies with problem areas to make improvements in 1988.

In the Bureau's view, the current status of utility compliance with Chapter 56 regulations is somewhat discouraging. Given that the regulations have been in effect for nearly a decade, substantial work remains. While several major utilities have made considerable strides toward full compliance, numerous utilities have yet to demonstrate that compliance is a priority. It appears that some companies are not availing themselves of the corrective feedback provided through the informal compliance notification process, and are not setting up their own compliance tracking/feedback/correction systems that would provide the tools to achieve maximum compliance. If the performance record contained herein does not provide an adequate stimulus for these companies to commit to full compliance, other measures may be recommended to the Commission in the future.

There are numerous examples throughout this report of results which point to opportunities for companies to make significant improvements in customer services. Individual company performance varied greatly in 1987. Some companies have done a better job of effectively managing and running their customer services operations. These companies include Met.Ed., Columbia and PP&L. The best of these is Met.Ed. as indicated by the consumer complaint response time, percent of consumer complaints justified, mediation rate and mediation response time. The efforts of the better companies warrant careful study by those companies which did not perform well. At the same time, no company came close to being the best in all areas. Thus, even the better companies can resolve to improve their performance with a reasonable expectation of success. On the other hand, the Bureau is very concerned about those companies which have generally ineffective customer services. These companies are Continental, Duquesne and PECO. They are all targeted for close scrutiny in 1988.

The Bureau attempts to assist company efforts at self-monitoring. In addition to periodic reviews of company procedures, the Bureau provides most of the data used in the preparation of this report to companies on a quarterly basis. Companies which seek to improve performance and confront problems can then determine causes for problems and respond appropriately long before the BCS becomes concerned. There is sufficient evidence to show that companies which make a sincere effort to improve complaint handling have been successful. The Bureau will continue to criticize those companies which show declines in the measures of customer services performance that are presented in this report. The objective of the criticism is to encourage companies to undertake efforts which will improve their complaint handling.

APPENDICES

APPENDIX A

Distribution of Commercial Cases

Company	1986		1987	
	Mediations	Consumer Complaints	Mediations	Consumer Complaints
Duquesne	203	39	170	32
Met. Ed.	20	16	11	25
Penelec	16	29	30	42
Penn Power	4	6	8	9
PP&L	64	39	59	40
PECO	80	58	73	68
UGI-Luz.	3	1	1	3
West Penn	42	43	46	39
Columbia	5	7	7	14
Equitable	37	28	13	23
NFG	4	10	3	4
PG&W-Gas	2	3	0	4
Peoples	13	16	7	16
UGI-Gas	9	12	5	9
ALLTEL	-	23	-	13
Bell	-	234	-	247
Commonwealth	-	11	-	20
Continental	-	12	-	9
General	-	48	-	51
United	-	16	-	15

APPENDIX B

BCS Complaints - 1987
Residential-Commercial

<u>MEDIATIONS</u> <u>INDUSTRY</u>	Total Mediations	Residential Mediations	% Residential Mediations	Commercial Mediations	% Commercial Mediations
Electric	5,476	5,078	92%	398	8%
Gas	2,688	2,651	98%	37	2%
Water	615	606	98%	9	0%
Steam Heat	3	1	100%	2	0%
Total (%)	8,782	8,336	95%	446	5%

<u>CONSUMER COMPLAINTS</u> <u>INDUSTRY</u>	Total c.c.	Residential c.c.	% Residential c.c.	Commercial c.c.	% Commercial c.c.
Electric	2,138	1,877	87%	261	13%
Gas	1,114	1,041	94%	73	6%
Telephone	2,265	1,831	79%	434	21%
Water	865	822	92%	43	8%
Other	51	44	76%	7	24%
Total (%)	6,433	5,615	86%	818	14%

APPENDIX C

TABLE 1

Monthly Volume

	Mediation Requests		Consumer Complaints	
	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987</u>
January	369	310	517	454
February	281	317	468	509
March	375	419	524	587
April	1,336	1,201	483	512
May	1,217	1,100	449	541
June	1,177	1,065	441	615
July	1,193	859	515	677
August	1,121	917	485	540
September	1,129	906	550	483
October	1,013	913	549	551
November	675	552	495	482
December	295	223	420	482
TOTAL	10,181	8,782	5,896	6,433

TABLE 2

BCS ACTIVITY

	<u>Mediations</u>	<u>Consumer Complaints</u>	<u>Inquiries</u>	<u>Total</u>
1978	11,749	11,441	7,095	30,285
1979	14,976	10,207	42,000*	61,183
1980	15,006	7,454	15,229	37,689
1981	16,599	6,762	20,636	43,997
1982	19,603	7,084	23,553	50,240
1983	15,896	6,563	20,128	42,587
1984	16,014	6,603	18,808	41,425
1985	14,272	6,738	26,144	47,154
1986	10,181	5,896	14,663	30,740
1987	8,782	6,433	11,187	26,402
TOTAL	143,078	75,183	199,443	417,702
Ave.	14,308	7,518	19,944	41,770

*Includes 27,000 TMI Protests

APPENDIX D

Major Problem Categories
for Inquiries and Opinions

1987

Category	Number	Percent
Referral to Company	5,019	45%
Referral to Other BCS/ Other Bureau	453	4%
Referral to Other Agency	2,005	18%
Specific Information Request	1,565	14%
Rate Protests and Opinions	1,343	12%
Opinions - General	209	2%
Equal Access (E.A.) and Pre-subscription (P.S.)	1	
Quality of Service - E.A. and P.S.	0	
Telephone Resellers	5	
Long Distance Carrier- Choice	27	
COCOT	29	
Customer Premise Equipment (CPE) - Bell	12	1%
Access Charges	7	
Internal Wiring	15	
CPE-Independents	12	
Local Service Options	5	
Other	480	4%
Total	11,187	

APPENDIX E

Table 1

MEDIATION REQUESTS
1987

PENNSYLVANIA COUNTIES

	<u>N</u>	<u>C/1,000</u>		<u>N</u>	<u>C/1,000</u>
01. ADAMS	5	.20	35. LACKAWANNA	108	1.21
02. ALLEGHENY	2489	4.36	36. LANCASTER	82	.63
03. ARMSTRONG	55	1.77	37. LAWRENCE	228	5.76
04. BEAVER	281	3.75	38. LEBANON	30	.74
05. BEDFORD	8	.40	39. LEHIGH	103	.97
06. BERKS	127	1.06	40. LUZERNE	240	1.76
07. BLAIR	204	3.92	41. LYCOMING	56	1.18
08. BRADFORD	13	.52	42. MCKEAN	38	1.76
09. BUCKS	416	2.51	43. MERCER	194	4.07
10. BUTLER	129	2.43	44. MIFFLIN	29	1.56
11. CAMBRIA	105	1.56	45. MONROE	40	1.07
12. CAMERON	4	.90	46. MONTGOMERY	303	1.30
13. CARBON	14	.60	47. MONTOUR	4	.67
14. CENTRE	29	.73	48. NORTHAMPTON	53	.63
15. CHESTER	166	1.51	49. NORTHUMBERLAND	68	1.66
16. CLARION	8	.47	50. PERRY	19	1.29
17. CLEARFIELD	38	1.14	51. PHILADELPHIA	730	1.06
18. CLINTON	9	.56	52. PIKE	8	.45
19. COLUMBIA	43	1.80	53. POTTER	4	.37
20. CRAWFORD	18	.46	54. SCHUYLKILL	51	.79
21. CUMBERLAND	64	.98	55. SNYDER	8	.68
22. DAUPHIN	302	3.15	56. SOMERSET	22	.66
23. DELAWARE	307	1.52	57. SULLIVAN	0	.00
24. ELK	6	.37	58. SUSQUEHANNA	2	.12
25. ERIE	278	2.68	59. TIOGA	6	.35
26. FAYETTE	265	4.31	60. UNION	5	.45
27. FOREST	3	.35	61. VENANGO	34	1.28
28. FRANKLIN	12	.28	62. WARREN	9	.41
29. FULTON	1	.19	63. WASHINGTON	252	3.15
30. GREENE	36	2.40	64. WAYNE	26	1.33
31. HUNTINGDON	12	.71	65. WESTMORELAND	383	2.59
32. INDIANA	38	1.17	66. WYOMING	9	.84
33. JEFFERSON	28	1.36	67. YORK	118	1.00
34. JUNIATA	7	.90			

Mean = 1.39

N = Number Of Cases

C/1,000 = Cases Per 1,000 Housing Units

APPENDIX E

Table 2

CONSUMER COMPLAINTS
1987

PENNSYLVANIA COUNTIES

	<u>N</u>	<u>C/1,000</u>		<u>N</u>	<u>C/1,000</u>
01. ADAMS	17	.69	35. LACKAWANNA	227	2.53
02. ALLEGHENY	1242	2.18	36. LANCASTER	117	.90
03. ARMSTRONG	38	1.22	37. LAWRENCE	69	1.74
04. BEAVER	96	1.28	38. LEBANON	41	1.01
05. BEDFORD	19	.96	39. LEHIGH	94	.88
06. BERKS	107	.89	40. LUZERNE	272	2.00
07. BLAIR	81	1.56	41. LYCOMING	50	1.05
08. BRADFORD	35	1.39	42. MCKEAN	22	1.02
09. BUCKS	184	1.11	43. MERCER	87	1.83
10. BUTLER	67	1.26	44. MIFFLIN	29	1.56
11. CAMBRIA	74	1.10	45. MONROE	100	2.69
12. CAMERON	6	1.35	46. MONTGOMERY	219	.94
13. CARBON	24	1.03	47. MONTOUR	7	1.17
14. CENTRE	50	1.26	48. NORTHAMPTON	84	1.00
15. CHESTER	138	1.25	49. NORTHUMBERLAND	67	1.64
16. CLARION	25	1.45	50. PERRY	24	1.62
17. CLEARFIELD	38	1.15	51. PHILADLPHIA	655	.96
18. CLINTON	21	1.31	52. PIKE	35	1.97
19. COLUMBIA	40	1.67	53. POTTER	12	1.11
20. CRAWFORD	40	1.02	54. SCHUYLKILL	54	.83
21. CUMBERLAND	103	1.57	55. SNYDER	13	1.11
22. DAUPHIN	235	2.45	56. SOMERSET	24	.72
23. DELAWARE	216	1.07	57. SULLIVAN	0	.00
24. ELK	20	1.22	58. SUSQUEHANNA	20	1.16
25. ERIE	130	1.25	59. TIOGA	31	1.82
26. FAYETTE	105	1.71	60. UNION	19	1.70
27. FOREST	4	.46	61. VENANGO	28	1.05
28. FRANKLIN	28	.66	62. WARREN	12	.55
29. FULTON	8	1.51	63. WASHINGTON	184	2.27
30. GREENE	35	2.33	64. WAYNE	40	2.04
31. HUNTINGDON	22	1.30	65. WESTMORELAND	200	1.35
32. INDIANA	40	1.23	66. WYOMING	29	2.72
33. JEFFERSON	32	1.55	67. YORK	185	1.57
34. JUNIATA	15	1.93			

Mean = 1.37

N = Number Of Cases

C/1,000 = Cases Per 1,000 Housing Units

APPENDIX F

Type of Industry

<u>INDUSTRY</u>	<u>MEDIATION REQUESTS</u>		<u>CONSUMER COMPLAINTS</u>	
	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987*</u>
Electric	53%	62%	30%	33%
Gas	42%	31%	24%	17%
Telephone	-	-	35%	35%
Other	5%	7%	11%	14%

*Sum does not equal 100% due to rounding error

APPENDIX G

Monthly Average Number of
Residential Customers - 1987

Duquesne	498,575
Met.Ed.	353,302
Penelec	465,961
Penn Power	114,364
PP&L	957,414
PECO	1,250,776
UGI-Luzerne	50,585
West Penn	530,873
<hr/>	
Major Electric-Total	4,221,850
Columbia	304,871
Equitable	225,393
NFG	185,571
PG&W-Gas	109,079
Peoples	301,815
UGI-Gas	189,633
<hr/>	
Major Gas-Total	1,316,362
ALLTEL	103,771
Bell	3,447,507
Commonwealth	134,992
Continental*	62,540
General	329,483
United	226,202
<hr/>	
Major Telephone-Total	4,304,495

*Includes Quaker State

APPENDIX H

TABLE I

CONSUMER COMPLAINTS BY ELECTRIC COMPANIES 1983 - 1987

	NUMBER OF CASES					COMPLAINT RATE			PERCENT CHANGES IN N			PERCENT CHANGE IN N 1983 - 1987			
	1983	1984	1985	1986	1987	1983	1984	1985	1986	1987	1983 - 1984		1984 - 1985	1985 - 1986	1986 - 1987
DUQUESNE	303	244	205	253	303	.61	.50	.42	.51	.61	-19	-16	-23	20	no change
MET. ED.	133	164	168	94	109	.41	.49	.50	.27	.31	-23	2	-44	14	-18
PENELEC	262	240	261	206	177	.56	.51	.56	.44	.38	- 8	9	-21	- 14	-32
PENN POWER	50	37	44	35	48	.45	.33	.39	.31	.42	-26	19	-20	27	- 4
P.P.&L.	249	331	259	242	282	.27	.36	.28	.26	.29	33	-22	- 7	17	13
PECO	259	427	537	488	630	.22	.36	.44	.40	.50	65	26	- 9	29	143
UGI - LUZ.	26	33	27	19	47	.53	.67	.54	.38	.93	27	-18	-30	147	81
WEST PENN	223	200	185	221	275	.43	.38	.35	.42	.52	-10	- 8	19	24	23
TOTAL	1,505	1,676	1,686	1,558	1,871										
RATE/%						.44	.45	.44	.37	.50	11	1	- 8	20	24
1983 - 1987 (AVE. RATE)								.44							

APPENDIX II

TABLE 2

CONSUMER COMPLAINTS BY GAS COMPANIES 1983 - 1987

	NUMBER OF CASES					COMPLAINT RATE			PERCENT CHANGES IN N			PERCENT CHANGE IN N 1983 - 1987			
	1983	1984	1985	1986	1987	1983	1984	1985	1986	1987	1983 - 1984		1984 - 1985	1985 - 1986	1986 - 1987
COLUMBIA	286	242	159	178	107	.94	.80	.52	.58	.35	-15	-34	12	-40	-63
EQUITABLE	392	470	414	479	289	1.73	2.07	1.84	2.13	1.28	20	-12	16	-40	-26
NFG	190	199	159	81	72	1.03	1.08	.86	.44	.39	5	-20	-49	-11	-62
PG&W - GAS	99	59	68	88	72	.94	.56	.64	.82	.66	-40	15	29	-22	-27
ST PEOPLES	322	208	217	242	226	1.08	.70	.72	.80	.75	-35	4	12	-7	-30
UGI - GAS	201	259	199	156	183	1.07	1.38	1.06	.83	.97	29	-23	-22	17	-9
TOTAL	1,490	1,437	1,216	1,224	949	1.13	1.10	.94	.93	.73	-4	-15	1	-22	-36
RATE/%	1.06														
1983 - 1987 (AVE. RATE)	1.06														

APPENDIX H

TABLE 3

CONSUMER COMPLAINTS BY TELEPHONE COMPANIES 1983 - 1987

	NUMBER OF CASES					COMPLAINT RATE			PERCENT CHANGES IN N			PERCENT CHANGE IN N 1983 - 1987			
	1983	1984	1985	1986	1987	1983	1984	1985	1986	1987	1983 - 1984		1984 - 1985	1985 - 1986	1986 - 1987
BELL	1,151	1,072	1,276	759	924	.35	.33	.39	.23	.27	- 7	19	-41	22	-20
COMMONWEALTH	44	56	78	79	62	.36	.45	.62	.62	.46	27	39	1	-22	41
CONTINENTAL*	27	37	31	17	44	.85	1.16	.91	.50	.70	37	-16	- 45	52	63
GENERAL	255	269	277	207	148	.84	.89	.86	.64	.45	5	3	- 25	-29	-42
ALLTEL	103	121	122	116	86	1.02	1.19	1.20	1.14	.83	17	1	- 5	-26	-17
UNITED	136	114	146	128	94	.66	.54	.66	.58	.42	-16	28	- 12	-27	-31
TOTAL	1,716	1,669	1,930	1,306	1,358										
RATE/%						.68	.76	.77	.62	.52	- 3	16	-32	3	-21
1983 - 1987 (AVE. RATE)															

* Excludes Quaker State For Historical Analysis From 1983 to 1987

APPENDIX H

TABLE 4

MEDIATIONS BY ELECTRIC COMPANIES 1983 - 1987

	NUMBER OF CASES				COMPLAINT RATE				PERCENT CHANGES IN N			PERCENT CHANGE IN N 1983 - 1987			
	1983	1984	1985	1986	1987	1983	1984	1985	1986	1987	1983 - 1984		1984 - 1985	1985 - 1986	1986 - 1987
DUQUESNE	2,054	1,621	1,813	947	1,095	2.29	1.96	2.06	1.06	1.33	-21	12	-48	16	-47
MET. ED.	483	666	407	140	152	.81	1.07	.67	.24	.26	38	-39	-66	9	-69
PENELEC	809	610	117	255	366	.82	.56	.11	.28	.42	-25	-81	118	44	-55
PENN POWER	356	319	396	315	271	1.32	1.14	1.38	1.37	1.24	-10	24	-20	-14	-24
S P.P.&L.	1,196	1,654	816	788	478	.86	1.16	.56	.53	.32	38	-51	-3	-39	-60
PECO	2,918	3,258	2,720	1,753	1,725	.80	.88	.79	.55	.58	12	-17	-36	-2	-41
UGI - LUZ.	75	90	121	67	88	.75	1.21	1.56	.86	1.14	18	34	-45	31	16
WEST PENN	947	753	965	707	873	1.07	.78	.96	.68	.85	-20	28	-27	26	-6
TOTAL	8,839	8,971	7,355	4,972	5,068										
RATE/%						1.10	1.10	1.01	.70	.77	2	-18	-32	2	-43
1983 - 1987 (AVE. RATE)										1.03					

APPENDIX H

TABLE 5

MEDIATIONS BY GAS COMPANIES 1983 - 1987

	NUMBER OF CASES				COMPLAINT RATE			PERCENT CHANGES IN N			PERCENT CHANGE IN N 1983 - 1987				
	1983	1984	1985	1986	1987	1983	1984	1985	1986	1987					
COLUMBIA	1,612	1,662	977	536	249	3.69	4.20	2.72	1.53	.58	3	-41	-45	-54	-85
EQUITABLE	376	682	1,528	1,361	339	1.00	1.97	4.65	4.31	1.06	81	124	-11	-75	-10
NFG	470	681	374	277	268	1.66	2.52	1.40	.99	.95	45	-45	-26	-3	-43
PG&W - GAS	310	297	262	162	181	1.89	1.84	1.09	1.00	1.20	-4	-12	-39	12	-42
PEOPLES	1,777	1,300	1,731	1,086	1,048	4.59	3.24	4.46	2.63	2.67	-27	33	-37	-3	-41
UGI - GAS	910	813	646	625	461	2.17	2.87	2.23	2.39	1.69	-11	-21	-3	-26	-49
TOTAL	5,455	5,435	5,518	4,046	2,546	2.50	2.77	2.76	2.14	1.36	0	2	-27	-37	-53
RATE/%											2.31				
1983 - 1987 (AVE. RATE)											2.31				

APPENDIX I

Table 1

HEATING CUSTOMERS*
1987

	Monthly Averages		Cost Per Unit (\$/KWH or MCF)
	<u>Usage</u>	<u>Bills</u>	
Duquesne	1087 KWH	\$ 83.60	\$.0769
Met.Ed.	1267 KWH	94.74	.0748
Penelec	1246 KWH	87.32	.0701
Penn Power	1410 KWH	95.09	.0674
PP&L	1421 KWH	107.47	.0756
PECO-Electric	1408 KWH	120.26	.0854
UGI-Luzerne	1611 KWH	109.64	.0681
West Penn	1486 KWH	82.44	.0555
Columbia	10.2 MCF	59.92	5.87
Equitable	10.5 MCF	62.90	5.99
NFG	10.9 MCF	51.14	4.69
PG&W	13.1 MCF	73.86	5.64
Peoples	11.5 MCF	64.48	5.61
PECO-Gas	9.5 MCF	64.36	6.77
UGI-Gas	8.9 MCF	\$62.04	\$6.97

*Source: Data reported by companies - Figures used are for average bills and usage for each company, not typical bills.

APPENDIX I

Table 2

NON-HEATING CUSTOMERS*
1987

	Monthly Averages		Cost Per Unit
	<u>Usage</u>	<u>Bills</u>	<u>(\$/KWH or MCF)</u>
Duquesne	501 KWH	\$ 48.79	\$.0974
Met.Ed.	578 KWH	47.87	.0828
Penelec	515 KWH	41.26	.0801
Penn Power	697 KWH	54.80	.0786
PP&L	582 KWH	49.20	.0845
PECO-Electric	533 KWH	61.50	.1154
UGI-Luzerne	457 KWH	40.79	.0893
West Penn	665 KWH	40.07	.0603
Columbia	2.1 MCF	16.22	7.72
Equitable	2.0 MCF	15.19	7.60
NFG	4.3 MCF	24.95	5.80
PG&W	2.1 MCF	15.98	7.61
Peoples	2.2 MCF	19.89	9.04
PECO-Gas	2.3 MCF	20.42	8.88
UGI-Gas	1.7 MCF	\$17.28	\$10.16

*Source: Data reported by companies - Figures used are for average bills and usage for each company, not typical bills.

APPENDIX J

Average Customer Arrearages

	<u>Company Residential Population</u>			1985-1987
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Percent Change</u>
Duquesne	\$129	\$149	\$165	28%
Met. Ed.	100	104	114	14
Penelec	128	101	78	-39
Penn Power	72	69	74	3
P.P.&L.	93	115	140	51
P.E.Co.#	114	119	123	8
UGI-Luzerne	86	95	88	2
West Penn	62	68	78	26
Columbia	122	125	130	7
Equitable	214	200	231	8
NFG	127	139	119	- 6
P.G.&W.	151	146	143	- 5
Peoples	184	197	180	- 2
UGI-Gas	102	95	89	-13
Ave.-Majors	\$114	\$118	\$124	
Percent Change				9%

Combined electric and gas

APPENDIX K

Net Total Write-Offs As A Percentage Of Total Revenues*

Company	1985	1986	1987	Percent Change 1985 -1987
Duquesne	0.50%	0.60%	1.43%	186%
Met. Ed.	0.42%	0.42%	0.49%	17%
Penelec	0.42%	0.57%	0.58%	38%
Penn Power	0.19%	0.17%	0.58%	205%
P.P.&L.	0.41%	0.47%	0.53%	29%
P.E. Co.#	0.81%	0.80%	0.88%	9%
UGI-Electric	0.37%	0.38%	0.39%	5%
West Penn	0.31%	0.21%	0.21%	-32%
Columbia	1.02%	1.09%	1.02%	no change
Equitable	1.74%	1.77%	2.06%	18%
National Fuel	0.83%	0.73%	0.95%	14%
P.G.&W.-Gas	0.70%	0.90%	0.66%	- 6%
Peoples	1.22%	0.72%	0.73%	-40%
UGI-Gas	0.65%	0.85%	0.85%	31%
Average	0.66%	0.67%	0.79%	20%

*Source: Company reported data
#electric and gas combined