

Consumer Services Activity Report



Telephone Utilities 1988

Pennsylvania Public Utility Commission

Bureau of Consumer Services

Joseph W. Farrell, Director

ERRATA

Telephone Activity Report - 1988

The statement on page 24, paragraph #2:

- * Among the major companies, Contel's performance showed the most improvement in effectively handling complaints from 1987 to 1988. Even so, Alltel's performance ranks slightly below average in 1988.

Should be revised to read:

- * Among the major companies, Contel's performance showed the most improvement in effectively handling complaints from 1987 to 1988. Even so, **Contel's** performance ranks slightly below average in 1988.

The statement on page 28, paragraph #6 which continues on page 29:

- * Bell showed the greatest decline in the telephone industry in weighted arrearage, a 12% decrease from 1987 to 1988. Although this improvement is encouraging, Bell was still above the major company average and should continue to strive to reduce unpaid bills.

Should be revised to read:

- * Bell showed the greatest decline in the telephone industry in weighted arrearage, a 12% decrease from 1987 to 1988. Although this improvement is encouraging, **Bell should continue to strive to reduce unpaid bills.**

THE VIEWS EXPRESSED IN
THIS STAFF REPORT ARE NOT
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INDIVIDUAL COMMISSIONER.

with the assistance of

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Consumer Services
Telephone Activity Report: 1988

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BUREAU OF CONSUMER SERVICES
JOSEPH W. FARRELL, DIRECTOR

ANNUAL TELEPHONE ACTIVITY REPORT - 1988

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I. INTRODUCTION

The Consumer Services Telephone Activity Report is a new report which focuses only on the telephone industry. The purpose of this report is to highlight the Pennsylvania Public Utility Commission's Bureau of Consumer Services complaint activity relative to the telephone industry and to provide an overview of the performance of the six major telephone companies, Alltel, Bell, Commonwealth, Continental (Contel), General and United. In the past, all telephone complaint handling activity was presented as part of the annual "Consumer Services Activity Report". However, the Bureau believes that it is best to present telephone information in a separate report for several reasons. First, 52 PA Code Chapter 64 & Chapter 63, the regulations that govern the telephone industry, are unique to the telephone industry. Second, the uniqueness of these telephone regulations and the vastly changed regulatory environment make it difficult to compare the telephone industry with the electric, gas, and water industries. Third, local telephone companies are required to report residential information and collection statistics that are different than those reported by the other industries. For these reasons, telephone complaint information that was once presented in the "Consumer Services Activity Report" will be available in the telephone activity report each year.

The Bureau of Consumer Services was created by Act 216 of 1976. Its responsibilities were clarified in Act 114 of 1986 which confers four primary responsibilities on the Bureau. The first of these is to "...investigate and issue final determinations on 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 through a contract with Pennsylvania State University. This allows it both to access pertinent information regarding complaints and to use statistics from complaints to evaluate utility 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.

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 that have taken advantage of this information have been able to resolve problems and improve service. However, companies that fail to act responsibly to resolve problems have been subjected to fines and rate case adjustments of expenses and revenues.

This report provides a comprehensive analysis of telephone company data for the year 1988. In addition, 1987 data is provided as a basis for trend analysis. The data analyzed in this report consists of complaint statistics from the Bureau's Consumer Services Information System (CSIS) and the Bureau's §64.201 Reporting System, a data system based on the collection statistics reported annually by telephone companies as required by Chapter 64. It should be noted that this is the first time that telephone collection statistics will be presented. As with the Bureau's Collection Reporting System (CRS), which contains collection statistics for the electric and gas industries, data collected through the §64.201 Reporting System provides a valuable resource for measuring changes in telephone company collection performance. In the past, all cases involving major telephone companies were handled as consumer complaints and simply reported as such. Since this report focuses exclusively on the major telephone companies, these telephone cases are further analyzed by dividing them into three groups: Chapter 64 complaints, Non-Chapter 64 complaints, and Chapter 64 suspensions (These distinctions are fully explained below).

The performance measures in this report are the same as those used in the recently released "Consumer Services Activity Report". The first measure, consumer complaint rate, shows a relative rate of consumer complaints and is a basic quantitative problem indicator. The two qualitative measures included in this report are response time and justified percent. In addition to these measures a new measure, justified complaint rate is presented in this report. Justified complaint rate is an evaluative measure which combines complaint rate and justified percent. An explanation of this measure is included in Chapter VII.

The Bureau provides feedback to major telephone companies on these complaint handling measures in the form of Quarterly Automated Reports Formats (ARFS). Because of this quarterly

feedback, all of the companies reviewed in this report are well acquainted with the complaint handling measures used here, with the Bureau's approach to interpreting these measures, and with their performance on these measures in 1988. An explanation of these measures is included (in Chapters IV, V, & VI) for readers who encounter them for the first time.

Chapter IX and Appendix A of this report focus on telephone company failures at complying with the Commission's regulations. They explain the Bureau's informal compliance process and discuss the highlights of its compliance activity from 1987-1988.

Since this report focuses exclusively on the major telephone companies, telephone complaints directed at either non-major companies or interexchange companies are eliminated from the performance measures and analysis presented below. The Bureau's regulatory authority in Chapter 64 is confined to residential accounts. Another treatment of telephone case data involves the purging of telephone cases which do not involve residential service. Thus, all cases that involve commercial accounts are deleted from all performance measures and analysis. Also, non-evaluative cases, cases in which the customer did not contact the company prior to registering a complaint to the Commission, are excluded from analysis. Finally, residential customer contacts which did not require investigation by BCS, such as problems over which the Commission has no jurisdiction, rate protests and routine information requests, are also excluded. This latter classification of non-investigatory contacts are called inquiries by BCS.

II. OVERALL ACTIVITY

The Bureau's customer contacts for electric, gas and water industries fall into three basic categories: consumer complaints, mediation requests, and inquiries. However, customer contacts for the telephone industry are considered either consumer complaints or inquiries.

Inquiries/Opinions

There are telephone-related contacts on file for 1988 which required no follow-up beyond the initial contact to the Bureau. Many of these customer contacts involved requests for information, rate protests and opinions. Other contacts required referrals to companies for initial action, to other Commission offices, or to the appropriate agencies outside the PUC.

Telephone Consumer Complaints

In 1988, the Bureau received 2,661 consumer complaints about problems with major telephone companies related to billing and collection, service delivery, etc. Complaints against the major telephone companies increased by 96% from 1,358 in 1987 to 2,661 in 1988. In 251 of these contacts, the Bureau saved the customers money through correction of company billing adjustments. The total amount saved for these customers was \$66,936.

III. NATURE OF BCS TELEPHONE CONSUMER COMPLAINTS

The Bureau classifies all telephone consumer complaints into one of six major problem areas. The table below presents a comparison of these six categories in 1987 and 1988. The most common problems were related to suspensions, billing, and service (See Table 1). Billing problems include complaints about disputed charges and inaccurate bills. About one half of the complaints against major telephone companies are related to suspensions. The remaining complaints are distributed among the credit/deposits, rates/tariffs and service complaint categories. The proportion of suspension cases increased significantly from 1987 to 1988. The causes for this are under investigation by the Bureau.

Table 1

Primary Problems for Telephone Complaints: 1987-1988

	1987	1988
Billing/Payment	25%	22%
Credit/Deposits	4%	5%
Rates/Tariffs	3%	2%
Service	23%	12%
People Delivered Service (Repairs)	10%	6%
Suspension	35%	53%

Consumer Complaint Handling

The handling of consumer 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. The Field Services Division receives and investigates consumer complaints. Telephone complaints about billing, service, credit, deposit, rates and company operation are handled in the Division's Telecommunications Complaint Unit.

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. First, utilities must often address systemic or reoccurring problems in addressing customer complaints to the Commission. This can

benefit many customers and thus reduce the number of customers who are dissatisfied and contact companies to register disputes. Second, improvements in complaint handling save utility resources because customers will not find it necessary to appeal to the Commission. Thus, companies can both expend less of their resources on answering Commission complaints and improve their overall customer relations.

Telephone Complaint Analysis

Telephone complaint handling is evaluated by analyzing telephone complaint statistics that are available through the Bureau's Consumer Services Information System (CSIS). Each telephone case is coded for many variables before it is entered into the CSIS. The coding system enables the Bureau to aggregate cases for selected companies, specific problem areas, and so on. As previously mentioned, this report focuses on the Bureau complaint handling activities relative to the six major telephone companies. Complaint statistics for each major telephone company are analyzed and aggregated into three specific problem areas: Chapter 64 complaints, Non-Chapter 64 complaints, and Chapter 64 suspensions. With the exception of primary problems (Table 1) and telephone complaint rate analysis (Table 2), the complaint analysis presented in this report is based on telephone complaints which have been closed. The major difference between open and closed telephone cases is that cases are only closed after the Bureau has completed its investigation. A telephone case is considered closed once the Bureau has completed its investigation and presented its findings. Thus, there is only sufficient information available on open telephone cases for the complaint rate to be calculated. Conversely, since there is more information available on cases that are closed, closed cases are used to identify specific problem areas and evaluate telephone company performance relative to these problems.

IV. TELEPHONE COMPLAINTS

There are wide differences in the number of residential customers of the major telephone companies. This makes comparisons of companies based on raw numbers of complaints unsupportable. The need to compare company performance has thus led to the calculation of a uniform measure, the number of complaints per thousand residential customers, the "complaint rate." (See Appendix C for the number of residential customers). Complaint rate data are derived from the number of residential consumer complaints opened by BCS against companies. Unusually high complaint rates¹ often indicate situations which require investigation. Thus, information on complaint 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 relative to major telephone company complaint rates along with some preliminary findings.

Telephone complaints include all complaints regarding billing, rates/tariffs, credit/deposit, service and suspension. The Commission has established a process in which the companies play the primary role in handling 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 indicate that a company is improving.

Major Companies

Complaints against major companies increased by 96% from 1,358 in 1987 to 2,661 in 1988 (See Table 2). Bell is entirely responsible for this increase because Bell was the only company among the six major telephone companies that had more complaints in 1988 than in 1987. This significant increase in informal complaints has two possible causes. First, it is a result of continued poor complaint handling by Bell. Second, the impact of poor complaint handling has been exacerbated by recent steps taken by Bell to address numerous informal compliance notifications from BCS that Bell is not informing dissatisfied customers of their due process rights of appeal to the PUC.

¹ Complaint Rate =
Total Number of Consumer Complaints / (Monthly Average
Number of Residential Customers / 1000)

Table 2

Residential
Consumer Complaints
Major Telephone Companies
(1987-1988)

Company	N	1987 Complaint Rate	N	1988 Complaint Rate	1987-1988 Percent Change in
Bell	924	.27	2,285	.67	147%
General	148	.45	137	.41	-7%
United	94	.42	85	.37	-10%
Commonwealth	62	.46	60	.41	-3%
Alltel	86	.83	63	.60	-27%
Contel	44	.70	31	.48	-30%
Total (Average Rate)	1,358	(.52)	2,661	(.49)	96%

Among the highlights of the past year:

- * Bell experienced the only increase in complaints in the telephone industry from 1987 to 1988. This increase is the largest annual increase recorded for a major telephone company since BCS began reporting this data in 1978. The net effect of this increase is that Bell had the worst complaint rate in the telephone industry in 1988. The Bureau is very concerned about this dramatic increase and will monitor this situation.
- * Alltel experienced its third consecutive annual decrease in complaints from 1987 to 1988. The Bureau is encouraged by Alltel's improvement over the last three years. Even so, Alltel's complaint rate is next to the worst in the industry.
- * Contel experienced the largest decrease in the industry from 1987 to 1988. As a result of this decrease, Contel's complaint rate ranking improved from fifth in 1987 to third best in the industry in 1988.
- * Commonwealth and General both experienced a slight decrease in complaints from 1987 to 1988. Their 1988 complaint rate rankings tied for next to the best in the industry.
- * United's 1988 complaint rate ranking is the best in the industry for the first time in the eleven years that BCS has maintained these records. United's improvement

caused its industry ranking to go from second best in 1987 to the best in 1988.

Chapter 64 Complaints

The Commission implemented 52 PA Code Chapter 64, the "Standards and Billing Practices for Residential Telephone Service" in 1985. Chapter 64 requires companies to provide residential telephone service based on a uniform set of standards and procedures. These regulations govern how companies handle residential account billing, payments, credit, security deposits, suspension, termination, and collection and customer disputes. For example, in regard to customer disputes, companies must inform customers of their right to contact the Commission if they are not satisfied with how the company handled their dispute. If a customer indicates dissatisfaction at the conclusion of an initial inquiry, then the company must treat the contact as a dispute and maintain a record of the contact. A customer dispute becomes an informal complaint when the customer contacts the PUC. In 1988 telephone customers registered 559 Chapter 64 complaints with the Commission. Of course, these informal complaints represent only a fraction of Chapter 64 disputes registered by customers directly with the major telephone companies. Further, in light of clearly inaccurate dispute statistics reported by companies over the last three years, as well as documented instances of noncompliance with the Chapter 64 dispute provisions, the Bureau believes that many customers may not have complained to the Commission because they were not advised of their due process appeal rights by the companies.

Non-Chapter 64 Complaints

Generally, complaints which are not covered under Chapter 64 are about service delivery problems. Many of these complaints are covered under Chapter 63, the "Quality Standards for Telephone," which went into effect July 30, 1988. However, there are noteworthy exceptions including problems with yellow pages, lack of service such as no equal access, unsatisfactory telephone number and conduct of company personnel. Chapter 63 establishes uniform service standards and service objectives for local telephone companies. The items covered under these new regulations include: service installations, local dial service, direct dial service, operator handled calls, and Automatic Dialing-Announcing Devices (ADADs). Even though these regulations are relatively new, the Bureau has tracked complaints related to service problems for the last eleven years through CSIS, its information system. In 1988, there were 521 Non-Chapter 64 complaints filed against the major companies.

Chapter 64 Suspensions

Under Chapter 64, customer contacts with companies about suspension notices are not "disputes," as the term is defined in §64.2, if (1) the contact involves payment negotiations on undisputed amounts, and (2) the contact does not include a disagreement with respect to the application of any provision of Chapter 64. This is a major difference between Chapter 64 and Chapter 56. Under Chapter 56, which relates to electric, gas and water companies, customer contacts with companies about termination notices are "disputes" if payment terms are not worked out. Thus, for this telephone report, informal telephone complaints to the Commission that are a result of failed payment negotiations have been separated from informal telephone complaints that represent an appeal of a "dispute." In 1988, there were 1,038 informal complaints filed against major telephone companies by customers facing suspension or termination. It is important to note that another difference between Chapter 56 and Chapter 64 is the distinction in Chapter 64 between "suspension" and "termination" of service. Suspension is a temporary interruption of telephone service while termination is the permanent cessation of service. The distinction is important for consumers in that restoration after termination requires payment of installation charges whereas restoration after suspension involves payment of a lesser reconnection fee. A suspension evolves into a termination when a customer fails to make a payment arrangement with the telephone company or fails to file an informal complaint with the Commission. Most informal complaints relating to cessation of telephone service are registered during the suspension phase. The Bureau's CSIS system separates informal telephone complaints according to suspension and termination. Where appropriate (e.g. complaint analysis) the data for both is grouped together. In other sections such as analysis of collections the data is kept separate.

Specific Problems

In order to evaluate how companies handle specific telephone problems, closed cases were aggregated into three groups: Chapter 64 complaints, Non-Chapter 64 complaints, and Chapter 64 suspensions. Again, the complaint information discussed below is based on closed cases rather than open cases. Therefore, all the cases that are reflected in Table 2 are not reflected in the following tables because all cases in Table 2 were not closed at the time this data was aggregated. The discussion that follows highlights how companies handle complaints that fall into these specific problem areas.

Chapter 64 Complaints

There were 54% more Chapter 64 complaints (i.e. billing/ payment & credit/deposit) against major companies in 1988 than 1987 (See Table 3).

Table 3
Chapter 64
Residential
Consumer Complaints
Major Telephone Companies
(1987-1988)

Company	N	1987 Complaint Rate	N	1988 Complaint Rate	1987-1988 Percent Change in N
Bell	262	.08	465	.14	77%
General	44	.13	40	.12	-9%
United	14	.06	23	.10	64%
Commonwealth	9	.07	12	.08	33%
Alltel	27	.26	9	.09	-67%
Contel	7	.11	10	.15	43%
Total (Average Rate)	363	(.12)	559	(.11)	54%

Among the preliminary findings revealed in Table 3:

- * Bell experienced the largest increase in Chapter 64 complaints from 1987 to 1988. Bell's complaint ranking in this area is next to the worst in the industry.
- * In contrast, Alltel experienced a very substantial percentage reduction in Chapter 64 complaints from 1987 to 1988. The net effect of this decrease is that Alltel went from worst in 1987 to the next to the best complaint rate ranking in 1988 in the industry.

Non-Chapter 64 Complaints

The number of Non-Chapter 64 complaints against major companies remained stable from 1987 to 1988 (See Table 4).

Table 4

Non-Chapter 64
Residential
Consumer Complaints
Major Telephone Companies
(1987-1988)

Company	N	1987 Complaint Rate	N	1988 Complaint Rate	1987-1988 Percent Change in N
Bell	294	.09	326	.10	11%
General	74	.22	72	.22	-3%
United	54	.24	33	.14	-39%
Commonwealth	38	.28	37	.25	-3%
Alltel	37	.36	37	.35	0%
Contel	28	.45	16	.25	-43%
Total (Average Rate)	525	(.27)	521	(.22)	-1%

Among the preliminary findings revealed in Table 4:

- * Bell was the only company to experience an increase in the number of Non-Chapter 64 complaints from 1987 to 1988. On the positive side, Bell had the best complaint ranking for Non-Chapter 64 complaints in both 1987 and 1988.
- * Contel experienced the greatest decrease in its Non-Chapter 64 complaints from 1987 to 1988. Nevertheless, Contel had the next to the worst complaint rate ranking in this area in 1988.
- * The number of Non-Chapter 64 complaints against Alltel remained stable from 1987 to 1988 while most other companies improved. This resulted in Alltel's having the worst complaint rate for Non-Chapter 64 complaints in 1988.

Chapter 64 Suspensions

Suspension complaints against major companies increased from 1987 to 1988. Compared to Chapter 64 complaints and Non-Chapter 64 complaints, the number of suspension complaints more than doubled from 1987 to 1988 (See Table 5).

Table 5

Chapter 64 Suspensions
Residential
Consumer Complaints
Major Telephone Companies
(1987-1988)

Company	N	1987 Complaint Rate	N	1988 Complaint Rate	1987-1988 Percent Change in N
Bell	336	.10	969	.28	188%
General	24	.07	19	.06	-21%
United	26	.11	25	.11	-4%
Commonwealth	15	.11	8	.05	-47%
Alltel	20	.19	14	.13	-30%
Contel	9	.14	3	.05	-67%
Total (Average Rate)	430	(.12)	1038	(.11)	141%

Among the preliminary findings revealed in Table 5:

- * Bell's number of suspension complaints nearly tripled from 1987 to 1988. This dramatic increase resulted in its 1988 complaint rate that is nearly three times the major company average.
- * United experienced a slight decrease in its number of complaints related to suspension from 1987 to 1988.

Summary

Generally, most of the major telephone companies' overall performance improved from 1987 to 1988. Nevertheless, individual company performance remains a source of great concern. Specifically, Bell's 1988 performance was the worst of the major telephone companies. Bell had the worst complaint rate ranking in Chapter 64 suspensions and next to the worst in Chapter 64 complaints. The Bureau is very concerned with this dramatic decline in Bell's performance. Although the other major companies overall performance was better than Bell's performance in 1988, some companies had substandard complaint rate ranking in specific problems areas. The Bureau will monitor these problem companies and target these companies for improvement.

V. 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.

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 may indicate 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.

Major Telephone Companies

The telephone industry experienced a slight deterioration in responsiveness from 1987 to 1988. The average industry response time went from sixteen days in 1987 to eighteen days in 1988 (See Table 6).

Table 6

Residential Response Time Major Telephone Companies (1987-1988)

Company	Avg. Time in Days 1987	Avg. Time in Days 1988	1987-1988 Change in Days
Bell	17	33	16
General	13	12	-1
United	14	13	-1
Commonwealth	9	14	5
Alltel	13	14	1
Contel	21	21	0
<hr/>			
Avg. Response Time	16	18	2

Among the preliminary findings revealed in Table 6:

- * Bell's response time nearly doubled from 1987 to 1988. As a result, Bell's response time of 33 days is the worst in the industry in 1988. The Bureau is concerned with the magnitude of this increase, especially in conjunction with the significant increase in complaints over this period.
- * Even though Contel's response time remained stable from 1987 to 1988, it is next to the worst in the industry.
- * Commonwealth went from having the best response time in the industry in 1987 to tied for third in 1988. This should be a disturbing trend to company managers.
- * General's average response time of twelve days is the best in the telephone industry in 1988.

Specific Problems

Chapter 64 Complaints

Overall, the major companies' responsiveness in the area of Chapter 64 complaints deteriorated from 1987 to 1988 (See Table 7). As a group the major companies' response time to Chapter 64 (i.e. complaints related to billing/collection, credit/deposit, payment, etc.) is five days longer than Non-Chapter 64 complaints and six days longer than suspension complaints (See Tables 7 & 8).

Table 7

Chapter 64
Residential Response Time
Major Telephone Companies
(1987-1988)

Company	Avg. Time in Days 1987	Avg. Time in Days 1988	1987-1988 Change in Days
Bell	26	40	14
General	18	13	-5
United	15	21	6
Commonwealth	8	14	6
Alltel	8	26	18
Contel	36	24	-12
<hr/>			
Avg. Response Time	18	23	5

Among the preliminary findings revealed in Table 7:

- * Bell's response time of forty days for Chapter 64 complaints is the worst in the industry in 1988. A 77% increase in Bell's cases in this area is clearly related to the deterioration in its performance. Whatever the explanation an average response time of almost six weeks is not acceptable.
- * General's response time to Chapter 64 complaints is the best in the industry in 1988 and was one of only two major companies that were more responsive in 1988 than in 1987.

Non-Chapter 64 Complaints

The major companies showed an increase in response time to service related complaints from 1987 to 1988 (See Table 8).

Table 8

Non-Chapter 64
Residential Response Time
Major Telephone Companies
(1987-1988)

Company	Avg. Time in Days 1987	Avg. Time in Days 1988	1987-1988 Change in Days
Bell	19	32	13
General	11	10	-1
United	15	10	-5
Commonwealth	11	15	4
Alltel	19	14	-5
Contel	10	19	9
<hr/>			
Avg. Response Time	14	17	3

Among the preliminary findings revealed in Table 8:

- * Bell took almost two weeks longer to respond to Non-Chapter 64 complaints in 1988 than in 1987. Its response time is the worst in the industry in this problem area in 1988.
- * Contel's response time in Non-Chapter 64 complaints increased by more than one week from 1987 to 1988. Contel's ranking declined from the best in the industry in 1987 to next to the worst in the industry in 1988.

- * United's response time to Non-Chapter 64 complaints improved by 33% from 1987 to 1988. Its 1988 response time is tied for the best in the industry, which is one week faster than the industry average.
- * General's response time to Non-Chapter 64 complaints improved from second best in the telephone industry in 1987 and is now tied with United for the best in 1988.

Chapter 64 Suspensions

On the whole, the major companies were less responsive in 1988 than in 1987 to suspension complaints (See Table 9).

Table 9

Chapter 64 Suspensions
Residential Response Time
Major Telephone Companies
(1987-1988)

Company	Avg. Time in Days 1987	Avg. Time in Days 1988	1987-1988 Change in Days
Bell	16	30	14
General	10	18	8
United	14	12	-2
Commonwealth	6	14	8
Alltel	8	8	0
Contel	45	24	-21
<hr/>			
Avg. Response Time	16	18	2

Among the preliminary findings revealed in Table 9:

- * Bell's response time to suspension complaints nearly doubled from 1987 to 1988. It took Bell two weeks longer to respond to suspension complaints in 1988 than in 1987. Bell's response time was the worst in the industry in 1988.
- * Alltel's response time in suspension cases remained stable yet exemplary from 1987 to 1988. Alltel's response time to suspension related complaints has been the best in the industry in each of the last two years.

Summary

Response time is an important indicator of a company's responsiveness at handling customer complaints. Chapter 64 requires that telephone companies investigate customer disputes and maintain adequate records of those investigations. Thus, a quick response time indicates that a company generally has fulfilled this requirement and has the records on hand which explain its findings and position on the complaint. Although there were no significant improvements for the industry on the whole, improvements in selected areas by individual companies should be commended. However, the greatly degraded performance of Bell which is responsible for over 80% of the cases in this report is a source of very serious concern.

VI. CASE OUTCOME - JUSTIFIED PERCENT

One of the Bureau's primary goals in regards to telephone companies is that they handle customer disputes effectively before they are brought to the Bureau's attention. This goal is intended to have two desirable effects. First, proper dispute case handling minimizes customer dissatisfaction, thus preventing unnecessary complaints to the Bureau. Second, proper dispute handling guarantees that most customer complaints to the Bureau will be resolved in the company's favor. Complaint outcome or resolution is measured in terms of consumer complaints which are found to be valid or "justified." Commission regulations require that telephone customers contact their utilities to resolve their complaints prior to seeking PUC intervention. Although exceptions are permitted under extenuating circumstances, such as emergencies, the Bureau's policy is to accept complaints only from customers who have indicated that they have already tried and been unable to work out their problems with their company. Thus, a BCS case which is "justified" is a clear indication that the company has not handled a dispute properly or effectively.

Case outcome is used to identify whether or not correct procedures were followed by the utility in responding to the customer's complaint prior to the intervention of the Bureau. Specifically, a consumer's 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 or policies, regulations, reports, Secretarial Letters, and tariffs in reaching its final position. There are two additional complaint resolution categories. "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 or equivocal findings make it difficult to determine whether or not the customer was justified in the appeal to the Bureau. However, inclusive findings should not restrict companies from reviewing these cases carefully, since they may be a source of both present and future problems. The majority of cases fall into either the "justified" or "unjustified" category. The discussion below focuses on company effectiveness by examining those cases which are determined to be "justified."

Major Telephone Companies

As a group, the major companies were slightly more effective at handling customer complaints in 1988 than in 1987 (See Table 10). Although the Bureau is encouraged by this relative decline

in justified complaints, there is room for improvement when over half the complaints are determined by BCS to be justified in their appeal to the Commission.

Table 10

Residential
Justified Percent
Major Telephone Companies
(1987-1988)

Company	Justified Percent		Net Change 1987-1988
	1987	1988	
Bell	50%	59%	9%
General	66%	62%	- 4%
United	58%	40%	-18%
Commonwealth	62%	52%	-10%
Alltel	50%	45%	-5%
Contel	77%	50%	-27%
<hr/>			
Average Justified Percent	61%	51%	-10%

Among the preliminary findings revealed in Table 10:

- * Bell was the only major telephone company which was less effective at handling complaints from 1987 to 1988. This is particularly discouraging since Bell was tied for most effective company in 1987 and is now next to worst in 1988.
- * Contel made remarkable strides from 1987 to 1988. This improvement caused Contel to improve from least effective in the industry in 1987 to slightly above average in 1988.
- * General's performance at effectively handling complaints improved from 1987 to 1988. Nevertheless, General was the least effective company in the industry in 1988.
- * Of all the major telephone companies, United was the most effective at handling complaints prior to BCS intervention in 1988. United's performance is the best in the industry and should be viewed as an attainable standard for the industry.

Chapter 64 Complaints

The percentage of justified complaints related to Chapter 64 increased slightly for the major companies from 1987 to 1988. United's performance in the area of effectively handling Chapter

64 complaints deteriorated substantially from 1987 to 1988. Evenso, relative to other companies it ranks next to the best in the industry (See Table 11).

Table 11

Chapter 64
Residential
Justified Percent
Major Telephone Companies
(1987-1988)

Company	Justified Percent		Net Change 1987-1988
	1987	1988	
Bell	56%	63%	7%
General	51%	60%	9%
United	22%	39%	17%
Commonwealth	57%	42%	-15%
Alltel	30%	25%	-5%
Contel	71%	70%	-1%
Average Justified Percent	48%	50%	2%

Non-Chapter 64 Complaints

Of the three separate problem areas presented in this report, the major companies showed the greatest improvement at handling Non-Chapter 64 complaints from 1987 to 1988 (See Table 12). This positive change has brought the major companies' performance in this area in line with its performance in the other two problem areas in 1988.

Table 12

Non-Chapter 64
Residential
Justified Percent
Major Telephone Companies
(1987-1988)

Company	Justified Percent		Net Change 1987-1988
	1987	1988	
Bell	69%	45%	-24%
General	76%	61%	-15%
United	72%	37%	-35%
Commonwealth	83%	58%	-25%
Alltel	71%	45%	-26%
Contel	82%	47%	-35%
Average Justified Percent	76%	49%	-27%

Among the preliminary findings revealed in Table 12:

- * Despite moderate improvement in effectively handling Non-Chapter 64 complaints from 1987 to 1988, General was the least effective in this problem area in the industry in 1988.
- * Contel experienced a substantial decrease in its percent of justified consumer complaints. Consequently, Contel improved from the least effective in the industry in 1987 to next to the most effective in 1988 at handling Non-Chapter 64 complaints.
- * United reduced its percent of justified Non-Chapter 64 complaints by almost half from 1987 to 1988. As a result, United was easily the most effective major telephone company at handling Non-Chapter 64 complaints in 1988.

Chapter 64 Suspensions

On the average the major telephone companies experienced a decrease in the percent of justified complaints related to suspensions (See Table 13). However, company by company results are mixed. The quality of company case handling related to suspensions is particularly important because the consequence of poor performance by telephone companies is that customers could be improperly deprived of service.

Table 13

Chapter 64 Suspensions
Residential
Justified Percent
Major Telephone Companies
(1987-1988)

Company	Justified Percent		Net Change 1987-1988
	1987	1988	
Bell	39%	60%	21%
General	75%	67%	-8%
United	43%	44%	1%
Commonwealth	27%	43%	16%
Alltel	33%	54%	21%
Contel	83%	0%	-83%
<hr/>			
Average Justified Percent	50%	45%	-5%

Among the preliminary findings revealed in Table 13:

- * Both Bell and Alltel showed a significant deterioration in their effectiveness at handling complaints related to suspension from 1987 to 1988. Bell's performance went from well above average in 1987 to well below average. Alltel's ranking dropped from next to the best in 1987 to below average in 1988.
- * General's performance improved slightly from 1987 to 1988 in effectively handling suspensions. Nevertheless, this was not enough to save it from being the least effective major telephone company in handling complaints related to suspension in 1988.
- * Contel not only eliminated most of its suspension complaints, but it was also the most effective company in the industry at handling these complaints in 1988.

Summary

Company effectiveness is measured in terms of the percentage of cases which are justified. This is the most serious measure of the quality of complaint handling in customer service programs. Justified complaints represent company failures at complying with the regulations and procedures that govern telephone service. Companies that fail to comply with these regulations and procedures are likely to improperly handle many customer contacts. Thus, customers may not be given their rights

under Chapter 64 which include the opportunity for Bureau intervention.

VII. JUSTIFIED RATE

In the past the Bureau presented two distinctly different measures of company performance for handling consumer complaints. First, comparisons of the volume of BCS cases have been made using the consumer complaint rate. Second and more importantly, the effectiveness of a utility's complaint handling has been measured using the percent of cases which are justified. Each of these two indicators supports meaningful analysis of company performance. However, both indicators can be independently affected by changes in company policy. Thus, the Bureau's concurrent use of these two measures does not always provide a consistent interpretation of a company's overall performance.

In response to this problem, a performance measure which reflects both of these, called "justified complaint rate," is presented in this report. The formula for justified complaint rate is as follows:

$$\text{Justified Consumer Complaint Rate} = \text{Consumer Complaint Rate} \times \text{Justified Percent}$$

This new evaluative measure combines the quantitative measure of consumer complaint rate with the qualitative measure of effectiveness, the justified percent. Consumer complaint rate and justified percent have been evaluated as independent measures in the past. This will continue to be done because each of these measures can be independently affected by company behavior so the Bureau must carefully monitor each measure. However, there is a need for a bottom line measure of performance that evaluates company complaint handling as a whole and, as such, allows for general comparisons to be made between companies and across time. The justified complaint rate should satisfy this need.

Major Companies

Overall, major companies were slightly more effective at handling complaints in 1988 than in 1987 (See Table 14).

Table 14

Justified Complaint Rate
Major Telephone Companies

Company	1987	1988	Net Change 1987 to 1988
Major Companies#			
Bell	.13	.39	.26
General	.30	.25	-.05
United	.24	.15	-.09
Commonwealth	.28	.21	-.07
Alltel	.41	.27	-.14
Contel	.54	.24	-.30
(Average)	.32	.25	-.07
Chapter 64			
Bell	.04	.09	.05
General	.07	.07	No Change
United	.01	.04	.03
Commonwealth	.04	.03	-.01
Alltel	.08	.02	-.06
Contel	.08	.11	.03
(Average)	.06	.06	No Change
Non-Chapter 64			
Bell	.06	.04	-.02
General	.17	.13	-.04
United	.17	.05	-.12
Commonwealth	.23	.14	-.09
Alltel	.25	.16	-.09
Contel	.37	.12	-.25
(Average)	.21	.11	-.10
Suspensions			
Bell	.04	.17	.13
General	.05	.04	-.01
United	.05	.05	No Change
Commonwealth	.03	.02	-.01
Alltel	.06	.07	.01
Contel	.12	.00	-.12
(Average)	.06	.05	-.01

(Sum of complaints for Chapter 64, Non-Chapter 64 and Suspensions)

Among the preliminary findings revealed in Table 14:

- * Bell's effectiveness at handling complaints deteriorated significantly from 1987 to 1988. In fact, Bell was the only company that did not improve from 1987 to 1988.
- * Among the major companies, Contel's performance showed the most improvement in effectively handling complaints from 1987 to 1988. Even so, Alltel's performance ranks slightly below average in 1988.
- * Of the major telephone companies, United was the most effective company at handling complaints in 1988.

Chapter 64, Non-Chapter 64 and Chapter 64 Suspensions

The major companies' effectiveness at handling Chapter 64 complaints and suspension complaints remained stable from 1987 to 1988. However, the major companies performance relative to effectively handling Non-Chapter 64 complaints improved significantly from 1987 to 1988 (See Table 14).

Summary

Justified complaint rate is the most important indicator of company effectiveness. Justified complaint rate evaluates company complaint handling strictly in terms of justified complaints. Thus, only mishandled customer problems are reflected in this measure. In this regard, the overall performance of telephone companies as a group improved slightly in 1988. However, Bell diverged sharply from all other major companies as its score and industry ranking both deteriorated very sharply on this measure. In fact, Bell's overall justified rate tripled from 1987 to 1988.

VIII. COLLECTION STATISTICS

For over a decade, the Bureau has been monitoring the gas and electric industries collection activities through their billing and collection statistics. Recently, similar information for the telephone industry has become available. This information is reported by all local telephone companies in response to the reporting requirements outlined in 52 PA Code Chapter 64, the "Standards and Billing Practices for Residential Telephone Service", regulations for telephones. Under these requirements, all local telephone companies must annually provide the Bureau with account information related to residential billing and collections. The following information is reported regarding their residential billing and collections:

- (1) average number of residential customers
- (2) average customer bill per month
- (3) average number of overdue customers per month
- (4) amount overdue bill per month
- (5) average number of customers suspended per month
- (6) average number of suspension notices per month
- (7) average number of accounts terminated per month
- (8) gross revenues from all residential accounts
- (9) gross and net write-offs of uncollectible accounts
- (10) total number of customer disputes handled

This information can be analyzed to evaluate the effectiveness of telephone company customer service activities relative to billing and collection. It is important to evaluate such activities for two reasons. First, the analysis of suspension and termination statistics can be used to insure that companies are complying with Chapter 64 regulations and treating customers fairly. Second, the analysis of statistics related to bills, overdue accounts and write-offs supports evaluation of the efficiency and effectiveness of telephone company collections activities. These sorts of evaluations can contribute directly to more effective regulatory activities by the Bureau, better compliance by companies and better treatment for customers. All of these can reduce company expenses in the long run. In short, the telephone billing and collection statistics provided by companies and the telephone complaint data are tools in assessing or evaluating company performance in customer services and recommending problem areas for company improvement.

Unfortunately, the quality of the statistics reported by companies that are reflected below is not yet certain. This uncertainty underlying the reliability and accuracy of this information has two causes. First, some companies appear to be reporting inaccurately. There have been repeated cycles of correspondence between the Bureau and these companies on this issue. Unfortunately, some companies have been unable or unwilling to analyze their customer accounting systems in a way

which will produce either complete or accurate statistics. Also, some companies have simply avoided the issue by simply ignoring correspondence from the Bureau. Second, the requirements under which reporting is done at §64.201 were drafted prior to divestiture. Thus, some of the implications of divestiture, in particular multiple balance billing, are not reflected in the regulations. This has forced the Bureau to seek voluntary compliance with modified formats for reporting bills, arrearages and write-offs. Voluntary compliance has not been forthcoming from all companies. The result is a data base which produces not only uncertain but also incomplete statistics. This means that the conclusions below, although generally on sound ground for companies supplying complete and accurate information, cannot yet be a secure basis for the most critical sort of evaluation.

Overdue Customers

In an average month in 1988, there were 1,151,334 telephone customers behind in paying their bills. However, comparisons of telephone customers who are in arrears can not be made purely on a numerical basis because of substantial differences in company size. Thus, the percentage of customers who are overdue is used to eliminate the distorting effect of company size. This statistic can be used to monitor how well telephone companies are managing overdue accounts and to indicate the level of risk that companies face. In practice, the percentage of customers who are overdue reflects a company's relative success at collecting its unpaid bills (See Table 15).

Table 15

Percentage of Customers Overdue

Company	1987 Percent Overdue	1988 Percent Overdue	Percent Change 1987-1988
Bell	28.4%	27.3%	-4%
General	24.2%	22.4%	-8%
United	17.2%	19.5%	14%
Commonwealth	21.1%	21.1%	-0%
Alltel	10.5%	10.4%	-1%
Contel	23.5%	21.9%	-6%
Average	26.7%	25.8%	-4%

Among the preliminary findings revealed in Table 15:

- * In 1988, the percentage of overdue customers ranged from a low of 10% for Alltel to a high of 27% for Bell, a difference of almost three to one.
- * Bell had the highest percentage of overdue customers for the second consecutive year. In other words, Bell had the highest level of risk among the major telephone companies in both 1987 and 1988. This is significant since Bell has the majority of residential customers in the state. Further investigation is needed before the Bureau will be in a position to assess this situation.
- * In contrast to Bell's performance, Alltel had the lowest percentage of overdue customers for the second year in a row. Alltel's overdue population was nearly 15% less than the major company average in 1988. Alltel's performance indicates that BCS can expect fewer customer problems associated with delinquencies.
- * United was the only company to experience a substantial increase (14%) in the percentage of overdue customers from 1987 to 1988. Although its percentage of customers in arrears remains below average in 1988 the magnitude of this increase is a source of concern.

Overall, there appears to be a need for a greater effort on the part of the major companies at improving the collection of unpaid bills. Only through more effective collections can they reduce the number of overdue customers.

Weighted Arrearage

The amount of money owed by overdue residential customers illustrates the financial risk faced by individual telephone companies. These amounts varied substantially from company to company in 1988. For example, in a typical month, overdue bills ranged from \$58 for United to \$105 for Alltel. Although this information is interesting, these overdue amounts are of limited analytical value because charges vary so much from company to company. Weighted arrearage is a statistic that has been used to evaluate the gas and electric industry since 1980. Weighted arrearage is calculated by dividing the monthly average overdue bill by the monthly average bill. This statistic balances out the differences in arrearages which are due to differences in bill size and allows an unbiased comparison of the extent of payment problems. It is used here to assess telephone companies for the first time. Thus, the effectiveness of telephone company collection activities can be evaluated by identifying the number of average bills in the average overdue bill.

The Bureau's research shows that it is difficult to collect bills which have gone unpaid for a long time. In general, the older the arrearage the greater the risk that the account will be written-off. Thus, the lower the weighted arrearage score the better the collection system performance. Weighted arrearage is used in Table 16 to compare individual company collection practices to each other and for tracking individual companies over time.

Table 16
Weighted Arrearage

Company	1987	1988	Percent Change 1987-1988
Bell	2.10	1.85	-12%
General	1.59	1.95	22%
United	1.58	1.64	3%
Commonwealth	1.64	1.82	11%
Alltel	2.38	2.67	12%
Contel	1.76	1.65	-7%
Average+	1.84	1.93	5%

+ Mean of Scores

Among the preliminary findings revealed in Table 16:

- * Alltel had the worst weighted arrearage score (2.7) among all major telephone companies in 1988. This means that Alltel let its bills go unpaid for nearly a month longer than any other major company.
- * In 1988 United and Contel shared the best weighted arrearage score (1.6) in this industry.
- * The weighted arrearage scores for the major companies as a group increased by nearly 5% from 1987 to 1988.
- * General had the largest increase (22%) in its weighted arrearage score from 1987 to 1988 in the telephone industry. This deterioration is disturbing because General had next to the lowest score in 1987.
- * Bell showed the greatest decline in the telephone industry in weighted arrearage, a 12% decrease from 1987 to 1988. Although this improvement is encouraging, Bell was still above the major company

average and should continue to strive to reduce unpaid bills.

Generally, the telephone industry lets its bills go nearly two months unpaid. This may present a problem since experience in the electric and gas industries shows that the older an arrearage the more likely it will be written-off. However, restrictions on suspension for small overdue bills make the account aging picture more confused for telephone service than for the other industries. Thus, clear evaluative conclusions cannot be made until further research is done.

Suspension of Basic Telephone Service

Suspension is the temporary interruption of telephone service typically due to the customer's failure to pay bills. Companies must follow proper suspension procedures as outlined in Chapter 64 before a customer's service can be suspended for nonpayment. In addition to the disruption suspensions cause customers, a significant financial impact occurs to both the customer and the company. First, significant costs impact on the company through sending notices, making contacts with customers and carrying out suspension. Second, customers are required to pay substantial fees to secure reconnection of their service. This also points to the need for a long-term analysis of suspension statistics and suspension practices. Therefore, it is important to examine suspension statistics which reflect the extent to which suspension is used (See Table 17).

Table 17

Number of Residential Service Suspensions

Company	1987	1988	Percent Change 1987-1988
Bell	256,620	484,020	89%
General	13,896	15,324	10%
United	14,400	16,236	13%
Commonwealth	11,040	14,412	31%
Alltel	8,040	8,796	9%
Contel	6,192	4,248	-31%
TOTAL	310,188	543,036	75%

Among the preliminary findings revealed in Table 17:

- * Bell experienced the largest increase (89%) among major telephone companies in the number of service suspensions from 1987 to 1988. Of the 232,848 increase in suspensions in the telephone industry from 1987 to 1988, almost 98% were by Bell.
- * Commonwealth had the second largest increase (31%) in suspensions in the industry from 1987 to 1988.
- * Only one company, Contel, showed a substantial decline in its number of suspensions from 1987 to 1988. Contel had 31% fewer suspensions in 1988 than in 1987.

Suspension Rate

Over 543,000 customers had their service suspended in 1988. The number of suspensions is substantial but it does not permit easy comparisons between companies. As is true with other performance measures, differences in company size make it difficult to compare companies based on raw numbers of suspensions. Thus, a uniform measure is calculated to compare how often companies resort to suspension of residential service. The suspension rate, as shown in Table 18, is calculated by dividing the annual number of suspensions by the monthly average number of residential customers. This rate represents the percentage of residential customers who are suspended.

Table 18

Suspension Rate#

Company	1987	1988	Percent Change 1987-1988
Bell	7.44%	14.17%	90%
General	4.22%	4.58%	9%
United	6.37%	7.02%	10%
Commonwealth	8.18%	9.73%	19%
Alltel	7.75%	8.37%	8%
Contel	9.90%	6.57%	-34%
Average+	7.31%	8.41%	17%

Annual suspensions as a percentage of the monthly average number of residential customers

+ Mean of Scores

Among the preliminary findings revealed in Table 18:

- * Overall, the suspension rate for the major telephone companies as a group increased by 17% from 1987 to 1988. This was primarily due to Bell's dramatic increase (90%) in its suspension rate.
- * Bell became much more aggressive at suspending residential telephone service from 1987 to 1988. In fact, Bell almost doubled its suspension rate from 1987 to 1988 and had the highest suspension rate among all major telephone companies in 1988.
- * General had the lowest suspension rate (4.58%) among the major telephone companies in 1988, marking the second consecutive year that General maintained the industry's lowest suspension rate.
- * All but one of the other major telephone companies experienced an increase in their suspension rates from 1987 to 1988. However, none of these came close to Bell's dramatic increase. Commonwealth had the next highest increase (19%) while United had the third highest increase (10%). In contrast to the other major telephone companies, Contel reduced its suspension rate significantly (34%) from 1987 to 1988.

Telephone service suspensions increased substantially from 1987 to 1988. This trend is alarming since it means that many customers were without phone service during 1988. Bell's dramatic increase in its suspensions is of particular concern. The BCS will continue to monitor this situation through its complaint handling and compliance efforts.

Termination of Service

Termination is the permanent cessation of service which occurs after service has been suspended. Companies have more suspensions than terminations because customers must go through the suspension process before they are terminated and many suspended customers pay their bills prior to termination. Once termination takes place the person ceases to be a customer. If the terminated party wishes to reestablish service he must apply for service as a new applicant - under 52 PA code, Chapter 64 - with rights which are more limited than when they were still a customer. This requirement makes it important to examine both service suspensions and terminations. Less than one third of the service suspensions ended in terminations in 1988. The major telephone companies had 151,296 (See Table 19) terminations in 1988, while suspending 543,036.

Table 19

Termination of Service

Company	1987	1988	Percent Change 1987-1988
Bell	122,100	133,536	9%
General	5,844	6,336	8%
United	5,220	5,196	No Change
Commonwealth	2,124	2,448	15%
Alltel	2,244	2,172	-3%
Contel	732	1,608	120%
Total	138,264	151,296	9%

Among the preliminary findings revealed in Table 19:

- * Bell reported 9% more terminations in 1988 than in 1987. This is interesting since Bell's suspensions increased by 89%. It is not clear whether or not the increase in suspensions was successful, meaning that the increase stimulated payments which actually avoided terminations in the long run. Future research will focus on the relationship between suspensions and payment and suspensions and terminations.
- * Contel more than doubled its terminations from 1987 to 1988. Commonwealth had the next largest increase (15%) while Bell and General experienced smaller increases in terminations.
- * United and Alltel were the only companies that did not experience an increase in their number of terminations from 1987 to 1988. United's terminations remained stable while Alltel experienced a slight decline (3%).

Termination Rate

A uniform measure was calculated to compare how often companies terminate residential service. As with the suspension rate the termination rate represents the percentage of residential customers who are terminated. The termination rate, as shown in Table 20, is calculated by dividing the annual number of terminations by the monthly average number of residential customers. This represents the number of terminations per customer so, for example, if the rate is 10% then it means that the equivalent of 10% of the residential customers are terminated annually (See Table 20).

Table 20

Termination Rate#

Company	1987	1988	Percent Change 1987-1988
Bell	3.54%	3.91%	10%
General	1.77%	1.89%	7%
United	2.31%	2.25%	-3%
Commonwealth	1.57%	1.65%	5%
Alltel	2.16%	2.07%	-4%
Contel	1.17%	2.49%	113%
Average+	2.09%	2.38%	21%

Annual terminations as a percentage of the monthly average number of residential customers.

+ Mean of Scores

Among the preliminary findings revealed in Table 20:

- * In addition to having the highest suspension rate in 1988, Bell also had the highest termination rate. Bell's termination rate (3.91%) was significantly higher than the industry average rate (2.38%) in 1988.
- * Contel had the second highest termination rate (2.49%) in the industry in 1988. This is surprising since Contel had the lowest termination rate (1.17%) in 1987. It appears that Contel has become more aggressive in terminating phone service.

The major telephone companies terminated 9% more customers in 1988 than in 1987. Bell was responsible for this percentage increase in terminations because it had the majority of terminations in 1988. Only one third of all suspensions in 1988 ended as terminations. However, this increase in terminations is troubling because it is substantially more difficult for customers to reestablish phone service once it has been terminated. The BCS is concerned with the increase in terminations and will investigate this situation.

Residential Billings Written-Off
As Uncollectible

Overdue accounts directly affect the cost of telephone service in two ways. First, the cost of collecting hundreds of thousands of unpaid bills is substantial. Second, once accounts are terminated, companies may issue a final bill for the amounts that are owed. If companies are unable to collect final bills they may write these amounts off as an uncollectible expense. These expenses are passed through in rates and increase the cost for all customers.

Uncollectibles can be reflected in either of two ways, specifically gross write-offs and net write-offs. Gross write-offs are the amount of money in overdue accounts written-off as uncollectible for the entire calendar year. Net write-offs are gross write-offs minus the amount of any previously written-off amount which was recovered by the company during the year. In 1988, telephone companies reported over \$56 million in gross write-offs and \$52.7 million in net write offs. Write-offs are treated as an expense for rates purposes. This means that these losses are reflected in rates which customers pay. In other words, the bulk of this will be recovered through rates rather than from the customers who didn't pay. However, the exact impact of write-offs on telephone rates is not reflected here since not all of these statistics are reported accurately by companies. Further study of the sources and effects of write-offs is clearly needed before accurate evaluations of utility performance can be made.

In order to measure and compare the electric and gas industry collection system performance relative to uncollectible accounts, the Bureau has historically used the statistic, "percentage of revenues written-off as uncollectible." The BCS also uses the percentage of revenues written-off as uncollectible to measure and compare the telephone industry's collection system performance. However, the BCS modifies this statistic by using net write-offs instead of gross write-offs. Thus, the percentage of revenues written-off as uncollectible for telephone companies is calculated by dividing net write-offs by gross revenues. Telephone companies' net write-offs are used because they reflect amounts actually lost. Thus, the BCS can better measure the effectiveness of the telephone industry's ongoing collection activities (See Table 21).

Table 21

Percentage of Residential Billings
Written-Off As Uncollectible

Company	1987	1988	Percent Change 1987-1988
Bell	3.06%	2.97%	-3%
General	1.14%	1.45%	27%
United	1.31%	.94%	-28%
Commonwealth	1.27%	1.20%	-5%
Alltel#	.94%	1.01%	8%
Contel	1.80%	1.57%	-13%
Average+	1.59%	1.52%	-2%

Alltel includes net write-offs for business accounts. As a result, Alltel's residential write-offs percentages for 1987 and 1988 are artificially low. This also affects the accuracy of the overall figure listed in Table 21.

+ Mean of Scores

Among the preliminary findings revealed in Table 21:

* Alltel provided the BCS with write-off figures which included business data. Unfortunately, Alltel's failure to provide the BCS with purely residential data, prevents the Bureau from measuring Alltel's individual performance and comparing it to other major companies. Alltel needs to make the proper adjustments to its data system so it can separate business data from residential data. Until Alltel corrects this problem it will be in violation of Chapter 64 reporting requirement.

* In 1988, Bell's net write-offs totaled \$48 million. This caused Bell to have the highest net write-offs (almost 3% in 1988) for the second year in a row. Bell

has the majority of residential customers in the state as well as the largest percentage of uncollectible revenues. This result suggests that Bell could be more effective at collecting its final bills before it writes them off.

- * Contel had the second highest percentage of revenues written-off (1.57%) in the industry in 1988. In contrast, United (.94%) and Commonwealth (1.20%) had the lowest percentage of revenues written-off. While this is better than the other major companies there is still room for improvement.

Summary

Further investigation by both BCS and the major telephone companies into collection practices is clearly needed. The preliminary findings presented in this report suggest that telephone companies have an opportunity to improve their collection practices in several areas. The following two comparisons are examples of areas where critical analysis of collections activities are needed. First, Contel's weighted arrearage decreased from 1987 to 1988 even though it substantially reduced suspensions. This calls into question the relationship between suspension of service and effective control of nonpayment. Second, the company with the highest suspension rate, Bell, also has the largest write-offs. This casts further doubt on the effectiveness of suspensions at restraining nonpayment. It seems logical that there should be a clear relationship between suspension and termination policies. However, a comparison of Tables 18 and 20 shows little relationship at all. Based on these examples, there appears to be no clear policy implications that can be derived from the way telephone companies manage collections. In future reports the Bureau will seek to determine why this lack of policy is apparent.

IX. COMPLIANCE

The Pennsylvania Public Utility Commission (PUC) has numerous obligations to fulfill and competing interests to balance as it regulates the many different types of public utilities in the Commonwealth. Among the primary obligations of the PUC is protecting the interest of residential utility consumers. Fulfillment of this obligation, as it affects residential telephone customers, has been facilitated with the implementation of the Chapter 64 residential telephone service regulations. These regulations, adopted in August 1984, have been in effect since January 1, 1985 and govern the approximately 45 local exchange carriers operating in Pennsylvania. It is, in large part, through the handling of consumer complaints and the enforcement of these residential telephone service regulations that the Commission is able to protect the interest of residential telephone consumers.

The Bureau of Consumer Services (BCS) is the Bureau within the PUC responsible for investigating and reporting on all informal consumer complaints relating to residential fixed utility service. The work of the BCS now includes efforts to insure that local exchange carriers are conforming with the standards of conduct codified in the Commission's Chapter 64 telephone regulations. The purpose of Chapter 64, as stated in Section 64.1, is to "...establish and enforce uniform, fair, and equitable residential telephone service standards governing account payment and billing, credit and deposit practices, suspension, termination, and customer complaint procedures."

This portion of the report describes in general terms the three methods used by the BCS to effect utility compliance with the Chapter 64 regulations. A more detailed description of the three methods is included in this report in Appendix A. Additionally, this portion of the report presents the informally verified violation findings which have been gleaned from informal consumer complaints filed with the Commission during the calendar years 1987 and 1988. The information will demonstrate that the compliance process for Chapter 64 parallels the Chapter 56 compliance process and is a forthright and reasonable process that enables the PUC to fulfill its enforcement responsibilities relative to Chapter 64.

BCS Compliance Methods

Approving proposed regulations and ordering their adoption and institution is only part of the process by which the PUC fulfills its function to protect the interest of residential utility consumers. It must also assure that those governed by the regulations adhere to the standards and practices set forth in the regulations. In order to ensure that the local exchange carriers act in accordance with these Chapter 64 standards and

adapt their practices to the rules, the BCS uses a demonstrated system of effecting compliance. The three primary methods utilized by the Bureau of Consumer Services to monitor and enforce compliance with the Chapter 56 regulations are the same methods used to monitor and enforce compliance with Chapter 64 regulations as well. The method used to date to compel local exchange carrier compliance with Chapter 64 is the informal compliance notification process. The other two methods available to the Bureau for compliance enforcement are the consumer services review program and formal complaints. The Bureau of Consumer Services designed these methods to be straightforward and complementary. As has been demonstrated in the past and documented in previous Consumer Services Compliance reports, these methods have successfully forced public utilities under Chapter 56 to adopt and consistently implement practices which ensure compliance with the service standards found in Chapter 56. Similarly, the Bureau's aim in utilizing these methods for Chapter 64 is to ensure compliance with the uniform, fair, and equitable residential telephone service standards found in Chapter 64. (The informal compliance notification process is the keystone of the Bureau's compliance methods.)

Informal compliance notifications or letters provide local exchange carriers with specific examples of apparent violations of Chapter 64 so that companies can use the information to pinpoint and voluntarily correct deficiencies in their customer services 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 alleged violation of Chapter 64. Failing a satisfactory refutation by the utility, appropriate corrective action is to be taken to prevent further occurrences of the violation. Appropriate corrective action usually involves modifying a computer program, revising the text of a notice, billing, letter, or company procedure, or providing additional staff training to ensure the proper implementation of a sound procedure. Additionally, informal compliance communications provide companies with an opportunity to secure written clarification of any provision of Chapter 64.

On another level, informal violations in the aggregate enable the BCS to:

- (1) identify patterns and trends prior to a Consumer Services Review so that an appropriate list of interview topics can be developed;
- (2) prepare a Formal Complaint against a troublesome local exchange carrier; and

- (3) monitor the effectiveness of corrective action taken by local exchange carriers as a result of the application of any of the BCS compliance methods.

The complementary nature of the BCS' compliance methods is covered in greater detail in Appendix A of the report. The above summary is intended merely to demonstrate the fundamental importance of the data obtained through the informal compliance notification process.

Informal Compliance Findings

The data analyzed in this section have been gleaned from the informal complaints filed with the PUC by residential telephone customers during 1987 and 1988. The violation statistics for the major telephone companies are presented by company and year in Table 22 and Table 23.

The Bureau of Consumer Services views each informally verified violation as an error signal. Using this perspective, 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 companies, there is sufficient reason to believe that there are numerous violations occurring which will go undetected by the PUC.

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

For these reasons, when evaluating a company's compliance performance, the aggregate figures presented in Table 22 may be 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 deviations in performance within the industry. The value of analyzing individual violations is that one or a few violations may provide an indication of widespread compliance problems that may not be depicted by viewing the aggregate figures.

A final consideration to keep in mind when viewing violation figures is that as performance measures, they are most important because they indicate infractions of PUC regulations. Therefore, while a company may take note of a significant decrease in the

number of verified violations, it should be kept in mind that the criterion for entirely satisfactory compliance performance is zero violations.

Table 22

Informal Violations of Chapter 64: 1987-1988
Major Telephone Companies

	<u>1987</u>	<u>1988 Total+</u>	<u>1988 Total Number Verified</u>	<u>1988 Total Number Pending</u>
Alltel	24	27	27	0
Bell	372	2094	1610	484
Commonwealth	6	24	24	0
Contel	28	35	35	0
General	74	88	83	5
United	7	38	38	0
TOTAL	511	2306	1817	489

+ The total number of violations for 1988 (column 2) is comprised mostly of verified violations (column 3) and in some cases a smaller number of pending violations (column 4). The total number of violations for 1988 may increase as new violations are discovered and cited from customer complaints which originated in 1988 but are still under investigation.

Table 23

Violation Rate
Major Telephone Companies
1988

	<u>Violation Rate+</u>
Alltel	2.57
Bell	4.71
Commonwealth	1.62
Contel	5.42
General	2.48
United	1.64

+ The violation rate is the number of verified violations per 10,000 residential customers. Because the violation rate takes into consideration the number of violations in conjunction with the number of customers for each utility, the violation rate is a useful measure for making standard comparisons among utilities of unequal size.

The highlights from Tables 22 and 23 include the following:

- * From 1987 to 1988 the telephone industry's compliance performance deteriorated substantially with a 256% increase in the number of verified violations.
- * United experienced a 443% increase in the number of violations from 1987 to 1988. This represents the greatest percentage increase in verified violations among the major telephone companies.
- * Bell, with a 333% increase from 1987 to 1988, had the second greatest percentage increase in verified violations. The number of informally verified violations could increase by as much as 433% over 1987 if the majority of the 484 pending violations are upheld at the informal compliance level. Further, Bell's violation rate per 10,000 customers was more than two and a half times greater than those of Commonwealth and United. In short, Bell exhibited a significant deterioration in compliance during 1988 and ranks among the worst of the major telephone companies in compliance performance.
- * Commonwealth had a threefold increase in the number of verified violations in 1988.
- * Contel had a 25% increase in the number of verified violations for 1988. Moreover, when Contel's compliance performance is compared to the other major telephone utilities using the violation rate per 10,000 customers, Contel had the worst compliance performance of the industry.
- * Alltel experienced a 13% increase in the number of informally verified violations from 1987 to 1988. When compared to the other major companies, Alltel had the third highest violation rate per 10,000 customers in 1988.
- * It would be premature to credit General with the smallest increase in verified violations from 1987 to 1988 because of the five pending violations. These violations, if upheld, could mean that the number of verified violations from General could increase by 19% over 1987. In any case, General exhibited a decrement in compliance performance during 1988.

Individual Company Tables

As presented in Table 22, compliance performance among the major telephone companies has plummeted, drastically for some, moderately for others. This performance indicates the need for increased attention and efforts regarding compliance with Chapter 64 regulations.

The following tables, along with intensive efforts on the part of the telephone companies to analyze their performance, can help to determine those areas of Chapter 64 where individual company attention and effort should be concentrated. These tables present a company by company analysis of the major sections of the regulations that were violated over the past two years.

Table 24

Alltel Pennsylvania, Inc.

<u>Section Violated:</u>	<u>Number of Violations</u>		
	Verified 1987	Verified 1988	Pending 1988
<u>Subchapter B: Payment and Billing Standards</u>			
Transfer of Accounts	64.20	1	0
Separate Billing	64.21	2	1
<u>Subchapter C: Credit and Deposit Standards Policy</u>			
Credit Standards	64.32	1	1
Written Credit Procedures	64.34	1	2
<u>Subchapter E: Suspension of Service</u>			
Unauthorized Suspension of Service	64.63	4	5
Suspension Notice Information	64.72	0	1
Notice of Suspension While Dispute Pending	64.73	1	0
Procedures Prior to Suspension	64.74	3	6
Suspension/Emergency	64.75	1	0
Three Day Hold for Medical Certification	64.102	0	1
<u>Subchapter G: Disputes, Informal & Formal Complaints</u>			
Dispute Procedures-Telephone Company	64.141	2	8
Contents of Utility Reports	64.142	3	2
Commission Informal Complaint Procedures	64.153	3	0
<u>Subchapter H: Restoration of Service</u>			
Restoration After Suspension	64.181	1	0
<u>Subchapter I: Public Information Record Maintenance</u>			
Record Maintenance	64.192	<u>1</u>	<u>0</u>
TOTAL		24	27

Highlights from Alltel's Table:

- * In 1988, the two most commonly violated areas of Chapter 64 are the sections relating to suspension of service and the sections relating to dispute handling. These are the same areas Alltel had difficulty with in 1987.
- * Informally verified violations of the Chapter 64 provision relating to suspension of service (§64.63 thru §64.102) account for 48% of Alltel's verified violations in 1988.

Table 25

Bell of Pennsylvania

<u>Section Violated:</u>	<u>Number of Violations</u>			
	Verified 1987	Verified 1988	Pending 1988	
<u>Subchapter A: Preliminary Provisions</u>				
Purpose and Policy	64.1	0	1	0
Definitions	64.2	4	0	0
<u>Subchapter B: Payment and Billing Standards</u>				
Method of Payment	64.11	0	1	0
Due Date for Payment	64.12	1	1	2
Billing Frequency	64.13	1	2	0
Billing Information	64.14	1	1	1
Partial Payments/No Arrears	64.17	1	1	1
Make-up Bills	64.19	6	8	3
Transfer of Account	64.20	0	2	0
Separate Billing	64.21	9	39	9
Billing Service for Inter- exchange Carriers	64.22	8	32	6
<u>Subchapter C: Credit and Deposit Standards Policy</u>				
Credit Standards	64.32	1	3	2
Payment of Prior Bills	64.33	0	7	6
Written Credit Procedures	64.34	10	44	10
Deposit Requirements-Existing Customers	64.35	1	5	2
Amount of Deposit	64.36	0	7	0
<u>Subchapter D: Interruption and Discontinuation of Service</u>				
Refunds for Service Inter- ruption	64.52	1	0	0
Discontinuance of Service	64.53	5	2	2
<u>Subchapter E: Suspension of Service</u>				
Authorized Suspension of Service	64.61	2	4	0
Unauthorized Suspension of Service	64.63	42	212	38

Notice Requirement Prior to Suspension	64.71	32	100	22
Suspension Notice Information	64.72	10	44	27
Notice of Suspension While Dispute Pending	64.73	10	28	58
Procedures Prior to Suspension	64.74	68	501	148
Limited Notice	64.81	0	1	0
Medical Certificate-General	64.101	2	0	0
Three Day Hold for Medical Certification	64.102	2	9	2
Restoration Upon Receipt of Med. Cert.	64.105	1	0	0

Subchapter F: Termination of Service

Authorized Termination	64.121	0	4	0
Unauthorized Termination	64.122	2	1	0
Termination Notice Information	64.123	5	7	2

Subchapter G: Disputes Informal & Formal Complaints

Termination While Dispute Pending	64.133	1	10	1
Dispute Procedures-Telephone Company	64.141	75	337	63
Contents of Utility Reports	64.142	38	117	30
Commission Informal Complaint Procedures	64.153	22	57	43

Subchapter H: Restoration of Service

Restoration After Suspension	64.181	6	10	3
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Subchapter I: Public Information, Record Maintenance

Public Information	64.191	1	1	0
Record Maintenance	64.192	<u>4</u>	<u>11</u>	<u>3</u>
TOTAL		372	1610	484

Highlights from Bell's Table:

- * Of Bell's 1,610 informally verified violations in 1988, more than half involve provisions relating to the suspension of service. Those provisions of Chapter 64 relating to suspension of service (Subchapter E) represented the most common compliance problem for Bell in 1987 as well.

- * Failure by Bell to follow the Chapter 64 procedures upon customer contact prior to suspension (§64.74) constitutes the overwhelming majority of violations in the subchapter dealing with suspension of service. Bell has responded to this large number of violations by revising its procedures relative to §64.74. However, in checking Bell's verified violations occurring after the September 1, 1988 effective date for those revised procedures, the record shows a disappointing 119 verified violations of §64.74. Further, there are 126 allegations relative to §64.74 for actions occurring after September 1, 1988 that are pending.

- * Approximately one-third of both the 1987 and 1988 verified violations, as well as the 1988 pending violations, fall under the provisions dealing with dispute handling. Again, Bell has responded to this large number of violations by revising procedures. Unfortunately, since the September 1, 1988 effective date for those revised dispute handling procedures, the BCS has gleaned 77 violations of the Chapter 64 dispute related provisions occurring on or after September 1. An additional 65 alleged violations of the dispute related provisions for actions occurring after September 1, 1988 are pending.

Table 26

Commonwealth Telephone Company

<u>Section Violated:</u>	<u>Number of Violations</u>			
	<u>Verified</u> 1987	<u>Verified</u> 1988	<u>Pending</u> 1988	
<u>Subchapter B: Payment and Billing</u> <u>Standards</u>				
Due Date for Payment	64.12	0	1	0
Separate Billing	64.21	0	1	0
<u>Subchapter C: Credit and Deposit</u> <u>Standards Policy</u>				
Written Credit Procedures	64.34	0	1	0
Amount of Deposit	64.36	0	1	0
<u>Subchapter E: Suspension of Service</u>				
Unauthorized Suspension of Service	64.63	0	1	0
Suspension Notice Information	64.72	0	2	0
Procedures Prior to Suspension	64.74	2	4	0
<u>Subchapter G: Disputes, Informal</u> <u>& Formal Complaints</u>				
Dispute Procedures-Telephone Company	64.141	1	8	0
Contents of Utility Report	64.142	<u>3</u>	<u>5</u>	<u>0</u>
TOTAL		6	24	0

Highlights from Commonwealth's Table:

- * Failure by Commonwealth to follow the dispute procedures (§64.141) and to issue complete utility reports that conform to §64.142 constitute over one half of the verified violations for this company in 1988. Given this pattern, Commonwealth should thoroughly review this area of its procedures and take appropriate corrective action.
- * Another area of concern reflected in the figures is Commonwealth's procedures relating to suspension of service. Violations of these provisions account for 29% of the violations on record for 1988.

Table 27

Contel of Pennsylvania, Inc.

<u>Section Violated:</u>	<u>Number of Violations</u>			
	<u>Verified</u> 1987	<u>Verified</u> 1988	<u>Pending</u> 1988	
<u>Subchapter B: Payment and Billing Standards</u>				
Due Date for Payment	64.12	1	0	0
Late Payment Charges	64.16	0	1	0
Partial Payments/No Arrears	64.17	0	5	0
Transfer of Accounts	64.20	0	1	0
Separate Billing	64.21	1	0	0
<u>Subchapter C: Credit and Deposit Standards Policy</u>				
Payment of Prior Bills	64.33	0	2	0
Written Credit Procedures	64.34	0	1	0
<u>Subchapter E: Suspension of Service</u>				
Unauthorized Suspension of Service	64.63	1	1	0
Notice Requirement Prior to Suspension	64.71	1	1	0
Suspension Notice Information	64.72	3	9	0
Notice of Suspension While Dispute Pending	64.73	0	1	0
Procedures Prior to Suspension	64.74	0	2	0
<u>Subchapter G: Disputes, Informal & Formal Complaints</u>				
Dispute Procedures-Telephone Company	64.141	8	3	0
Contents of Utility Reports	64.142	7	5	0
Commission Informal Complaint Procedures	64.153	4	2	0
<u>Subchapter I: Public Information, Record Maintenance</u>				
Record Maintenance	64.192	<u>2</u>	<u>1</u>	<u>0</u>
TOTAL		28	35	0

Highlights from Contel's Table:

- * In 1987, 17 (or 61%) of Contel's informally verified violations involved dispute handling provisions of Chapter 64. In 1988, 9 (or 26%) of Contel's violations involved these provisions. Although this declining trend is encouraging, the BCS believes the current figures still indicate that Contel should devote time to improving this area of its customer service operation.
- * In 1988, 40% of the informally verified violations relate to suspension activities. This surge in the number of violations involving suspension related provisions makes this Contel's most troublesome compliance area in 1988.
- * Informally verified violations of the Chapter 64 Payment and Billing Standards (§64.12 thru §64.21) tripled from 1987 to 1988 and account for 20% of the violations by Contel in 1988.

Table 28

General Telephone Company

<u>Section Violated:</u>	<u>Number of Violations</u>			
	<u>Verified</u> 1987	<u>Verified</u> 1988	<u>Pending</u> 1988	
<u>Subchapter A: Preliminary Provisions</u>				
Purpose and Policy	64.1	0	1	0
Definitions	64.2	1	0	0
<u>Subchapter B: Payment and Billing Standards</u>				
Due Date for Payment	64.12	1	0	0
Separate Billing	64.21	3	0	0
Billing Service for Inter-exchange Carriers	64.22	1	2	0
<u>Subchapter C: Credit and Deposit Standards Policy</u>				
Credit Standards	64.32	1	0	0
Payment of Prior Bills	64.33	1	0	0
Written Credit Procedures	64.34	1	2	0
<u>Subchapter D: Interruption and Discontinuation of Service</u>				
Discontinuance of Service	64.53	0	1	0
<u>Subchapter E: Suspension of Service</u>				
Authorized Suspension of Service	64.61	1	1	0
Unauthorized Suspension of Service	64.63	17	26	0
Notice Requirement Prior to Suspension	64.71	3	3	1
Suspension Notice Information	64.72	12	10	0
Notice of Suspension While Dispute Pending	64.73	1	0	0
Procedures Prior to Suspension	64.74	1	7	0
Suspension/Emergency	64.75	0	1	0
Medical Certificate-General	64.101	1	0	0

Subchapter F: Termination of Service

Termination Notice Information	64.123	3	1	0
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Subchapter G: Disputes, Informal
& Formal Complaints

Termination While Dispute				
Pending	64.133	2	0	0
Dispute Procedures-Telephone				
Company	64.141	18	15	2
Contents of Utility Reports	64.142	3	9	2
Commission Informal Complaint				
Procedures	64.153	2	1	0

Subchapter I: Public Information,
Record Maintenance

Public Information	64.191	0	1	0
Record Maintenance	64.192	<u>1</u>	<u>2</u>	<u>0</u>
TOTAL		74	83	5

Highlights from General's Table:

- * More than half of General's informally verified violations in 1988 involve provisions relating to suspension of service. Violations of these sections also represent General's most common compliance problem area in 1987.
- * Failure by General to treat customer complaints in full accord with the explicit standards set forth in the Chapter 64 dispute, informal complaint, and record maintenance provisions (§64.133- §64.153, §64.192) constitutes approximately one third of the verified violations in both 1987 and 1988.
- * Of the 83 informally verified violations gleaned from informal complaints filed against General in 1988 the company has denied or expressed disagreement with 80% of these informal determinations. This reflects a significant difference of opinion between General and BCS concerning application of Chapter 64 provisions. In contrast, the five other major companies collectively denied or differed on only 10% of the 1988 informally verified violations. Based upon General's repetitive violations involving the same provisions of Chapter 64 in 1987 and 1988, it appears that the company is reluctant to use the informal violation process as the Bureau intended it to be used. The written compliance notification process provides the utility with information that can be used to pinpoint and voluntarily

correct deficiencies in customer services operations. However, General appears to be more concerned with denying the violations than taking the opportunity to use the information in a constructive manner to make improvements in their system that will lead to compliance with the regulations.

Table 29

The United Telephone Company of Pennsylvania

<u>Section Violated:</u>		<u>Number of Violations</u>		
		<u>Verified</u> 1987	<u>Verified</u> 1988	<u>Pending</u> 1988
<u>Subchapter A: Preliminary Provisions</u>				
Definitions	64.2	1	0	0
<u>Subchapter C: Credit and Deposit Standards Policy</u>				
Credit Standards	64.32	0	1	0
Written Credit Procedures	64.34	0	5	0
Amount of Deposit	64.36	0	2	0
<u>Subchapter D: Interruption and Discontinuance of Service</u>				
Discontinuance of Service	64.53	1	0	0
<u>Subchapter E: Suspension of Service</u>				
Unauthorized Suspension of Service	64.63	0	1	0
Notice Requirement Prior to Suspension	64.71	0	1	0
Procedures Prior to Suspension	64.74	2	13	0
Medical Certificate-General	64.101	1	0	0
<u>Subchapter G: Disputes, Informal & Formal Complaints</u>				
Dispute Procedures-Telephone Company	64.141	1	8	0
Contents of Utility Reports	64.142	<u>1</u>	<u>7</u>	<u>0</u>
TOTAL		7	38	0

Highlights from United's Table:

- * Informally verified violations of the Chapter 64 provision relating to suspension of service account for 39% of the violations by United in 1988. The overwhelming majority of those violations involved one provision in particular, that is §64.74 relating to procedures prior to suspension.

- * Informally verified violations of the Chapter 64 dispute handling provisions in 1988 indicate United must devote attention to this area of its practices.
- * In 1988, 21% of the informally verified violations involve Chapter 64 provisions relating to credit and deposit standards.

Summary

The Chapter 64 standards and billing practices for residential telephone service exemplify the Pennsylvania Public Utility Commission's concern with consumer issues and rights. These regulations are intended to ensure that all residential telephone ratepayers who receive telephone service from local exchange carriers regulated by the PUC are treated in a fair and equitable manner. The information in this section demonstrates that the Commission, primarily through its Bureau of Consumer Services, is fulfilling its enforcement responsibilities relative to Chapter 64. In addition, the information presented shows that most of the major telephone companies have failed to meet their responsibility under Chapter 64. Although Chapter 64 has been in effect for four years, the 2,328 informally verified violations gleaned to date by BCS investigators from informal complaints in the last two years indicate that telephone companies have not fully incorporated Chapter 64 into their daily customer service operations, and have failed to establish and uniformly implement standard procedures which insure compliance with the Commission's residential telephone service regulations.

Telephone companies that wish to avoid BCS compliance actions have several options. First, they may take advantage of the Bureau's informal notification process. Companies are strongly encouraged to 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.

X. CONCLUSION

This annual telephone report focuses on the Bureau's complaint handling activity relative to the telephone industry during 1988. Over the past eleven years, all of the Bureau's complaint handling activity was presented in the "Consumer Services Activity Report". In response to the uniqueness of the regulations governing the telephone industry and the vastly changing regulatory environment, the annual assessment of the telephone industry's customer service performance appears here for the first time in a separate report. This report presents the Bureau's assessment of telephone company performance by providing a comprehensive analysis of telephone complaints and a preliminary analysis of telephone collections activities.

Complaint Analysis

Quantitative and qualitative problem indicators are used here to measure company performance. The first measure is the consumer complaint rate which is a relative measure of complaint frequency. Response time is the second measure presented above. It reflects the speed with which a company is able to supply critical information on a case to BCS. This reflects the quality of dispute handling and the record keeping which is required under PUC regulations. Justified percent and justified rate are measures which reflect the effectiveness and quality of companies' handling of customer complaints. In addition, the analysis of measures related to telephone collections provides a basis for comparing company performance at managing unpaid accounts. Finally, a review of the statistics related to compliance shows companies performance at operating in conformity with the Commission's regulations.

On the whole, complaints against the telephone industry increased dramatically from 1987 to 1988. This increase can be attributed to Bell which was the only major telephone company that had more complaints in 1988 than in 1987. In contrast, the other major telephone companies experienced a reduction in consumer complaints so their performance improved from 1987 to 1988.

Response time can be an indicator of both a company's efficiency and compliance with record keeping requirements. Telephone industry response time remained generally stable from 1987 to 1988. There were no significant improvements among telephone companies and the average response time for the industry increased from 16 days in 1987 to 18 days in 1988. Bell showed significant deterioration with response time nearly doubling from 1987 to 1988. Based on these findings, the Bureau has concluded that work is needed throughout the industry to improve response time.

Company effectiveness is measured in terms of justified percent and justified rates. These directly reflect whether a company is treating its customers properly, and are thus the most important measures of company performance. As a group, major companies were slightly more effective at handling complaints in 1988 than in 1987. However, Bell was the one major telephone company to have a worse overall justified rate in 1988 than 1987.

Collections Statistics

Overall, the preliminary findings of billing and collection statistics suggest that the telephone industry needs to improve its collections practices in several areas. The major telephone companies experienced an increase in the percentage of customers overdue and the size of unpaid bills from 1987 to 1988. Telephone industry uncollectibles from residential accounts also increased from 1987 to 1988. In short, it appears that the telephone industry collection performance has deteriorated. This has led the Bureau to conclude that further investigation of telephone company collection practices is clearly needed in order to develop a reliable approach to evaluating credit and collections activities.

Compliance

The Chapter 64 regulations have been in effect for over four years. Even so, the statistics presented here show that the telephone industry has yet to achieve routine compliance with these regulations. Telephone companies' compliance performance deteriorated substantially from 1987 to 1988 with a 256% increase in the number of verified violations. The performance of Bell, Commonwealth, United and Contel are particularly troublesome.

In order to help companies achieve compliance with the Commission's regulations, the Bureau staff analyze and thoroughly document each violation of Chapter 64. Summaries of these violations along with accompanying explanations are then sent to the appropriate utility. In spite of this laborious effort, it is obvious that telephone companies have not taken full advantage of the information available to them through this informal compliance notification process. The Bureau urges companies to make full use of this process to improve their compliance performance.

Summary

This report highlights individual company performance as well as the telephone industry's performance. Individual company performance is ranked on each of the following nine measures: consumer complaint rate, justified percent, response time, justified rate, percent overdue, weighted arrearage, suspension rate, termination rate, and net residential write-offs.

Generally, measures of individual telephone company performance showed improvement from 1987 to 1988. Individual rankings ranged from outstanding to very poor. United Telephone had the highest performance ranking and thus appears to be the most effective major company at managing customer services operations. In fact, United showed substantial improvement in six of the nine areas which are reviewed here. Even though United's performance did not improve in all areas, the measures reflect that its overall performance was markedly better than the other companies. Four out of the six major telephone companies' (i.e., Commonwealth, General, Alltel, Contel) overall performance rankings were very close. On the negative side, the Bureau is very concerned with Bell Telephone which was the only company whose performance deteriorated as reflected in a number of measures. Among the major companies, the measures here show that Bell appears to be the least effective at managing its customer service operations. Although much of the basis for evaluation used here is still in a developmental phase, the sharp deviation of Bell from the other companies appears to be a strong indication of genuine problems.

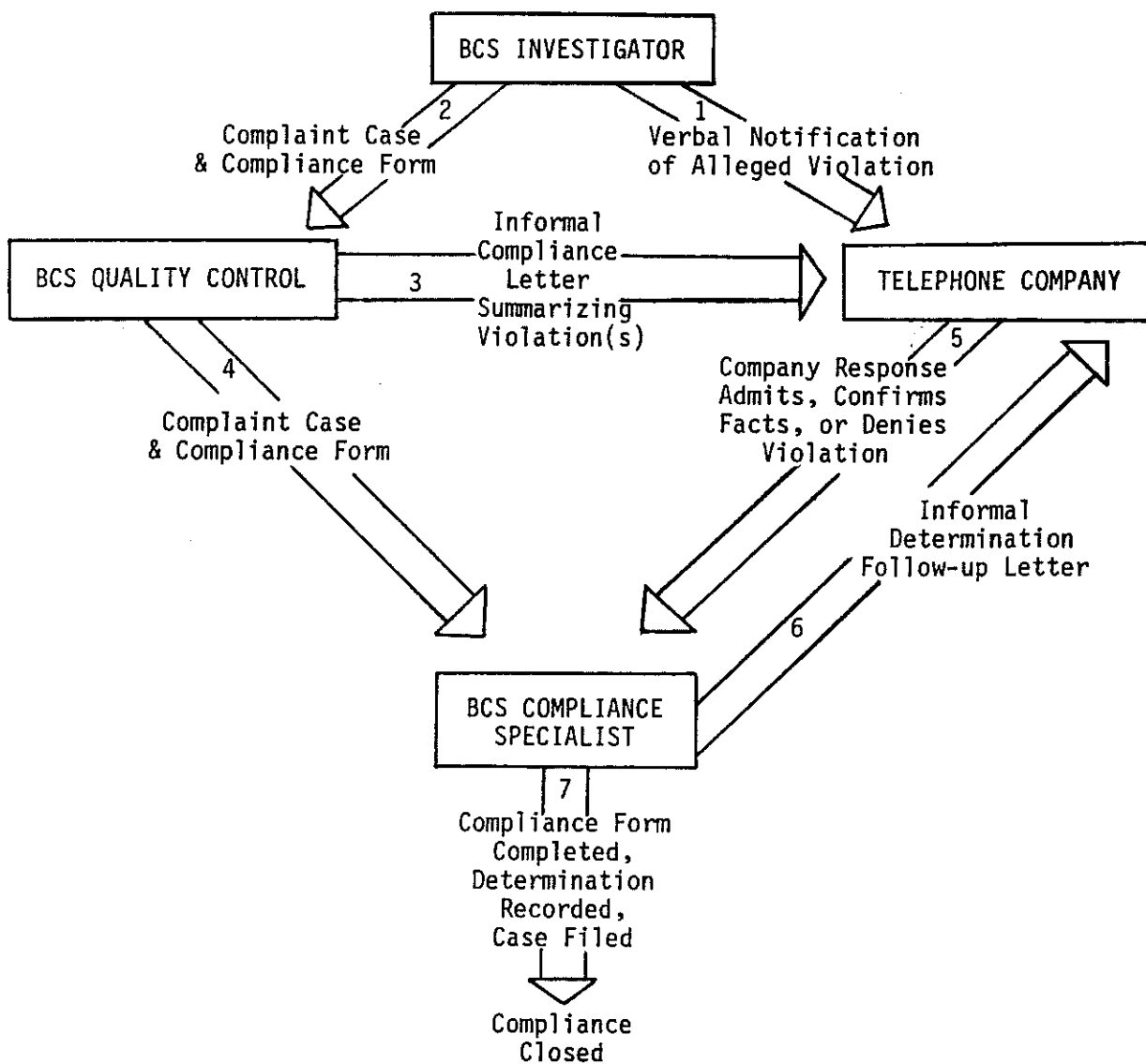
There is substantial evidence that companies which make a sincere effort to improve complaint handling have been successful. Thus, it is the Bureau's policy to assist company efforts at self-monitoring. In addition to periodic reviews of company procedures, the Bureau provides most of the data used in 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 aware of problems. However, the Bureau will continue to focus criticism on those companies which do not act to arrest declines in customer services performance.

APPENDIX A

The Informal Compliance Notification Process

The informal compliance notification process has been carefully designed and refined over several years to insure the proper identification and classification of informally determined violations. Figure 1 depicts a simplified flowchart of the informal compliance notification process. The numbers (1-7) which appear in the text refer to the steps depicted in Figure 1.

FIGURE 1
CHART OF THE INFORMAL COMPLIANCE NOTIFICATION PROCESS



The notification process begins, in most cases, when in the course of investigating an informal complaint filed with the PUC by a residential telephone customer, a BCS investigator (1) determines that one or more apparent violations of Commission regulations have been committed by a local exchange carrier while handling a complainant's account. In each instance, the BCS investigator discusses the apparent violation(s) with his or her counterpart within the affected company during the investigation of the informal complaint. This verbal notification provides the company with its first opportunity to present information to refute the apparent violation(s). If the company is unable to disprove the apparent infraction(s), the BCS investigator (2) completes an informal compliance form at the conclusion of his or her investigation. This form contains a summary of the pertinent information upon which the investigator has based his or her determination.

When the informal complaint is closed by the investigator, a BCS quality control analyst reviews both the informal case documentation and the compliance form to determine if the available facts support the investigator's judgement, or if the facts point to an apparent violation that had been missed by the BCS investigator. If, on the basis of this quality control review, the BCS believes the informal case documentation indicates one or more violations have been committed, (3) an informal compliance letter summarizing each apparent infraction is sent to the company. The informal compliance letter is sent to the telephone company official designated by the company to be responsible for investigating and responding to all instances of noncompliance with Chapter 64 reported to the utility by the BCS. This written compliance notification, in most instances, provides the company with its second opportunity to review the allegations and present evidence to refute the apparent infraction(s). The informal compliance letter also insures that the management of the telephone company is aware of the apparent violation(s). A copy of both the informal complaint and the compliance letter (4) are then referred to the BCS Compliance Specialist.

The Verification of Informal Complaints

Local exchange carriers are given a fixed number of days to respond to the informal compliance letter (step 5 in Figure 1). Once a response is received from the company, the BCS compliance specialist reviews the written response. After reviewing all available information, the BCS compliance specialist determines whether or not the local exchange carrier actually committed any violations of Chapter 64. This informal determination is (6) communicated to the company and (7) recorded in the appropriate Bureau of Consumer Services' files.

At this stage in the process, each alleged infraction is placed into one of three categories:

- * Informally Verified Violation
- * Alleged Violation
- * Violation Dismissed

An informal compliance notification is recorded as an "Informally Verified Violation" if one of the following criteria is met: (1) the utility's response specifically admits the apparent violation; (2) the company's response does not admit the violation but does confirm the accuracy of the facts which form the basis of the apparent infraction; or (3) the company's response denies the apparent violation but fails to present supporting evidence to disprove the information which forms the basis of the apparent misapplication of Chapter 64.

BCS informal complaint 63082 against Contel of Pennsylvania is an example of an informal compliance action that ended with an admittance by the local exchange carrier. In this instance, the BCS investigator found that Contel did not make its deposit request in conformance with the deposit request requirements established at Section 64.34(2). Specifically, Contel failed to inform the applicant in writing of the reasons for denial of credit and how to obtain service. The BCS notified Contel of the apparent violation of §64.34(2) in an informal compliance letter dated July 13, 1988. The company admitted in its response dated July 22, 1988, that it did not comply with §64.34(2). Further, Contel informed the BCS of the steps the company had already taken to insure future compliance with the provision in question. Such voluntary corrective action is a crucial part of the informal compliance notification process. When a local exchange carrier acknowledges in a response to a BCS informal compliance letter that its actions did not conform with a provision of Chapter 64, the BCS expects the company to demonstrate it has used the violation to improve its customer services operations.

Because of formal complaints initiated by the Commission against several major utilities for violations of the Chapter 56 regulations, most utility responses to BCS informal compliance notifications no longer openly admit committing a violation. Instead, most company responses now fall under the second criterion noted above; that is, the company confirms the accuracy of the facts which form the basis of an apparent infraction without specifically admitting a violation. When the company does not admit the violations, but nevertheless confirms the accuracy of the facts outlined in the BCS compliance letter, the infractions are recorded in BCS files as informally verified violations. In such instances, the BCS sends a follow-up letter to the company advising it of the Bureau's informal determination. If necessary, the follow-up letter includes a

review of the proper meaning of the provision(s) in question so the company can take appropriate corrective action.

An example of the above type of informal compliance action is BCS case 63858 against the United Telephone Company of Pennsylvania. In this instance, United committed an error relating to the procedures upon customer contact prior to suspension. Specifically, the company failed to provide the customer with information on contacting the Public Utility Commission, after the company and the customer were unable to establish a mutually satisfactory payment agreement. Section 64.74(a)(3) requires that certain information, where applicable, be explained to the customer when the customer contacts the company concerning a proposed suspension, after the issuance of a suspension notice and before the suspension of service. The BCS notified the company of the apparent infraction by means of an informal compliance notification dated September 8, 1988. The company, by letter dated October 17, 1988, did not admit the violation, but did nevertheless confirm the accuracy of the facts outlined in the BCS compliance letter. Therefore, this infraction is recorded in BCS files as an informally verified violation. In instances such as this one, the BCS sends a follow-up letter to the company advising it of the Bureau's informal determination. In this case the follow-up letter dated November 10, 1988 did include a review of the proper meaning of the provision in question, emphasizing the point that companies should assure themselves that a payment agreement meets the Chapter 64 definition of the term by positively ascertaining that the proposed agreement is mutually satisfactory.

In some instances, a company denies an apparent violation but fails to present supporting evidence to disprove the information which gave rise to the BCS informal compliance letter. In such cases, the facts are not usually in dispute. Instead, the company's denial generally rests on a different interpretation of the Chapter 64 provision at issue. In other terms, there is agreement on the facts but disagreement about whether or not the facts represent a violation of the specific Chapter 64 provision(s) cited in the BCS informal compliance notification. In this type of compliance action, the BCS demonstrates a willingness to discuss, in detail, the proper meaning of any provision of Chapter 64. However, as the Bureau within the PUC with initial responsibility for the implementation of the Chapter 64 standards (§64.154), the BCS does not allow a local exchange carrier the luxury of placing its interpretation of a Chapter 64 provision over the BCS' interpretation. If this were allowed, there would be as many interpretations of various Chapter 64 provisions as there are major telephone companies. As previously noted in the introduction of this section, the purpose of Chapter 64 is, in part, to establish uniform residential telephone service standards. If there are to be, as required, uniform standards, one interpretation of each Chapter 64

provision must prevail. Any reasonable reading of Chapter 64 places the initial interpretational responsibility with the Bureau of Consumer Services. Of course, if a local exchange carrier disagrees with any BCS position, the company has the right to seek formal Commission clarification. For example, under Section 64.212 a local exchange carrier has the right to apply for a modification or for exception from a Chapter 64 requirement. Or, a local exchange carrier may petition the Commission for a declaratory order pursuant to appropriate Commission rules. If however, a local exchange carrier does not pursue an appropriate avenue of recourse, then the BCS expects the company to bring its practices and procedures in line with the Bureau's position concerning the proper meaning of any Chapter 64 provision.

A simple example of this type of compliance action is BCS 64199 against GTE North Incorporated. In this case, the company failed to inform the applicant in writing of the reasons for denial of credit and how to obtain service. Under section 64.34(2) "Reasons for deposit request," a local exchange carrier must inform the applicant in writing of the reasons for denial of credit and how to obtain service, if a deposit or payment of an outstanding residential account is required before furnishing service. Since General did not inform the applicant in writing that payment of an outstanding residential account was required before furnishing service, the BCS notified the company of the apparent violation of §64.34(2) by means of an informal compliance letter dated October 25, 1988. The company's response denied the apparent violation by arguing that the company did not deny credit nor did the company require payment of a deposit; therefore, section 64.34(2) does not apply. In effect, the company interpreted §64.34(2) to apply only when a deposit was required and not when denying credit by requiring payment of an outstanding balance. The BCS notified the company that its interpretation of the requirement in §64.34(2) relating to written credit denials was faulty and recorded the instance as an informally verified violation.

An informal compliance action is recorded under the "Alleged" category if a local exchange carrier, in response to a BCS informal compliance letter, denies the apparent violation and presents information which makes it impossible to reach a conclusive determination. The BCS informs utilities in writing of such "Alleged" determinations because even alleged violations at times help identify practices in need of improvement.

BCS case 64731 against Alltel Pennsylvania, Inc. is an example of the type of informal compliance actions that are closed out as "alleged" violations. In this informal compliance, the customer alleged that she called the company and offered to make payments on her overdue balance but the company refused her offer and did not refer her to the PUC. Since local exchange

carriers are required under §64.74(a)(3) to explain to the customer, when payment arrangements break down, how to contact the PUC, the BCS cited Alltel for its failure to inform the customer of how she could contact the Commission. Alltel took exception to this informal compliance notification. In its response, the company stated that prior to the conclusion of the call, the customer terminated the call by hanging up on the company's representative precluding the ability to provide the customer with information relative to contacting the PUC. Since a conclusive determination could not be made by the BCS Compliance Specialist, this compliance action was categorized as an alleged violation.

Finally, an apparent violation is dismissed if a utility's response denies the infraction, and provides supporting information to back up the denial and demonstrate compliance.

BCS case 63721 against Bell of Pennsylvania is an example of the type of informal compliance action that ends up under the "Violation Dismissed" category. In this case, the BCS issued an informal compliance letter informing Bell that available information indicated the company violated §64.102 in its handling of the complainant's account. Section 102 requires that upon being informed of a medical emergency, local exchange carriers shall postpone suspension for at least 3 days pending receipt of a medical certification. At the time the BCS issued its informal compliance letter to Bell, it appeared that Bell had failed to advise the customer that service may be suspended if no medical certificate is produced within a 3 day period. Bell, however, argued in its response that because the customer filed an informal complaint with the PUC two days prior to informing Bell of the medical emergency, there appeared to be no need to explain the three day period to stay suspension because no suspension action was appropriate with an informal complaint pending. The BCS agreed that since the customer filed an informal complaint two days prior to the medical emergency, and since §64.153(a) provides that the timely filing of an informal complaint acts as a stay of suspension, the 3 day time frame in Section 64.102 did not apply to that particular case. For that reason, the BCS placed this informal compliance action under the "Violation Dismissed" category.

Informal Violations as Indicators of Systematic Errors

Since informal compliance letters usually contain information which reflects actual problems in the quality of a company's customer services operations, the proper utility response to BCS compliance notifications should be a thorough review of the applicable company records to determine the root cause of the apparent violation(s). A company must investigate and determine whether computer programs, form letters, notices, or written procedures are defective, or whether an error by an

employee caused the problem. Appropriate corrective action to prevent recurrence must then follow. Unfortunately, companies often fail to address an informal compliance notification in this manner. Instead, they frequently choose to view each apparent infraction as an isolated occurrence. Consequently, companies resist making necessary system-wide changes that could significantly improve compliance performance.

To counter this resistance, an integral part of the BCS informal compliance notification process is the identification of those informally verified violations which represent systematic error. Since consumer research indicates that few consumers complain, the BCS believes it is appropriate to view all of the informally verified violations as potential indicators or error signals. However, in some cases a single violation clearly represents the presence of a much more widespread company problem. In such compliance actions, the BCS uses the violation to press the company to take appropriate corrective action.

An example of this type of compliance action is BCS 61488 against Bell of Pennsylvania. This informal complaint brought to the BCS' attention violations of one of the Chapter 64 Payment and Billing Standards relating to separate billing for nonbasic service, interexchange service, and local exchange service (§64.21). The initial company response to the BCS' informal compliance letter indicated that this company recognized that its procedures were not consistent with the regulations in Chapter 64, as cited. Furthermore, the company claimed to be "exploring methods of resolving this matter to avoid violations in the future." The Bureau responded with diligent tracking of informal complaints of a similar nature and consistent citing of violations of Sections 64.63(1) and 64.63(2) whenever the company debited the entire amount of a returned check to the balance for basic instead of debiting it to the multiple balances of basic, toll, and nonbasic from which it had previously been subtracted. As a result, Bell of Pennsylvania developed a means to properly debit a dishonored check according to Chapter 64 regulations.

Consumer Services Review Program and Formal Complaints

In addition to the informal compliance notification system, the Bureau uses the consumer services review program (CSRv) and formal complaints to compel local exchange carriers to comply with Chapter 64. These methods will be used as needed to focus on a specific local exchange carrier and depend on the informal compliance notification process for support. The informal notification process, in conjunction with the automated compliance tracking system, will serve to guide the Bureau in the selection of companies for the review program and formal complaint action.

The CSRv is considered an innovative approach to regulating customer services in the utility industry. This method utilizes all of the BCS' extensive data sources to formulate an in-depth analysis of how a particular public utility handles its customer services.

The aim of each CSRv is to improve utility consumer services practices and to correct any deficiencies that may exist in these services. Basically, a CSRv is conducted in two parts: a planning stage, and a data collection stage. The planning stage concerns the determination of the nature of the particular audit; the data collection stage involves the field work and execution of the audit plan. The written record of the data collection stage is in the form of field working papers. These working papers serve as the basis for the development of a detailed final CSRv report. A final report is, in effect, the product of a CSRv. It contains a summary of the important findings as well as a list of prioritized recommendations.

The third means by which the BCS can compel local exchange carriers' compliance with Chapter 64 is to recommend the initiation of a formal complaint against a recalcitrant company. To date, the Commission has not instituted any formal complaints for poor performance relative to compliance with Chapter 64. It is, however, a method that has been used extensively and resulted in enhanced compliance with Chapter 56 on the part of the targeted utilities. This course of action will be recommended by BCS for a telephone company whose informally verified violation data show continual poor performance and a failure to implement appropriate corrective measures. In such instances, the BCS, with the concurrence and assistance of the Law Bureau, will prepare for the Commission a detailed review of the utility's course of conduct relative to Chapter 64. The review will contain (1) specific allegations which demonstrate a pattern of noncompliance and (2) a recommendation that the Commission, upon its own motion, initiate a formal complaint against the utility to protect the integrity of the Chapter 64 regulations and to enforce reasonable standards of service. The specific allegations that make up any formal complaint come from BCS informal compliance records. In other terms, each averment within a formal complaint against a company will have been brought to the utility's attention prior to the complaint by means of an informal compliance letter. Given this, it is accurate to state that a formal complaint reflects a utility's failure to properly address its compliance problems through the BCS' informal compliance notification process. The Bureau is a proponent of cooperative methods such as the informal compliance notification process, but when performance remains problematic the Bureau will continue to recommend the more coercive method of initiating formal complaints.

Using the complementary strategies outlined, the Bureau of Consumer Services will continue to seek full compliance with the Chapter 64 regulations.

APPENDIX B

Table 1

Residential Cases - Major Telephone Companies
(1984 - 1988)

Company	Number of Cases				
	1984	1985	1986	1987	1988
Bell	1,072	1,276	759	924	2,285
General	269	277	207	148	137
United	114	146	128	94	85
Commonwealth	56	78	79	62	60
Alltel	121	122	116	86	63
Contel	37	31	17	44	31
Total	1,669	1,930	1,306	1,358	2,661

Table 2

Complaint Rate - Major Telephone Companies
(1984 - 1988)

Company	Complaint Rate				
	1984	1985	1986	1987	1988
Bell	.33	.39	.23	.27	.67
General	.89	.86	.64	.45	.41
United	.54	.66	.58	.42	.37
Commonwealth	.45	.62	.62	.46	.41
Alltel	1.19	1.20	1.14	.83	.60
Contel	1.16	.91	.50	.70	.48
Average	.76	.77	.62	.52	.49
1984-1988 (Average Rate)	.63				

Table 3

Percent Change in Number of Residential Cases
(1984 - 1988)

Company	Percent Change in N					Percent Change in N 1984 - 1988
	1984 - 1985	1985 - 1986	1986 - 1987	1987 - 1988	1984 - 1988	
Bell	19	-41	-22	147		113%
General	5	3	-25	-29		-49%
United	28	-12	-27	-10		-25%
Commonwealth	39	1	-22	-3		7%
Alltel	1	-5	-26	-27		48%
Contel	-16	-45	-52	-30		-16%
Average	16	-32	3	96		13%

APPENDIX C

Table 1

Residential-Commercial Complaints
Industry Proportion
(1988)

<u>Total</u>	<u>Residential</u>	<u>% Residential</u>	<u>Commercial</u>	<u>% Commercial</u>
3,002	2,661	89%	341	11%

Table 2

Monthly Average Number of Residential Customers
Major Telephone Companies
(1988)

Bell	3,415,506
General	334,874
United	231,311
Commonwealth	148,091
Alltel	105,100
Contel	64,623
Total	4,299,505