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# Activity Report/1995

July 1996

Pennsylvania Public Utility Commission  
Bureau of Consumer Services

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*with the assistance of*

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# **1 • Introduction**

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This report highlights the activities of the Pennsylvania Public Utility Commission's Bureau of Consumer Services and presents an overview of the performance of the major electric, gas and water companies for the year 1995 in several important areas. These areas are consumer complaint handling, payment arrangement negotiations, collection of outstanding debt and compliance with the standards of conduct for residential service. This report compares the performance of the three industries and among individual companies within each industry. The activity report also includes chapters on Pennsylvania's customer assistance programs (CAPs) and utility hardship funds. The results and findings reported in this report provide information that can be used by the Commission to evaluate company activities and to set policies and goals for the Commission and for the utilities it regulates.

The Bureau of Consumer Services (BCS) was mandated under Act 216 of 1976 to provide responsive, efficient and accountable management of consumer complaints. Its responsibilities were clarified under Act 114 of 1986 in regard to reporting and deciding customer complaints. In order to fulfill its mandates, the Bureau began investigating utility consumer complaints and writing decisions on service termination cases in April 1977. Since then the Bureau has investigated 404,914 cases and has received an additional 290,007 opinions and requests for information. To manage and use this complaint data the Bureau maintains a computer based consumer information system (CSIS) through a contract with the Pennsylvania State University. This system enables the Bureau to aggregate and analyze complaints so that it can address generic as well as individual problems.

A number of studies have found that only a minority, often a small minority, of dissatisfied customers 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 represent management failures or other systemic problems in utility operations. Consider, for example, the following evidence of the "tip of the iceberg" concept reported by BCS in a 1993 informal investigation report of the Bureau:

Bureau staff reviewed BCS files for the number of apparent violations of 52 PA Code §56.151(5). Section 56.151(5) is a straightforward provision that requires utilities to respond to customer disputes filed by residential customers directly with the utility within 30 days of the initiation of the dispute. BCS files indicated that on at least 159 occasions during 1991 and

1992, the company failed to respond to customer disputes within the 30-day time frame. The company, however, acknowledged that these 159 informally verified violations of §56.151(5) were in fact indicative of a more extensive problem within the company regarding its compliance with this section. The company's own internal dispute tracking records showed that it had failed to respond as required almost 24,000 times between January 1990 and September 1992. Thus, the 159 informally verified violations form the tip of an iceberg of approximately 24,000 violations. To BCS, therefore, the important point is not that BCS found 159 apparent misapplications of §56.151(5); the important point is that these violations were indicative of thousands of violations of this provision.

### ***Data Bases***

BCS secures information for evaluating utilities by aggregating data from the thousands of complaints that are reported to the Commission each year. This data base provides 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 and thus avoid formal Commission action.

The bulk of the data presented in this report is from the Bureau's Consumer Services Information System. In addition, this report includes statistics from the Bureau's Collections Reporting System (CRS) and Compliance Tracking System (CTS). The CRS provides a valuable resource for measuring changes in company collection performance while the CTS maintains data on the number and type of violations attributable to the major utilities.

### ***Distinctions between cases***

The data in this report are aggregated in a manner that reflects natural regulatory distinctions. Cases involving requests for payment arrangements from electric, gas and water customers are distinctly different from other consumer complaints. BCS routinely issues a written decision on these cases that is binding on all parties unless it is appealed. Cases involving electric, gas and water billing, service problems, etc. are classified as "consumer complaints". This year for the first time, the Bureau has classified complaints from customers of telephone companies into the same two categories it uses for complaints from customers of other industries: payment arrangement requests and consumer complaints. In prior reports, the Bureau had classified all complaints from customers of telephone companies, including requests for payment terms, as consumer

complaints. Complaints to BCS from customers of telephone companies fall under regulations that differ from those that govern the electric, gas and water industries. The Bureau analyzes telephone complaints separately in the annual Telephone Utilities Activity Report.

A number of cases were segregated from the data base for this report because they did not fairly represent company behavior. One treatment of the data involved the purging of complaints that did not involve residential service. The Bureau's regulatory authority is largely confined to residential accounts. Nevertheless, the Bureau handled 1,457 cases from commercial customers in 1995. Of these complaints, 412 were related to termination of electric, gas or water service and 45 were related to loss of telephone service. The Bureau investigates complaints from commercial customers and complaints from residential customers in a very similar manner. However, the commercial investigations may be somewhat less extensive. Due to its limited jurisdiction, the Bureau does not issue decisions regarding commercial disputes. Rather, the Bureau gives the customer information regarding the company's position or attempts to mediate a mutually acceptable agreement regarding the disputed matter. All 1995 cases that involved commercial accounts were deleted from the analysis in this report and from Tables 2 through 13. (Appendix A lists the distribution of commercial cases by company for the electric, gas and water industries. See Appendix B for the industry percentage of BCS cases defined as residential and commercial). Residential customer contacts that did not require investigation were also excluded from the data base used here. These cases included problems over which the Commission has no jurisdiction, information requests that did not require investigation and most cases where the customers indicated that they had not contacted the company prior to complaining to the Commission. The information on page 8 explains how the Bureau classified these consumer contacts in 1995.

## ***Report Measures***

Although most of the data and performance measures in this report have been in use for a number of years, the Bureau refined its presentation and use of the measures in 1995. Beginning in 1994, the most important measures of company effectiveness, justified consumer complaint rate and justified payment arrangement request rate, are calculated to give a more accurate assessment of company performance. These measures are discussed more thoroughly in the separate chapters on consumer complaints and payment arrangement requests. The Bureau provides feedback on volume of cases, percent of cases justified and company response times in the form of Quarterly Closing Automated Reports Formats (ARFS) to all major electric, gas and water companies. All of the companies reviewed in this report are well acquainted with the measures used in this report and with their performance in 1995.

## **Overall Bureau Activity**

Customer contacts with the Bureau fall into three basic categories: 1) consumer complaints; 2) requests for payment arrangements; and 3) inquiries. These contacts may pertain to electric, gas, water, sewer, steam heat or telephone service. The Bureau received 35,663 utility customer contacts that required investigation in 1995, an increase of 18% over the number received in 1994. This is the largest number of complaints that the Bureau has received in one year since it began handling complaints in 1978. The Bureau classifies complaints about utilities' actions related to billing, service delivery, repairs, etc., as *consumer complaints* and complaints involving payment negotiations for unpaid utility service as *payment arrangement requests*. The Bureau investigated 6,731 consumer complaints in 1995. Consumer complaints against the Chapter 56-covered industries (electric, gas, water, sewer and steam heat) accounted for 60% of the Bureau's total consumer complaint volume in 1995. Consumer complaints involving the telephone industry accounted for the remaining 40% of all consumer complaints for 1995. Appendix E compares the industries on the number of complaints for the past two years.

In 1995 the Bureau also received 28,932 payment arrangement requests from customers who needed help in negotiating payment arrangements with electric, gas, water and telephone companies. In past reports, the Bureau classified telephone cases from customers seeking payment terms as *consumer complaints* rather than as *payment arrangements requests*. However, proposed changes in the telecommunications industry point to the need for reporting these cases separately from other types of telephone complaints. Therefore, the Bureau began separating telephone cases into two categories: those that involve payment arrangement requests and those that involve other types of complaints. The monthly volume of payment arrangement requests and consumer complaints for 1993, 1994 and 1995 is reported in Appendix C, Table 1.

The Bureau also received 12,685 inquiries in 1995. Inquiries include information requests and opinions from consumers, most of which did not require investigation on the part of the Bureau.

The remainder of this report will focus on the Chapter 56-covered industries: electric, gas and water. The Bureau issues a separate activity report each year devoted to the telephone industry.



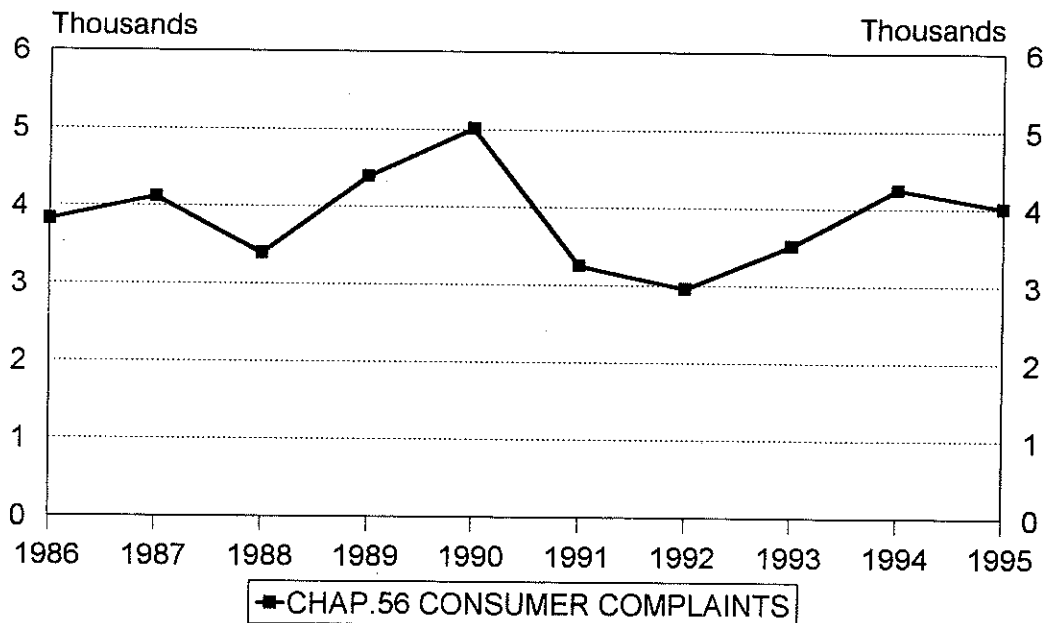
## **Consumer Complaints**

The electric industry had an increase in the number of consumer complaints to the Bureau in 1995. Meanwhile, the gas and water industries each had a decrease in the number of consumer complaints. Overall, the volume of consumer complaints for the Chapter-56 covered industries decreased by 6% from 1994 to 1995. This is the first overall decrease in three years. In 1995, electric and gas companies accounted for 33% and 17%, respectively, of all consumer complaints investigated by the Bureau. Water companies accounted for 9% of consumer complaints to the Bureau.

Commission regulations require that customers seek to resolve problems directly with their utilities prior to registering a complaint with the Commission. In view of this, the Bureau seeks to foster improvements in utility complaint handling operations so that complaints will be properly handled and customers will not find it necessary to appeal to the Commission.

# **CONSUMER COMPLAINTS**

## **TEN - YEAR TREND**



## ***Payment Arrangement Requests***

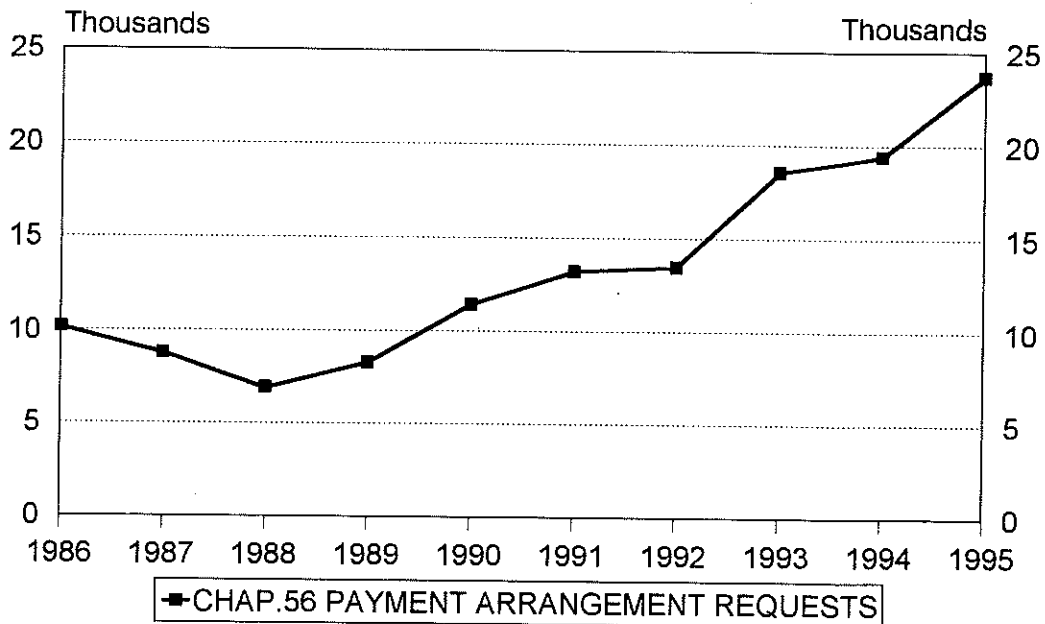
For 17 years, the Bureau had labeled contacts from electric, gas, water and sewer customers requesting payment arrangements as *mediation requests*. However, the term *mediation* did not appropriately describe the process the Bureau uses to investigate and make decisions regarding this type of case since BCS does not "mediate" between the customer and the company. A more fitting label for this type of case is *payment arrangement request*. Therefore, in the 1994 report, the Bureau began classifying all customer contacts of this nature as *payment arrangement requests*.

Payment arrangement requests for the Chapter 56-covered utilities increased 22%, from 19,408 in 1994 to 23,681 in 1995. The 1995 increase was the seventh consecutive annual increase in the number of payment arrangement requests. The 1995 volume was the highest in the Bureau's history (Appendix C, Table 2 presents the annual volume of payment arrangement requests from 1978 to 1995). Beginning in 1993, improved access to the Bureau of Consumer Services clearly impacted the number of consumers who are able to contact the Bureau about payment arrangements. However, other factors such as increased collection activity by utility companies have also affected the volume of these requests. As companies become increasingly more aggressive in seeking to collect outstanding bills, the number of payment arrangement requests to the Bureau continues to increase.

As in past years, almost all cases involving requests for payment arrangements in 1995 involved electric (55%) or gas companies (23%). Meanwhile, 4% of the payment arrangement requests stemmed from customers of various water companies. These results for 1995 represent a change from last year. Requests from gas customers accounted for a slightly smaller proportion of the requests for payment arrangements to BCS in 1995 than in 1994, while the proportion of requests from electric customers increased. The following graph depicts a ten-year trend for payment arrangement requests for the Chapter 56-covered utilities.

# PAYMENT ARRANGEMENT REQUESTS

## TEN - YEAR TREND

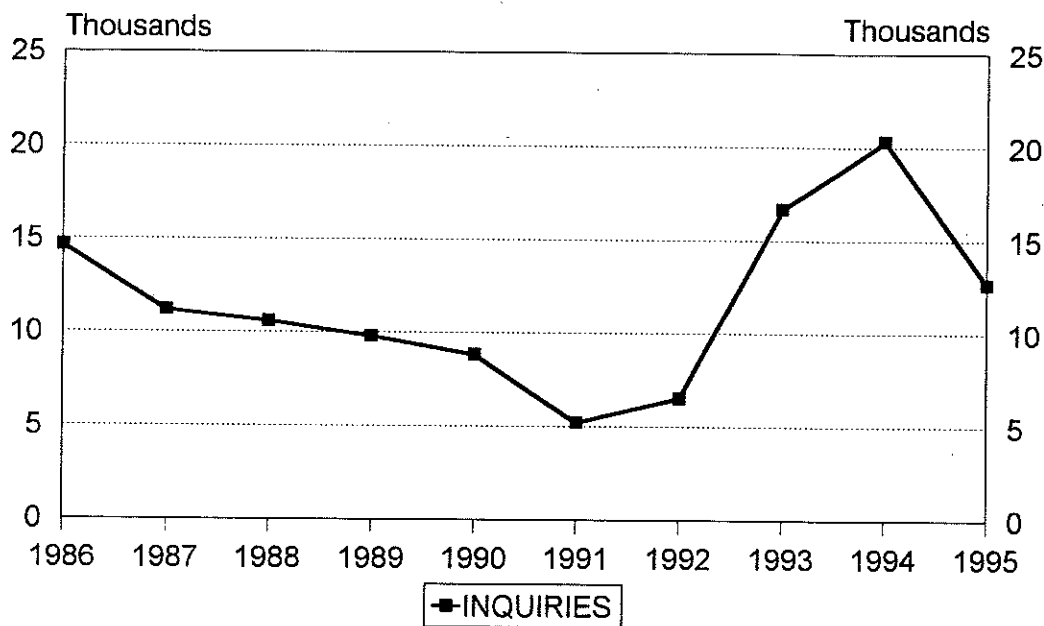


### ***Inquiries and Opinions***

During 1995, the Bureau received 12,685 customer contacts that, for the most part, required no follow-up investigation beyond the initial contact. This number is a considerable decrease from the 1994 volume of similar contacts. These cases involved requests for information that were handled at the time of contact, protests or questions related to rates and referrals to other Commission offices or to utility companies for initial action. For the fourth year in a row, the largest referral category was to regulated utilities for initial action (35%). The BCS routinely refers all complaints back to the company if the company has not had the opportunity to respond to the problem. In 1995, consumers contacted the Bureau with rate protests regarding proposed rate increases for large companies such as Citizens Water Company of Pennsylvania, Columbia Gas of PA, National Utilities, Inc., National Fuel Gas Distribution Corp., Pennsylvania Power & Light Company, Peoples Natural Gas Company, Philadelphia Suburban Water Company, T.W. Phillips Gas & Oil Company and UGI Utilities, Inc. - Gas Division, as well as for numerous smaller companies.

As in past years, the "Inquiries" category includes cases that originated as payment arrangement requests or consumer complaints but were found to be duplicate complaints, untimely filed, verbally dismissed, out of the Bureau's jurisdiction, or originally filed against the wrong company. The Bureau shifted these cases out of the payment arrangement request or consumer complaint category and into the "Inquiries" category. (See Appendix D for the distribution of inquiries and opinions by major problem categories). The following graph depicts a ten year trend for inquiries and opinions to the Bureau.

## INQUIRIES TEN - YEAR TREND



## ***2 • Company Profiles***

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In this chapter the Bureau of Consumer Services presents a brief synopsis of each major company's performance during 1995. Each utility profile contains company specific information while more detailed descriptions of the performance measures appear later in the report. The Bureau developed the profiles to provide readers with a quick reference to the noteworthy findings of a given utility's performance.

Readers should note that in this chapter, and in the chapters that follow, the Bureau treats PECO Energy as an electric company although PECO provides both electric and gas service to residential customers. On the other hand, the Bureau presents information separately about the electric and gas divisions of UGI and about the gas and water divisions of Pennsylvania Gas and Water (PG&W). The decision to present information in this manner came about many years ago after numerous discussions between the various companies and BCS. In addition, in this report, the Bureau reports information for Pennsylvania Gas and Water as PG&W-Gas and PG&W-Water since this is appropriate for 1995. Next year's report on complaints and activities for 1996 will present the gas division under its new name, PG Energy and will eliminate a discussion of PG&W-Water since it became part of Pennsylvania-American Water Company in 1996.

Each electric and gas profile contains the company's rank within its industry on consumer complaint handling, payment negotiations, and collection performance. For the water utilities, the profile characterizes the utility's performance in comparison to the industry average for consumer complaints and payment arrangement requests. Each profile, including water, also indicates a trend characterization that compares the company's 1995 performance with its 1994 performance on consumer complaints and payment negotiations. In collections, each electric and gas company's 1995 performance is compared to its 1993 performance. Finally, each profile contains brief descriptions of the company's performance related to consumer complaints, payment arrangement requests, collections (electric and gas) and compliance with consumer service regulations. If applicable, the profile also includes company specific highlights about a company's customer assistance program (CAP) and hardship fund. A new addition to each profile this year is the monthly average number of residential customers each utility served in 1995.

The purpose of each profile is to provide a snapshot of the information about a company that will be presented in subsequent chapters of the report. However, it is important to review the whole report before drawing conclusions regarding a given utility's performance.

## ***Duquesne Light***

Number of Residential Customers: 515,012

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	6	Stable
Payment arrangement requests	2	Stable
Collections	8	Stable
<i>Rank Scale: Rank: 1 = Highest 8 = Lowest</i>		

The following are some of the highlights of Duquesne Light's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

Duquesne's performance at handling consumer complaints was stable from 1994 to 1995. In effectiveness (justified consumer complaint rate), the company improved; although more consumers filed complaints against Duquesne in 1995, fewer were found to be justified. In responsiveness (average response time), Duquesne's average response time was 19 days, four days longer than in 1994.

### ***Payment Arrangement Requests***

Duquesne's performance at handling payment arrangement requests was relatively stable from 1994 to 1995. The volume of requests from Duquesne customers was stable, as was the percentage of cases found justified. Duquesne's justified rate was just slightly lower in 1995 than in 1994, while its average response time was nearly the same as it was in 1994.

## ***Collections***

Duquesne's overall performance in collections was stable from 1993 to 1995. On each of the three collection measures the Bureau uses to evaluate a company, Duquesne's performance was stable during that time period.

## ***Compliance***

In 1995, Duquesne's number of informally verified violations was 48 compared with 49 informally verified violations for 1994.

## ***Customer Assistance Program***

Duquesne had 333 customers enrolled in its customer assistance pilot program as of the end of 1995. The pilot began in September 1995 and could potentially enroll 1,600 low income customers.

## ***Hardship Fund***

Duquesne supports the Dollar Energy Fund which granted benefits to 2,458 of Duquesne's customers in the 1994-95 program year. The grants totaled \$650,000.

## **Metropolitan Edison**

Number of Residential Customers: 408,367

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	5	Stable
Payment arrangement requests	3	Improving
Collections	2	Stable
<i>Rank Scale: Rank: 1 = Highest 8 = Lowest</i>		

The following are some of the highlights of Metropolitan Edison's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### **Consumer Complaints**

The performance of Metropolitan Edison (Met-Ed) in handling consumer complaints was stable from 1994 to 1995. In 1995, Met-Ed's effectiveness (justified consumer complaint rate) was relatively unchanged from 1994. In responsiveness, Met-Ed's average response time was more than three days faster than in 1994.

### **Payment Arrangement Requests**

Met-Ed's overall performance in handling payment arrangement requests improved from 1994 to 1995. Met-Ed improved in both justified payment arrangement request rate and in response time from 1994 to 1995.

### **Collections**

Met-Ed's collection performance was stable from 1993 to 1995. On every collection measure the company's performance was relatively unchanged.



## ***Compliance***

Met-Ed's number of informally verified violations was relatively constant from 1994 to 1995. Met-Ed has 42 informally verified violations in 1995 compared to 44 in 1994.

## ***Customer Assistance Program***

Met-Ed's customer assistance pilot program had 741 customers enrolled as of the end of 1995. Enrollment began in August 1993 and its impact evaluation is due to the Commission in June 1996.

## ***Hardship Fund***

Met-Ed's hardship fund, Project Good Neighbor, disbursed \$224,484 to 2,234 Met-Ed customers during the 1994-95 program year.

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	8	Declining
Payment arrangement requests	4	Improving
Collections	7	Improving

*Rank Scale: Rank: 1 = Highest 8 = Lowest*

The following are some of the highlights of PECO's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

PECO's performance at handling consumer complaints declined from 1994 to 1995. More PECO consumers brought complaints to the Bureau in 1995 and a greater percentage of these complaints were found to be justified. In addition, PECO's average response time was almost seven days longer in 1995 than in 1994. On average, PECO took 25 days to respond to BCS regarding consumer complaints in 1995.

### ***Payment Arrangement Requests***

PECO improved in handling payment arrangement requests in 1995. PECO's justified payment arrangement request rate was lower in 1995 than in 1994. However, in responsiveness (average response time), PECO took almost 13 days to respond to BCS regarding this type of complaint, an increase of nearly six days from 1994.

### ***Collections***

PECO's performance in collections is characterized as improving for the second year in a row. PECO reported a reduction in percent of residential customers in debt

from 1993 to 1995 and PECO reported that its gross residential write-offs decreased by 41% during the period.

### ***Compliance***

In 1995, BCS informally verified 259 violations for PECO compared with 248 informally verified violations in 1994. However, the number of violations may increase depending on the outcome of the 165 violations pending verification. PECO's termination procedures were the subject of a BCS review which helped PECO identify deficiencies in its termination process. BCS staff made recommendations to PECO to address the deficiencies.

### ***Customer Assistance Program***

PECO's customer assistance program has been operating since 1984 and over 37,000 customers were enrolled in the program at the end of 1995. The average CAP bill for PECO CAP customers was \$36 in 1995.

### ***Hardship Fund***

PECO's Matching Energy Assistance Fund granted \$1,215,467 to 2,962 eligible PECO customers during the 1994-95 program year. The average grant was \$410.

## **Pennsylvania Electric**

Number of Residential Customers: 490,254

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	2	Improving
Payment arrangement requests	1	Improving
Collections	3	Stable

*Rank Scale: Rank: 1 = Highest 8 = Lowest*

The following are some of the highlights of Pennsylvania Electric's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

Pennsylvania Electric (Penelec) improved in handling consumer complaints from 1994 to 1995. Penelec improved in both effectiveness (justified consumer complaint rate) and in responsiveness (average response time).

### ***Payment Arrangement Requests***

Penelec improved in handling payment arrangements requests from 1994 to 1995. In 1995, Penelec lowered its justified rate and maintained an average response time that was very close to its response time in 1994.

### ***Collections***

Overall, Penelec's collection performance was relatively stable from 1993 to 1995. Penelec's percentage of customers in debt and its weighted arrearage score were stable. However its gross residential write-offs increased.

## ***Compliance***

Penelec decreased its number of informally verified violations by 56% from 1994 to 1995.

## ***Customer Assistance Program***

Penelec began enrolling customers into its pilot customer assistance program in July 1994. At the end of 1995, Penelec had enrolled 951 customers in the program.

## ***Hardship Fund***

Penelec's hardship fund, Project Good Neighbor, disbursed \$196,754 to 2,234 of the company's customers during the 1994-95 program year.

## ***Pennsylvania Power***

Number of Residential Customers: 125,110

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	1	Stable
Payment arrangement requests	7	Declining
Collections	4	Stable
<i>Rank Scale: Rank: 1 = Highest 8 = Lowest</i>		

The following are some of the highlights of Pennsylvania Power's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

Overall, the consumer complaint handling performance of Pennsylvania Power (Penn Power) was stable from 1994 to 1995. Compared to 1994, Penn Power's justified rate increased in 1995. However, Penn Power lowered its average response time to 1.8 days, a decrease of almost three days.

### ***Payment Arrangement Requests***

Penn Power's performance at handling payment arrangement requests declined from 1994 to 1995. Although Penn Power's average response time was stable, its justified payment arrangement request rate increased in 1995.

### ***Collections***

In collections, Penn Power's performance was stable from 1993 to 1995. Its percentage of customers in debt and its weighted arrearage score were relatively stable. However, its gross residential write-offs increased from 1993 to 1995.

## ***Compliance***

Penn Power decreased its number of informally verified violations by 50% from 1994 to 1995.

## ***Customer Assistance Program***

Penn Power currently has no customer assistance program. The company has indicated that it is delaying the development of a program until its financial situation improves.

## ***Hardship Fund***

Five hundred and eighty-seven Penn Power customers received \$117,644 in benefits from the company's hardship fund, Project Reach, in the 1994-95 program year.

## ***Pennsylvania Power & Light***

Number of Residential Customers: 1,074,015

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	4	Stable
Payment arrangement requests	5	Declining
Collections	6	Stable
<i>Rank Scale: Rank: 1 = Highest 8 = Lowest</i>		

The following are some of the highlights of Pennsylvania Power & Light's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

The overall performance of Pennsylvania Power & Light (PP&L) at handling consumer complaints was stable from 1994 to 1995. There was no change in PP&L's effectiveness (justified consumer complaint rate); though more consumers filed complaints, fewer were determined to be justified than in 1994.

### ***Payment Arrangement Requests***

PP&L's performance in handling payment arrangement requests declined from 1994 to 1995. In 1995, the volume of payment arrangement requests from PP&L customers increased by 241% compared to 1994. In addition, PP&L's average response time increased by more than 14 days to 18.3 days.

### ***Collections***

PP&L's collection performance was stable from 1993 to 1995. The company's weighted arrearage score and gross residential write-offs were stable. However, PP&L's percentage of customers overdue decreased during that time.



## ***Compliance***

PP&L's number of informally verified violations was slightly lower in 1995 compared to 1994.

## ***Customer Assistance Program***

PP&L's customer assistance program is called the On Track Payment Program. The pilot program had an enrollment of 1,373 customers at the end of 1995. Highlights from the process and preliminary impact evaluations appear in Appendix M.

## ***Hardship Fund***

PP&L shareholders increased their contributions to the company's hardship fund by 23% in the 1994-95 program year. PP&L's fund, Operation Help, disbursed \$638,023 to 3,080 customers in 1994-95.

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	7	Improving
Payment arrangement requests	8	Improving
Collections	1	Declining
<i>Rank Scale: Rank: 1 = Highest 8 = Lowest</i>		

The following are some of the highlights of UGI-Electric's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

UGI-Electric's performance at handling consumer complaints improved in 1995. The company's justified consumer complaint rate decreased and its response time was stable from 1994 to 1995.

### ***Payment Arrangement Requests***

Overall, UGI-Electric improved in handling payment arrangement requests from 1994 to 1995. The company decreased its justified rate and decreased the amount of time it took to respond to payment arrangement requests.

### ***Collections***

UGI-Electric's collection performance declined from 1993 to 1995. The company's weighted arrearage score and gross residential write-offs increased from 1993 to 1995. The company's percentage of residential customers in debt was relatively stable during that time.

## ***Compliance***

UGI-Electric decreased its number of informally verified violations by 47% from 1994 to 1995.

## ***Customer Assistance Program***

UGI-Electric has no plans to implement a customer assistance program for its low income customers.

## ***Hardship Fund***

UGI supplies hardship fund information that includes data for both electric and gas customers. The company hardship fund is Operation Share which granted benefits to a total of 872 UGI gas and electric customers during the 1994-95 program year. The grants totaled \$84,078.

**West Penn Power**  
Number of Residential Customers: 571,652

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	3	Improving
Payment arrangement requests	6	Declining
Collections	5	Stable
<i>Rank Scale: Rank: 1 = Highest 8 = Lowest</i>		

The following are some of the highlights of West Penn Power's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### **Consumer Complaints**

Overall, West Penn Power (West Penn) improved in consumer complaint handling from 1994 to 1995. West Penn's justified rate improved slightly and West Penn lowered its average response time by almost five days.

### **Payment Arrangement Requests**

In handling payment arrangement requests, West Penn's performance declined from 1994 to 1995. The volume of payment arrangement requests from West Penn customers more than tripled from 1994 to 1995. In spite of this, West Penn lowered its average response time by more than five days.

### **Collections**

West Penn's overall collection performance has been stable for the past several years. From 1993 to 1995, the company's percent of overdue residential customers and weighted arrearage statistics were stable. However, the company's gross residential write-offs increased.

## ***Compliance***

West Penn Power's number of informally verified violations increased by 45% from 1994 to 1995.

## ***Customer Assistance Program***

West Penn's customer assistance pilot program is called the Low Income Payment and Usage Reduction Pilot (LIPURP). The pilot program began in June 1994 and enrolled 1,381 customers as of December 1995. The impact evaluation of the program is due to the Commission in June 1996. The pilot program will end in August 1996. Highlights from the process evaluation appear in Appendix M.

## ***Hardship Fund***

West Penn supports the Dollar Energy Fund which granted benefits to 1,452 West Penn customers in the 1994-95 program year. The grants totaled \$300,000.

## **Columbia Gas**

Number of Residential Customers: 328,307

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	4	Declining
Payment arrangement requests	2	Improving
Collections	5	Declining
<i>Rank Scale: Rank: 1 = Highest 6 = Lowest</i>		

The following are some of the highlights of Columbia's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### **Consumer Complaints**

Columbia was neither as effective nor as responsive in handling consumer complaints in 1995 compared with 1994. Thus the company's overall performance in consumer complaint handling declined.

### **Payment Arrangement Requests**

Columbia improved in handling payment arrangement requests in 1995. Its justified payment arrangement request rate for 1995 was lower than in 1994 and its response time was stable.

### **Collections**

The available data show that Columbia's collection performance declined from 1993 to 1995. However, the company data reported for 1993 did not include a complete picture of customer indebtedness. Columbia did not report customers or dollars in arrears 30 days or less. Since the 1994 and 1995 data include those arrearages, it is difficult to compare the 1993 statistics with statistics for 1995. A review of the data from 1994 to 1995 would also indicate that the company has declined in overall collection

performance. The Bureau should be able to better characterize Columbia's collection trend in its report on 1996 activity.

### ***Compliance***

Columbia's compliance performance was relatively stable in 1995 compared to 1994. The Bureau informally verified 51 violations in 1995 and 46 violations in 1994.

### ***Customer Assistance Program***

Columbia began its pilot customer assistance program in June 1992. As of December 1995, the pilot served 739 low income customers.

### ***Hardship Fund***

Columbia supports the Dollar Energy Fund as its hardship fund for low income customers in Western Pennsylvania and Project Warm-up for its low income customers in Central Pennsylvania. The funds served 2,064 Columbia customers in the 1994-95 program year with grants totaling \$418,662.

## **Equitable Gas**

Number of Residential Customers: 229,039

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	6	Stable
Payment arrangement requests	6	Declining
Collections	6	Declining
<i>Rank Scale: Rank: 1 = Highest 6 = Lowest</i>		

The following are some of the highlights of Equitable's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### **Consumer Complaints**

From 1994 to 1995, Equitable's performance at handling consumer complaints was stable. Equitable's effectiveness (justified consumer complaint rate) was slightly lower in 1995 but its responsiveness (average length of response time to consumer complaints) was more than seven days slower. On average, Equitable took over 20 days to respond to consumer complaints filed with the Bureau of Consumer Services.

### **Payment Arrangement Requests**

Equitable's performance at handling payment arrangement requests declined from 1994 to 1995. The volume of requests to the Bureau increased by over 60%. Further, Equitable's average response time was more than 16 days longer than it was in 1994.

### **Collections**

Equitable's collection performance declined from 1993 to 1995. The company's performance declined on two of the three measures the Bureau uses to evaluate collection performance: percent of residential customers overdue and weighted arrearage. The Bureau recently completed a field audit of Equitable's collection practices. The purpose of the audit was to provide the company with assistance in addressing collection problems.



## ***Compliance***

Equitable experienced a 44% increase in the number of informally verified violations from 1994 to 1995.

## ***Customer Assistance Program***

Equitable's program is called Energy Assistance Program (EAP). The program began in 1991 and had over 6,000 customers enrolled at the end of 1995. Approximately 85% of EAP customers are making their monthly payments.

## ***Hardship Fund***

Equitable supports Dollar Energy Fund as its hardship fund. The fund granted \$400,000 to 1,676 Equitable customers during the 1994-95 program year.

## ***National Fuel Gas***

Number of Residential Customers: 193,509

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	2	Improving
Payment arrangement requests	1	Stable
Collections	4	Declining
<i>Rank Scale: Rank: 1 = Highest 6 = Lowest</i>		

The following are some of the highlights of National Fuel's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

National Fuel Gas (NFG) improved its performance in consumer complaint handling in 1995. The company's justified consumer complaint rate decreased from 1994 to 1995. Fewer NFG customers filed complaints and fewer complaints were found to be justified in coming to the Commission. In addition, the company's response time was stable from 1994 to 1995.

### ***Payment Arrangement Requests***

Overall, in handling payment arrangement requests, NFG's performance was stable from 1994 to 1995. More customers contacted BCS for payment arrangements in 1995 than in 1994 but fewer of the requests were found to be justified. In addition, the company's response time was stable from 1994 to 1995.

### ***Collections***

The collection performance of NFG declined from 1993 to 1995. The company's performance declined on every measure that the Bureau of Consumer Services uses to evaluate collection performance.

## ***Compliance***

NFG reduced its number of informally verified violations by 51% in 1995 compared to 1994.

## ***Customer Assistance Program***

NFG's customer assistance program is called the Low Income Residential Assistance Rate (LIRA) and is actually a discounted rate for customers enrolled in the program. At the end of 1995, there were 1,000 customers in LIRA. Highlights from the interim evaluation of LIRA appear in Appendix M.

## ***Hardship Fund***

NFG's Neighbor for Neighbor served 354 NFG customers in 1994-95. The customers received \$66,296 in grants from this hardship fund.

## **Pennsylvania Gas & Water - Gas**

Number of Residential Customers: 127,975

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	1	Improving
Payment arrangement requests	3	Improving
Collections	1	Stable
<i>Rank Scale: Rank: 1 = Highest 6 = Lowest</i>		

The following are some of the highlights of Pennsylvania Gas & Water's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

Pennsylvania Gas & Water - Gas (PG&W) improved in handling consumer complaints from 1994 to 1995. The company lowered both its justified consumer complaint rate and its average response time.

### ***Payment Arrangement Requests***

In 1995, PG&W-Gas improved in handling payment arrangement requests, compared with its 1994 performance. The company's justified payment arrangement request rate decreased and its response time was stable.

### ***Collections***

PG&W-Gas's collection performance was stable from 1993 to 1995. The company's percent of residential customers overdue and its weighted arrearage were stable. Only in gross residential write-offs did the company decline; PG&W reported a 22% increase in write-offs from 1993 to 1995.

## ***Compliance***

PG&W-Gas reduced its informally verified violations by 46% in 1995 compared to 1994.

## ***Customer Assistance Program***

PG&W-Gas began enrolling eligible low income customers into its program in September 1995. As of the end of 1995, the pilot had enrolled 127 customers. The pilot is designed to serve 1,000 customers.

## ***Hardship Fund***

Project Outreach, the hardship fund of PG&W-Gas, granted \$64,617 to 723 PG&W-Gas customers in 1994-95.

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	3	Improving
Payment arrangement requests	4	Improving
Collections	2	Stable
<i>Rank Scale: Rank: 1 = Highest 6 = Lowest</i>		

The following are some of the highlights of Peoples' performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

In 1995 Peoples' performance at handling consumer complaints improved from 1994. The company's justified consumer complaint rate decreased and its response time was stable.

### ***Payment Arrangement Requests***

Overall, Peoples' performance at handling payment arrangement requests improved from 1994 to 1995. The company's justified payment arrangement request rate decreased and its response time was stable.

### ***Collections***

Peoples' collection performance was stable from 1993 to 1995. The percentage of residential customers in debt decreased. However, the company's weighted arrearage score and gross residential write-offs increased.

## ***Compliance***

The number of informally verified violations for Peoples increased slightly from 1994 to 1995. In 1995, BCS informally verified 73 violations compared to 65 for 1994. However, in 1993, the company had only 35 informally verified violations.

## ***Customer Assistance Program***

Peoples' Pilot Customer Assistance Program (PCAP) began in November 1994. Ninety-one percent of PCAP customers make their payments each month.

## ***Hardship Fund***

Peoples supports the Dollar Energy Fund. For the 1994-95 program year, Peoples' ratepayers and employees contributed \$.75 per customer, the highest contribution rate of all the major utilities. The fund disbursed grants totaling \$700,000 to 2,609 Peoples customers in 1994-95.

Number of Residential Customers: 218,961

<i>Measure</i>	<i>Industry Rank</i>	<i>Trend</i>
Consumer complaints	5	Improving
Payment arrangement requests	5	Stable
Collections	3	Declining
<i>Rank Scale: Rank: 1 = Highest 6 = Lowest</i>		

The following are some of the highlights of the performance of UGI-Gas in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's collection data, CAP and hardship fund.

### ***Consumer Complaints***

UGI-Gas improved in consumer complaint handling in 1995 compared to 1994. Fewer complaints were filed by its customers and fewer were found to be justified. In addition, UGI's response time was four days faster in 1995 compared to 1994.

### ***Payment Arrangement Requests***

UGI's overall performance at handling payment arrangement requests was stable from 1994 to 1995. The volume of requests from UGI customers increased but the percent found justified decreased and the company's response time was stable.

### ***Collections***

Overall, UGI's collection performance declined from 1993 to 1995. UGI declined in two of the three measures used to evaluate collection performance: percent of residential customers overdue and gross residential write-offs.



## ***Compliance***

UGI-Gas reduced the number of informally verified violations from the previous year. In 1995, BCS informally verified 43% fewer violations for UGI-Gas compared to 1994.

## ***Customer Assistance Program***

Enrollment for UGI's Low Income Self Help Program (LISHP) is to begin in 1996. The pilot is designed to enroll 1,000 customers.

## ***Hardship Fund***

UGI supplies hardship fund information that includes data for both electric and gas customers. The company hardship fund is Operation Share which granted benefits to a total of 872 UGI customers during the 1994-95 program year. The grants totaled \$84,078.

# **Pennsylvania-American Water**

Number of Residential Customers: 364,604

<i>Measure</i>	<i>Assessment</i>	<i>Trend</i>
Consumer complaints	Better than Average	Improving
Payment arrangement requests	Average	Stable

The following are some of the highlights of Pennsylvania American's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's hardship fund.

## ***Consumer Complaints***

The performance of Pennsylvania-American (PAWC) at handling consumer complaints improved in 1995 compared to 1994. PAWC's effectiveness score (justified consumer complaint rate) improved in 1995. In addition, its average response time was stable.

## ***Payment Arrangement Requests***

PAWC's performance at handling payment arrangement requests was stable from 1994 to 1995. The volume of requests to the Bureau increased but the percent found justified decreased. Also, the company's response time was stable.

## ***Compliance***

PAWC's number of informally verified violations in 1995 was very similar to the number the company had in 1994.

## ***Hardship Fund***

PAWC supports Dollar Energy Fund as its hardship fund. Dollar Energy Fund disbursed \$70,000 to 573 of the company's low income customers in 1994-95.

# **Pennsylvania Gas & Water - Water**

Number of Residential Customers: 122,107

<i>Measure</i>	<i>Assessment</i>	<i>Trend</i>
Consumer complaints	Worse than Average	Improving
Payment arrangement requests	Better than Average	Improving

The following are some of the highlights of Pennsylvania Gas & Water-Water's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau, on information from the Bureau's compliance records, and on information the company supplied to the Bureau regarding the company's hardship fund.

## ***Consumer Complaints***

Pennsylvania Gas & Water-Water (PG&W-Water) improved in consumer complaint handling in 1995. The company improved in both effectiveness (justified consumer complaint rate) and in responsiveness (average response time) from 1994 to 1995.

## ***Payment Arrangement Requests***

PG&W-Water's performance at handling payment arrangement requests improved in 1995. The company's justified payment arrangement rate improved significantly from 1994 to 1995.

## ***Compliance***

PG&W-Water experienced a decrease of 41% in the number of informally verified violations from 1994 to 1995.

## ***Hardship Fund***

PG&W-Water's Project Outreach served 425 of the company's low income customers in 1994-95. These customers received \$26,866 in benefits.

## **Philadelphia Suburban Water**

Number of Residential Customers: 249,010

<i>Measure</i>	<i>Assessment</i>	<i>Trend</i>
Consumer complaints	Significantly Better than Average	Stable
Payment arrangement requests	Worse than Average	Stable

The following are some of the highlights of Philadelphia Suburban's performance in 1995. The highlights are based on the analysis of complaints and payment arrangement requests to the Bureau and on information from the Bureau's compliance records.

### ***Consumer Complaints***

Philadelphia Suburban's performance at handling consumer complaints was stable from 1994 to 1995. The volume of consumer complaints increased by 21% but the percent found justified decreased. Meanwhile the company's average response time was stable.

### ***Payment Arrangement Requests***

Philadelphia Suburban's performance at handling payment arrangement requests was stable from 1994 to 1995. The company's performance on every measure that the Bureau analyzes was stable.

### ***Compliance***

In 1995, the number of informally verified violations for Philadelphia Suburban was basically unchanged from 1994.

### **3 • Consumer Complaints**

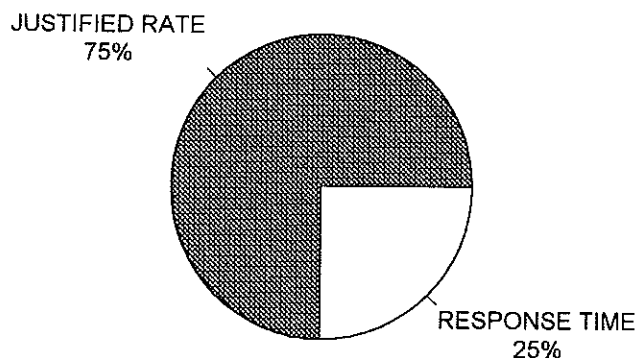
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This chapter presents statistics on the consumer complaints brought to the attention of BCS by customers of the major electric, gas and water utilities. It focuses on individual utility performance regarding the effectiveness and responsiveness of consumer complaint handling. In nearly every case, the customer had already contacted the utility about the problem prior to BCS intervention. The Bureau reviews the utility's record as to how the utility handled the customer's complaint when the customer contacted the company and makes assessments from this record. These assessments form the basis of the performance measures presented in this chapter.

This chapter compares the major electric, gas and water utilities on volume of consumer complaint cases (Table 2), justified consumer complaint rate (Table 3) and average response time to consumer complaints (Table 4). The justified consumer complaint rate is a function of both complaint volume and the percent of cases found justified in coming to the Bureau (Appendix G). Proportional changes in either of these component measures equally affect the justified consumer complaint rate. Therefore, the Bureau views the justified consumer complaint rate as the most comprehensive and most important consumer complaint measure. A utility's overall score on consumer complaint handling is derived from both the justified consumer complaint rate and the company's average response time as illustrated in the figure below:

#### **CONSUMER COMPLAINTS EVALUATION**

##### **WEIGHTING OF VARIABLES**



## ***Nature of Consumer Complaints***

The Bureau classifies all consumer complaints into one of six major problem areas as well as one of nearly 200 specific problem descriptors. However, for the purpose of this report, the Bureau has expanded these six major areas into 14 specific problem categories. Table 1 presents a comparison of these 14 problem categories for 1994 and 1995 for consumer complaints from all of the Chapter 56-covered utilities. The most common complaints in 1995 involved billing disputes, metering problems, collection policies (payment issues not related to establishing payment agreements) and service quality.

***Table 1 - Problem Categories for Consumer Complaints: 1994-1995***

	1994	1995
Billing Dispute	16%	21%
Metering Problems	15%	15%
Collection Policies	14%	13%
Service Quality	11%	9%
Discontinuance/Transfer	6%	7%
Personnel Problems	6%	6%
Service Extensions	7%	6%
Service Interruptions	5%	5%
Damages	6%	5%
Credit and Deposits	4%	3%
Rates/Rate Structure	3%	3%
Scheduling Delays	3%	3%
Billing - Other	2%	2%
All Other Problems	2%	2%

## ***Volume of Consumer Complaints***

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.

An unusually high number of consumer complaints often indicates a problematic situation that requires investigation by both the company and BCS. Likewise, significant decreases in the frequency of complaints over time may indicate that a company is improving. Thus, information on the volume of consumer complaints is used to reveal patterns and trends for individual companies that help to focus BCS research and compliance activities.

The volume of consumer complaints is an intermediate variable for the "justified consumer complaint rate" and is important because it is one of the two primary influences on that rate. The "justified consumer complaint rate" presented later in this chapter takes into consideration the variation in the number of residential customers for the major electric, gas and water companies and thus can be used to compare companies. Table 2 reports consumer complaint volume for the major companies for 1994 and 1995.

**Table 2 - Residential Consumer Complaints**

<b>Company</b>	<b>1994 Number</b>	<b>1995 Number</b>	<b>1994-1995 Percent Change in Number</b>
Duquesne	328	376	15%
Met-Ed	132	163	23%
PECO	686	744	8%
Penelec	175	124	-29%
Penn Power	53	59	11%
PP&L	255	280	10%
UGI-Electric	31	26	-16%
West Penn	246	217	-12%
<b>Major Electric</b>	<b>1,906</b>	<b>1,989</b>	<b>4%</b>
Columbia	155	146	-6%
Equitable	368	335	-9%
NFG	141	103	-27%
PG&W-Gas	78	34	-56%
Peoples	228	229	No Change
UGI-Gas	239	151	-37%
<b>Major Gas</b>	<b>1,209</b>	<b>998</b>	<b>-17%</b>
PA-American	185	148	-20%
PG&W-Water	89	76	-15%
Phila. Suburban	53	64	21%
Other Class "A"	67	87	30%
<b>Major Water</b>	<b>394</b>	<b>375</b>	<b>-5%</b>



## ***Case Outcome***

Commission regulations require that electric, gas and water customers contact their utilities to resolve their complaints prior to seeking PUC intervention. Although exceptions are permitted under extenuating circumstances, the Bureau's policy is to accept complaints only from customers who have been unable to work out their problems with companies. One of the Bureau's primary goals is to have utilities handle customer contacts effectively before they are brought to the Bureau's attention. This will have two desirable effects. First, proper case handling by the utility minimizes customer dissatisfaction, thereby negating the need for customers to seek complaint resolution with the Bureau. Second, proper case handling by the utility guarantees that customer complaints that do reach the Bureau will be resolved in the same manner the company recommended.

Complaints to the Bureau represent customer appeals to the Commission regarding disputes with utilities. These cases are a result of the inability of the utility and the customer to reach a mutually satisfactory resolution to a dispute. Once a customer contacts the Bureau with a complaint, the Bureau notifies the utility that a complaint has been filed. The utility sends the Bureau all records of its contacts with the customer regarding the complaint. BCS reviews the records to determine if the utility took appropriate action when handling the customer's contact and uses these records to determine the outcome of the case. There are three possible case outcome classifications: complaint "justified", "inconclusive" or complaint "unjustified". This approach focuses strictly on the regulatory aspect of the complaint and evaluates companies negatively only where appropriate complaint handling procedures were not followed or where the regulations have been violated. Specifically, a case is considered "justified" in the appeal to BCS if it is found that, prior to BCS intervention, the company did not comply with PUC orders, regulations, reports, Secretarial Letters, tariffs, etc. "Unjustified" complaints are those cases in which the company demonstrates that correct procedures were followed prior to BCS intervention. "Inconclusive" complaints are those in which incomplete records, equivocal findings or uncertain regulatory interpretations make it difficult to determine whether or not the customer was justified in the appeal to the Bureau. It is anticipated that the vast majority of cases will fall into either the "justified" or the "unjustified" category.

Justified cases represent company failures at complying with the Commission regulations and rules, BCS policies or with Commonwealth statutes. When the Bureau encounters company case handling performance that is significantly worse than average, then there is reason to suspect that many customers who contact the company are at risk

of improper dispute handling by the company. See Appendix G for the percent of consumer complaints found to be "justified" in 1994 and 1995.

### ***Justified Consumer Complaint Rate - A Refined Measure***

Changes in company policy can affect both the volume of BCS consumer complaints and the effectiveness of a utility's complaint handling (as measured by the percent of cases that are justified). The Bureau's research has shown that both of these complaint measures are actually intermediate measures and not "stand-alone" measures of performance.

To address this problem, the Bureau uses a performance measure called "justified rate" which reflects both the volume and percent of cases justified. In addition, this measure takes into consideration the number of residential customers of the utility so that a company can be compared and contrasted with the other companies within its industry. (See Appendix F for the number of residential customers for the major electric, gas and water companies). The formula for justified consumer complaint rate is shown below:

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

The Bureau perceives this to be a bottom line measure of performance that evaluates the "effectiveness" of company complaint handling as a whole and, as such, allows for general comparisons to be made among companies and across time. See Table 3 for justified consumer complaint rates for 1994 and 1995.

**Table 3 - (1994-1995)**  
**Justified Consumer Complaint Rate**

Company	1994	1995	Net Change 1994 to 1995
Duquesne	.16	.13	-.03
Met-Ed	.09	.08	-.01
PECO	.16	.20	.04
Penelec	.08	.04	-.04
Penn Power	.03	.06	.03
PP&L	.07	.07	No Change
UGI-Electric	.21	.17	-.04
West Penn	.08	.07	-.01
<b>Major Electric</b>	<b>.11</b>	<b>.10</b>	<b>-.01</b>
Columbia	.13	.15	.02
Equitable	.44	.39	-.05
NFG	.30	.13	-.17
PG&W-Gas	.26	.06	-.20
Peoples	.19	.16	-.03
UGI-Gas	.47	.24	-.23
<b>Major Gas</b>	<b>.30</b>	<b>.19</b>	<b>-.11</b>
PA-American	.15	.12	-.03
PG&W-Water	.38	.25	-.13
Philadelphia Suburban	.08	.06	-.02
All Other "Class A"	.25	.22	-.03
<b>Major Water</b>	<b>.22</b>	<b>.16</b>	<b>-.06</b>

## ***Response Time***

Response time is the time span in days from the date of the Bureau's first contact with a 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") to BCS informal complaints. In this report, response time is presented as the average number of days that each company took to supply BCS with complete complaint information.

Response time is important for two reasons. First, a short response time means that a company has moved quickly to supply BCS with the required information to address the customer's problem. Second, a short response time is a clear indication that a company maintains adequate records of contacts with its customers. These records are required by Commission regulations and their routine presence indicates that companies generally have the resources on hand that are necessary to resolve a dispute before it becomes necessary for the Bureau to become involved.

Detailed investigations have verified the existence of a relationship between poor response time to the Bureau and unresponsiveness to customers. Responsiveness is thus an important index of the quality of utility complaint handling. Since the vast majority of consumers have already contacted their companies about their complaints before they contact the Bureau, the companies should have all the documentation regarding the complaints readily available. Therefore, a company should be able to respond to consumer complaints in a relatively short period of time. See Table 4 for the consumer complaint response times for the major electric, gas and water companies for 1994 and 1995.

**Table 4 - Response Time: Consumer Complaints**

Company	Average Time in Days		Change in Days 1994 to 1995
	1994	1995	
Duquesne	15.6	19.4	3.8
Met-Ed	14.2	10.4	-3.8
PECO	18.3	25.0	6.7
Penelec	13.8	13.3	-0.5
Penn Power	4.6	1.8	-2.8
PP&L	10.7	12.6	1.9
UGI-Electric	15.9	15.0	-0.9
West Penn	15.6	10.7	-4.9
<b>Major Electric</b>	<b>13.6</b>	<b>13.5</b>	<b>-0.1</b>
Columbia	7.9	11.3	3.4
Equitable	12.9	20.3	7.4
NFG	6.2	7.4	1.2
PG&W-Gas	8.5	5.6	-2.9
Peoples	5.9	8.2	2.3
UGI-Gas	11.8	7.8	-4.0
<b>Major Gas</b>	<b>8.9</b>	<b>10.1</b>	<b>1.2</b>
Pennsylvania-American	3.8	2.9	-0.9
PG&W-Water	8.8	5.8	-3.0
Philadelphia Suburban	6.5	6.6	0.1
All Other "Class A"	16.8	26.1	9.3
<b>Major Water</b>	<b>9.0</b>	<b>10.3</b>	<b>1.3</b>

## ***Summary***

Overall, the effectiveness of consumer complaint handling as measured by the justified consumer complaint rate improved from 1994 to 1995. By properly following procedures, rules and regulations, companies can expect to reduce the number of complaints that consumers bring to the Bureau's attention. Beyond that, if the companies have investigated disputes according to Bureau standards, the complaints that do reach the Bureau will be evaluated as unjustified, and thus will improve the companies' complaint handling scores. This should reduce the workload of the companies' customer service departments and ultimately reduce the companies' customer service expenses.

In 1995, response time to consumer complaints remained relatively stable for the electric industry as a whole and the average response times for the gas and water industries were just slightly slower than in 1994. However, the average response times for the individual companies within the three industries varied greatly. While eight of the largest companies had average response times that were under ten days, two of the companies had average response times of over 20 days.

In Chapter 2 of this report, the Bureau profiles the performance of each individual major electric, gas and water utility. The Bureau assesses the utility's consumer complaint handling performance from two measures: justified consumer complaint rate and response time. The justified consumer complaint rate is based on the number of a company's justified consumer complaints per one thousand residential customers. It accounts for 75% of a company's complaint handling assessment. The company's response time accounts for the remaining 25% of the assessment on consumer complaint handling. Each individual company profile shows how the company ranks within the industry on consumer complaint performance. The profile also shows the company's performance trend by comparing its 1995 performance with its 1994 performance.

## **4 • Payment Arrangement Requests**

This chapter focuses on the performance of the major regulated electric, gas and water utilities at handling requests for payment arrangements from their customers. Until 1994, these cases were classified as "mediation requests". Payment arrangement requests principally include contacts to the Bureau or to utilities involving requests for payment terms in one of the following situations:

- ✓ termination of service is pending,
- ✓ service has been terminated and the customer needs payment terms to have service restored, or
- ✓ the customer wants to retire an arrearage but no termination notice has been issued.

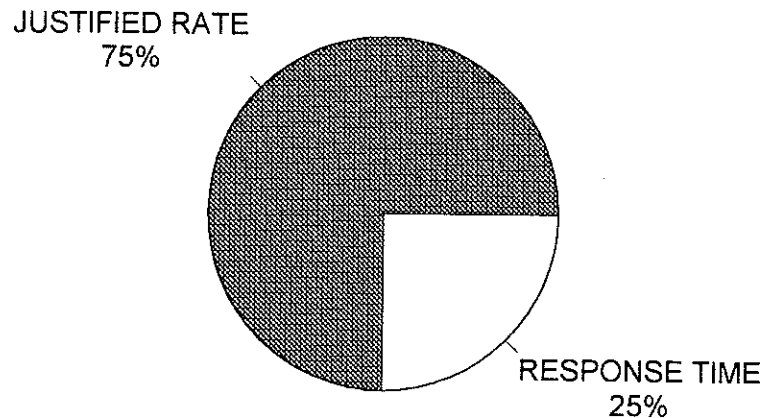
As in the chapter on consumer complaints, several measures are used to evaluate different aspects of utility performance that relate to the way the utility handled requests for payment arrangements from its customers. All of the measures are based on assessments of contacts to the Bureau of Consumer Services by individual customers. As with consumer complaints, almost all customers had already contacted the utility prior to their contact to BCS. As part of its investigation into a case, the Bureau reviews the utility's record as to how the utility handled the case when the customer contacted the company. This review includes several classifications and assessments that form the basis of the performance measures that are presented in this chapter.

The first table in this chapter presents the volume of payment arrangements requests for the electric, gas and water companies (Table 5). The next set of measures, the justified payment arrangement request rate (Tables 6 and 7), combines the quantitative measure of volume of requests for payment arrangements with the qualitative measure of effectiveness reflected in the percent of cases found to be justified in coming to the Bureau (Appendix H). The formula for calculating this rate will be presented later in the chapter. Finally, the Bureau compares the utilities on response time to payment arrangements requests (Table 8).

The justified payment arrangement request rate is equally affected by proportional changes in the volume of payment arrangement requests to the Bureau and by changes in the percentage of payment arrangement request cases found to be justified. Thus, the Bureau views this measure as the most comprehensive and most important in measuring

## PAYMENT ARRANGEMENT REQUESTS EVALUATION

### WEIGHTING OF VARIABLES



company performance at handling payment arrangement requests. This measure accounts for 75% of a utility's payment arrangement request score, while response time to these cases accounts for 25% of this score as indicated in the above chart.

The Bureau of Consumer Services received a very large volume of requests for payment arrangements from customers of major gas, electric and water utilities in 1994 and 1995. The Bureau fulfilled its obligation to record and classify the requests. Responses to utility customers and the utilities involved were routinely processed. However, the Bureau did not have the resources to perform case evaluation on each of the payment arrangement requests. As in the previous two years, the Bureau evaluated a sample of cases for response time and case outcome (justified percent) for the companies that had the largest volume of payment arrangement requests: Duquesne, PECO, PP&L, West Penn Power, Equitable and Peoples. The calculations for case outcome and response time that appear in this report are based on a subset of the cases that BCS received from customers of these six companies. Because the Bureau believes that the size of these samples gives an adequate indication of the performance of these companies, it will continue to evaluate only a sample of the payment arrangement request cases for



these companies unless a company experiences a significant decrease in the volume of this type of case.

### ***Volume of Payment Arrangement Requests***

The Bureau of Consumer Services normally intervenes at the customer's request only after direct negotiations between the customer and the company have failed. Unusually high or low numbers of requests and sizeable changes in numbers from one year to the next may reflect changes in company policies or collection philosophies, or they may be indicative of problems. BCS views such variations as potential areas needing investigation. Volume is an intermediate variable for the "justified payment arrangement request rate" and is important because it is one of the two primary influences on that rate.

Table 5 shows the volume of requests for payment arrangements for each of the major companies in 1994 and 1995.

**Table 5 - Residential Payment Arrangement Requests**

<b>Company</b>	<b>1994 Number</b>	<b>1995 Number</b>	<b>1994-1995 Percent Change in Number</b>
Duquesne	4,105	4,301	5%
Met-Ed	867	766	-12%
PECO	3,776	2,987	-21%
Penelec	488	494	1%
Penn Power	615	774	26%
PP&L	1,298	4,422	241%
UGI-Electric	136	136	No Change
West Penn	547	1,765	223%
<b>Major Electric</b>	<b>11,832</b>	<b>15,645</b>	<b>32%</b>
Columbia	859	554	-36%
Equitable	1,454	2,337	61%
NFG	375	540	44%
PG&W-Gas	311	264	-15%
Peoples	1,903	1,751	-8%
UGI-Gas	962	876	-9%
<b>Major Gas</b>	<b>5,864</b>	<b>6,322</b>	<b>8%</b>
PA American	394	603	53%
PG&W-Water	149	131	-12%
Phila. Suburban	178	176	-1%
All Other "Class A"	99	87	-12%
<b>Major Water</b>	<b>820</b>	<b>997</b>	<b>22%</b>

## **Case Outcome**

Commission regulations require that electric, gas and water customers contact their utilities to negotiate payment arrangements prior to seeking PUC intervention. Although exceptions are permitted under extenuating circumstances, the Bureau's policy is to accept payment arrangement requests only from customers who have been unable to work out arrangements with companies. One of the Bureau's primary goals is to have utilities handle customer contacts effectively before they are brought to the Bureau's attention. Proper handling of payment arrangement requests by utilities minimizes customer dissatisfaction, thereby negating the need for customers to contact the Bureau.

Once a customer contacts the Bureau with a payment arrangement request, the Bureau notifies the utility. The utility then sends the Bureau records of its contact with the customer regarding the most recent payment negotiation. BCS reviews the record to determine if the utility negotiated properly with the customer and uses this record to determine the outcome of the case. There are three possible case outcome classifications: "justified", "inconclusive" and "unjustified". This approach evaluates companies negatively only where appropriate payment negotiation procedures were not followed or where the regulations have been violated. Specifically, a case is considered "justified" in the appeal to BCS if it is found that, prior to BCS intervention, the company did not comply with PUC regulations, reports, Secretarial Letters, tariffs, or guidelines. "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 accounts make it difficult to determine whether or not the customer was justified in the appeal to the Bureau. It is anticipated that the vast majority of cases will fall into either the "justified" or "unjustified" category. See Appendix H for the percent of payment arrangement requests found to be "justified" in 1994 and 1995.

## **Justified Payment Arrangement Request Rate**

As with consumer complaints, changes in company policy can affect both the volume of requests for payment arrangements and the effectiveness of a utility's payment negotiations (as measured by the percent of cases that are justified). The Bureau's research has shown that both of these measures are actually "intermediate" measures rather than "stand-alone" measures of performance.

In response, the Bureau uses a performance measure called "justified rate", which reflects both the volume and percent of cases justified.

*Justified Payment Arrangement Request Rate =*

*Number of Justified Payment Arrangement Requests*  
*Monthly Average No. of Overdue Residential Customers/1000*

The Bureau has been using the "justified rate" as a performance measure for a number of years. However, the Bureau refined the justified measurement in its 1994 report. The present formula for justified payment arrangement request rate gives equal weight to the quantitative measure of volume and the qualitative measure of justified percent by making the numerator the number of justified payment arrangement requests. This emphasizes the Bureau's concern with the volume of payment arrangement requests that have been mishandled by the utility. The formula also takes into consideration a utility's total overdue population by combining customers who are overdue and not on payment agreements with customers who are overdue and maintaining active payment agreements. Prior to 1994, the "justified rate" had been based on only the number of customers in arrears with no payment agreements.

**Table 6 - Justified Payment Arrangement Request Rate:  
Major Electric and Gas Companies (1994-95)**

Company	1994	1995	Net Change 1994 to 1995
Duquesne	2.26*	1.99*	-0.27
Met-Ed	2.45	2.09	-0.36
PECO	2.42*	1.32*	-1.10
Penelec	1.18	0.80	-0.38
Penn Power	2.05	3.44	1.39
PP&L	1.45*	1.71*	0.26
UGI-Electric	7.97	6.13	-1.84
West Penn	0.86	2.37*	1.51
<b>Major Electric</b>	<b>2.58</b>	<b>2.48</b>	<b>-0.10</b>
Columbia	4.25	1.08	-3.17
Equitable	3.52*	5.07*	1.55
NFG	1.46	1.00	-0.46
PG&W-Gas	2.76	1.58	-1.18
Peoples	7.91*	3.76*	-4.15
UGI-Gas	9.99	6.21	-3.78
<b>Major Gas</b>	<b>4.98</b>	<b>3.12</b>	<b>-1.86</b>

\* Based on a probability sample of cases

Water companies are not required to provide the Commission with the number of overdue customers. As a result, the justified payment arrangement request rates for water companies are calculated in the same manner as the justified consumer complaint rates. Consequently, the water companies' justified rates are calculated differently from electric and gas companies and cannot be compared to those industries.

**Table 7 - Justified Payment Arrangement Request Rate:  
Major Water Companies (1994-95)**

Company	1994	1995	Net Change 1994 to 1995
Pennsylvania-American	.19	.13	-.06
PG&W-Water	.24	.14	-.10
Philadelphia Suburban	.18	.18	No Change
All Other "Class A"	.21	.11	-.10
<b>Major Water</b>	<b>.21</b>	<b>.14</b>	<b>-.07</b>

### ***Response Time***

For every day that a case involving a request for payment arrangements remains open and unresolved the customer may continue to accumulate a larger debt to the company. As a result, there is a strong, inherent economic incentive for a company to process these requests expeditiously so that a final disposition of the complaint can be determined. See Table 8 for the response times to payment arrangement requests for the major electric, gas and water companies for 1994 and 1995.

**Table 8- Response Time: Payment Arrangement Requests**

Company	Average Time in Days		Change in Days 1994 to 1995
	1994	1995	
Duquesne	2.0*	3.5*	1.5
Met-Ed	5.7	3.7	-2.0
PECO	7.1*	12.9*	5.8
Penelec	2.7	3.1	0.4
Penn Power	0.5	0.6	0.1
PP&L	4.0*	18.3*	14.3
UGI-Electric	7.2	5.3	-1.9
West Penn	18.1	12.5*	-5.6
<b>Major Electric</b>	<b>5.9</b>	<b>7.5</b>	<b>1.6</b>
Columbia	3.1	5.0	1.9
Equitable	3.7*	20.4*	16.7
NFG	2.6	3.4	0.8
PG&W-Gas	2.8	2.2	-0.6
Peoples	2.1*	2.6*	0.5
UGI-Gas	3.4	2.3	-1.1
<b>Major Gas</b>	<b>3.0</b>	<b>6.0</b>	<b>3.0</b>
Pennsylvania-American	2.3	1.9	-0.4
PG&W-Water	4.2	1.9	-2.3
Philadelphia Suburban	3.5	4.1	0.6
All Other "Class A"	16.7	15.7	-1.0
<b>Major Water</b>	<b>6.7</b>	<b>5.9</b>	<b>-0.8</b>

\* Based on a probability sample of cases

## ***Summary***

Generally, the payment negotiation performance of the major utilities, as measured by the justified payment arrangement request rate, improved from 1994 to 1995. It appears that many of these companies have taken steps to begin to ensure that their representatives are properly following Bureau policies and procedures, and Commission rules and regulations.

In 1995, the average response times for the electric and gas industries increased while the average response time for the water industry decreased. The vast majority of the individual companies had average response times of five days or less. However, a few of the companies had average response times that were far greater than their industry average.

In Chapter 2 of this report, the Bureau profiles the performance of each individual major electric, gas and water utility. The Bureau assesses the utility's payment negotiation performance from two measures: the company's justified payment arrangement request rate and the company's average response time to payment arrangement request cases. The justified payment arrangement request rate is based on the number of a company's justified payment arrangement requests for each 1,000 of the company's overdue residential customers. It accounts for 75% of a company's score on handling payment arrangement requests. The company's response time accounts for the remaining 25% of each company's score on payment negotiation performance. Each individual company profile shows how the company ranks within the industry on handling payment arrangement requests. The profile also shows the company's performance trend by comparing its 1995 performance with its performance in 1994.

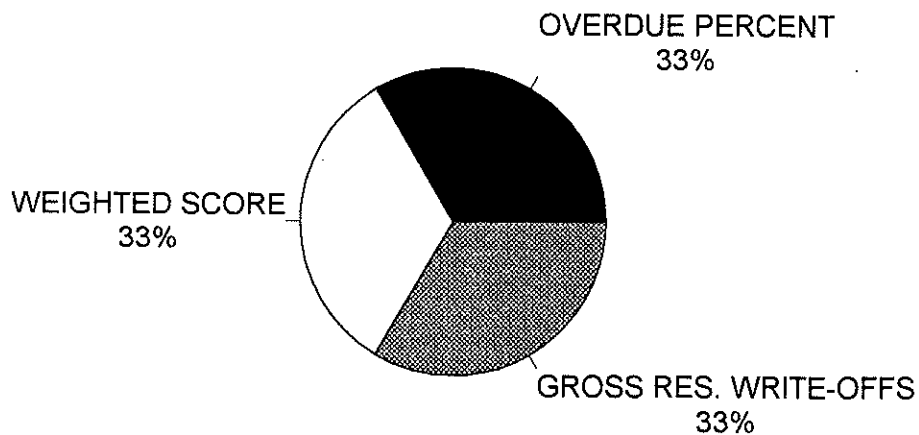
## **5 • Collections**

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The Bureau analyzes and evaluates the status of utility collections through statistics on the percentage of customers who owe utilities money, the amount owed, how long the money has been owed, and finally the amounts owed that have been written off by the companies. The Bureau's assessment of an individual utility's collection performance is derived from three separate measures: the percent of that company's residential customers that are overdue (Table 9), the weighted arrearage score (Table 11) and the company's gross residential write-offs (Table 12):

### **COLLECTIONS EVALUATION**

#### **WEIGHTING OF VARIABLES**



### **Overview**

In the Bureau's analysis of a utility's consumer complaint handling and payment arrangement negotiations, the Bureau compares the company's performance from the past year with that of the previous year. For collections, however, the Bureau presents performance for the past three years and compares the performance of the most recent



year with the company's performance of two years ago. The Bureau has reported collection data in this way for more than a decade. The Bureau's rationale is that changes in a company's collection policies and strategies often take at least two years before collection performance statistics reflect the changes.

All of the statistics reported in this chapter are drawn from information supplied to the Bureau by the individual utilities. Only the electric and gas utilities are required by regulation to report, among other things, the number of overdue accounts, the dollar amount overdue, and the total number of ten-day termination notices they send to delinquent customers. The major electric and gas companies also report data on the number of accounts that they terminate, the number of dollars written off as uncollectible, as well as the number of payment agreements with delinquent customers and the amount of money tied up in these agreements. Thus, the Bureau's annual report has traditionally analyzed collection data from only these two industries.

In prior reports, the Bureau included a discussion of termination of service in this chapter on collection performance and presented the number of residential service terminations reported by each of the major electric and gas utilities. However, the Bureau views the number of service terminations as simply an activity in each utility's repertoire of collection activities and not as an indication of positive or negative performance. This year the Bureau has eliminated the discussion of service termination from this chapter and presents the number of service terminations for 1993 through 1995 for each major electric and gas utility in Appendix L.

### ***Percent of residential customers who owe money***

The percent of residential customers in debt to a utility represents two different groups of customers: 1) customers who owe the utility money and are on payment agreements to pay the money they owe; and 2) customers who are overdue but are not currently under any type of amortization agreement to repay their arrearages. Appendix K reports the total number of residential customers in debt for each of the major electric and gas companies. Table 9 presents the percentage of each company's residential customers who are in debt to the company.

**Table 9 - Percent of Customers in Debt**

<b>Company</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Percent Change From 1993 to 1995</b>
Duquesne	15.1%	16.1%	15.1%	No Change
Met-Ed	14.4%	14.5%	14.1%	-2%
PECO	29.2%	25.2%	23.9%	-18%
Penelec	16.2%	16.7%	16.0%	-1%
Penn Power	24.2%	24.5%	25.4%	5%
PP&L	18.3%	17.7%	16.3%	-11%
UGI-Electric	14.0%	13.7%	14.5%	4%
West Penn	22.6%	22.1%	22.6%	No Change
<b>Electric - Avg.</b>	<b>19.3%</b>	<b>18.8%</b>	<b>18.5%</b>	<b>-4%</b>
Columbia	11.2%*	14.1%**	15.2%	36%
Equitable	21.6%	22.6%	22.9%	6%
NFG	15.8%	17.8%	17.0%	8%
PG&W-Gas	15.4%	16.4%	15.8%	3%
Peoples	16.3%	14.4%	14.2%	-13%
UGI-Gas	14.5%	15.9%	16.1%	11%
<b>Gas - Average</b>	<b>15.8%</b>	<b>16.9%</b>	<b>16.9%</b>	<b>7%</b>

\* 1993 data reported by Columbia understated the number of customers in debt. The data did not include customers in debt 30 days or less.

\*\* 1994 data for Columbia has been revised from the 1994 Activity Report.

## Amount of money at risk

Table 10 shows the amount of money that is owed by each company's delinquent customers. The amounts shown below include both the amount of debt owed by customers with payment agreements and that owed by customers who do not currently have any type of agreement to repay what they owe to the utility. The Bureau uses the total debt in the calculation of the weighted arrearage statistic.

**Table 10 - Residential Customer Debt**

Company	1993 Total Debt	1994 Total Debt	1995 Total Debt	Percent Change in Total 1993-1995
Duquesne	\$ 44,859,592	\$ 46,899,474	\$45,914,870	2%
Met-Ed	14,761,126	15,411,402	15,154,273	3%
PECO	127,975,944	113,802,793	102,256,204	-20%
Penelec	12,907,524	15,396,253	16,350,811	27%
Penn Power	4,848,474	5,653,666	5,970,711	23%
PP&L	48,815,407	53,345,089	51,102,319	5%
UGI-Electric	1,132,848	1,097,177	1,262,380	11%
West Penn	17,771,234	21,712,478	23,492,023	32%
<b>Electric-Total</b>	<b>\$273,072,149</b>	<b>\$273,318,332</b>	<b>\$261,503,591</b>	<b>-4%</b>
Columbia	9,258,323*	17,029,568**	18,919,763	104%
Equitable#	29,350,814	33,508,038	33,563,403	14%
NFG	5,255,680	9,140,950	9,734,420	85%
PG&W - Gas	2,742,420	3,727,211	3,327,114	21%
Peoples	9,660,133	12,687,044	12,273,005	27%
UGI - Gas	4,178,766	6,486,657	6,068,080	45%
<b>Gas - Total</b>	<b>\$60,446,136</b>	<b>\$82,579,468</b>	<b>\$83,885,785</b>	<b>39%</b>
<b>Total</b>	<b>\$333,518,285</b>	<b>\$355,897,800</b>	<b>\$345,389,376</b>	<b>4%</b>

\* 1993 data was understated. The data did not include dollars in arrears 30 days or less.

\*\* 1994 data for Columbia has been revised from the 1994 Activity Report.

# Includes arrearages of customers enrolled in Equitable's customer assistance program.

## ***Weighted Measures - A tool for comparison***

Notwithstanding the divergent collection performance as presented above, some comparisons between companies based on total residential debt can be misleading because of differences in the average size of bills. For this reason, the Bureau calculates a weighted statistic so that the effect of these difference is taken into consideration.

The "Weighted Total Score" in Table 11 represents the total aging of all residential customer debt. It is calculated by dividing the average monthly customer bill into the average monthly customer arrearage. (See Appendix I, Table 1 and Table 2, for monthly average bills for heating and non-heating customers for the major companies).

***Table 11 - Weighted Statistics for Arrearages***

<b>Company</b>	<b>1993 Weighted Total Score</b>	<b>1994 Weighted Total Score</b>	<b>1995 Weighted Total Score</b>
Duquesne	8.2	8.7	8.9
Met-Ed	3.9	3.9	3.9
PECO	4.3	4.3	4.1
Penelec	3.1	3.5	3.9
Penn Power	2.2	2.5	2.5
PP&L	3.5	3.9	4.1
UGI-Electric	2.8	2.7	2.8
West Penn	2.6	3.1	3.1
<b>Electric-Average</b>	<b>3.8</b>	<b>4.1</b>	<b>4.2</b>
Columbia	4.2*	5.5**	6.1
Equitable	7.4	7.2	7.3
NFG	2.6	3.4	4.2
PG&W-Gas	2.4	2.5	2.7
Peoples	3.4	4.7	5.2
UGI-Gas	2.7	3.4	3.4
<b>Gas-Average</b>	<b>3.8</b>	<b>4.5</b>	<b>4.8</b>

\* Understated, 1993 data did not include dollars in arrears 30 days or less

\*\* 1994 data for Columbia has been revised from the 1994 Activity Report.

## **Uncollectible Accounts**

The third and final measure that the Bureau of Consumer Services used to evaluate a utility's collection performance is the percentage of gross residential billings written off as uncollectible. Write-offs and revenues can be traced to both residential and non-residential service. With the focus of this report being residential accounts, the Bureau uses the percentage residential billings written off as the most appropriate measure of performance in collecting bills. (Appendix J provides a listing of net total write-offs as a percentage of total revenues from 1993 to 1995. This listing includes write-offs for all rate classes).

**Table 12 - Percentage of Gross Residential Billings Written Off as Uncollectible**

<b>Company</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Percent Change 1993-1995</b>
Duquesne	2.72%	2.74%	2.96%	9%
Met-Ed	1.86%	1.91%	1.75%	-6%
PECO	2.97%#	2.32%#	1.75%#	-41%
Penelec	1.26%	1.37%	1.54%	22%
Penn Power	1.03%	1.12%	1.10%	7%
PP&L	2.05%	2.00%	2.08%	1%
UGI-Electric	1.00%	1.05%	1.11%	11%
West Penn	1.05%	1.22%	1.44%	37%
<b>Electric-Total</b>	<b>1.74%</b>	<b>1.72%</b>	<b>1.72%</b>	<b>-1%</b>
Columbia	2.70%	2.59%	2.66%	-1%
Equitable	4.05%	4.52%	4.99%	23%
NFG	1.89%	1.60%	2.36%	25%
PG&W - Gas	1.29%	1.23%	1.58%	22%
Peoples	1.57%	1.56%	2.01%	28%
UGI - Gas	1.94%	2.26%	2.70%	39%
<b>Gas - Total</b>	<b>2.24%</b>	<b>2.29%</b>	<b>2.72%</b>	<b>21%</b>

# Excludes CAP (Customer Assistance Program) write-offs.

## ***Summary***

Utility collection performance received much attention during 1995; that attention continues into 1996. Predicted changes in the structure and regulation of both the electric and gas industries are most likely the impetus behind this concern. As regulated utilities ready themselves to face the competitive marketplace, they see their collection performance as extremely important.

In 1995, the collection performance among the major electric and gas utilities varied greatly. Overall, the electric industry continued to show improvement in almost every collection measure. Meanwhile, the gas industry continued to decline in collection performance.

In Chapter 2, the Bureau profiles the performance of each of the major electric and gas utilities. Each company profile compares the company's 1995 collection performance with its 1993 performance and shows how the company ranks within its industry for 1995.

The Bureau's assessment of a utility's collection performance is derived from three measures: the percent of customers overdue, the weighted arrearage score and gross residential write-offs. Each company receives a separate score on each of these measures. To produce an overall collection score, the Bureau combines the scores, giving equal weight to each measure.

## **6 • Compliance**

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The activities of the Bureau of Consumer Services include efforts to ensure that public utilities' customer services conform with the standards of conduct for residential service established in statute and regulation, particularly 52 PA Code, Chapter 56. The purpose of Chapter 56, as stated in §56.1, is to ". . . establish and enforce uniform, fair, and equitable residential utility service standards governing eligibility criteria, credit and deposit practices, and account billing, termination, and customer complaint procedures." BCS engaged in the following activities in 1995 to improve utilities' compliance with Chapter 56: (1) the Bureau is involved with the Commission Review and Rescind all Obsolete and Excessive Rules and Regulations which included a review of Chapter 56; (2) BCS conducted a customer service audit; and (3) BCS continued its informal compliance notification process.

### ***Review and Rescind/Chapter 56***

By Order entered May 23, 1995, the Commission issued an Advance Notice of Proposed Rulemaking to Review and Rescind All Obsolete and Excessive Rules and Regulations (Docket No. L-950103). The Bureau of Consumer Services along with several utilities submitted suggestions to the PUC's Law Bureau that pointed to the need to evaluate and update the procedures contained in Chapter 56. The proposed changes are intended to clarify, simplify and remove excessive and burdensome requirements. The rulemaking process to revise sections of 52 PA Code Chapter 56 was initiated on March 5, 1996 (Docket No. L-00960114). Because the entire process consists of many steps and involves many parties, BCS will continue to allot staff and resources until these residential service regulations are revised.

### ***Customer Services Audit***

In April 1995, the Bureau of Consumer Services began reviewing the termination process of PECO Energy (PECO). The bureau reported its findings to PECO in October 1995. The audit resulted from Commission directives to the BCS ordering an examination of PECO's termination procedures, including the company's use of contractor employees to perform certain collection and termination related functions. The BCS focused on contractor performance due to the extensive involvement of contractor employees in the PECO termination process.

BCS Staff interviewed selected personnel from three different companies involved with PECO's termination process. Staff observed many company contacts with

ratepayers and reviewed documents relating to policies and procedures governing the termination process.

Bureau Staff discovered deficiencies in the termination process and provided PECO with recommendations to address the issues. BCS plans to revisit PECO in late spring of 1996 to ensure that PECO has taken corrective action.

### ***Informal Compliance Process***

The Bureau's primary compliance effort remains its informal compliance process. This process gives utilities specific examples of apparent violations of Chapter 56. The utilities can use the information to pinpoint and voluntarily correct deficiencies in their customer service operations. The informal compliance process uses consumer complaints to identify, document, and notify utilities of apparent deficiencies. In late July 1995, BCS revised the manner by which it notifies utilities of the allegation(s). A utility that receives notification of an allegation has an opportunity to affirm or deny the information. If the information about the allegation is accurate, the utility must show the cause of the problem (i.e., employee error, procedures, a computer program, etc.). Finally, the utility must inform BCS of the date and action it took to correct this problem. Corrective actions may entail modifying a computer program; revising the text of a notice, bill, letter or company procedures; or providing additional staff training to ensure the proper use of a procedure. If the utility states that the information regarding the allegation is inaccurate, the utility must provide specific details and supporting data to refute the claim. BCS always provides a final determination to the utility regarding the alleged violation. Usually, the notification process allows utilities to receive written clarifications of Chapter 56 provisions and Commission and Bureau policies.

During 1993, 1994, and 1995 the Bureau determined that there were 3,268 informally verified violations of Chapter 56 by the fixed utilities (excluding telephone companies) under the PUC's jurisdiction. The significance of these informally verified violations is frequently underscored by the fact that some informally verified violations represent systematic errors that are widespread and affect many utility customers. However, because the Bureau receives only a small fraction of the complaints customers have with their utility companies, the Bureau has only limited opportunities to identify such errors. Therefore, the informal compliance process is specifically designed to help utilities identify systematic errors. Utilities must then investigate the scope of the problem and take corrective action.



Utilities can develop their own information systems to identify compliance problems by reviewing complaints before they come to the Commission's attention. Companies that 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 treating them as potential error signals, utilities can find problematic procedures and employee errors that cause violations and complaints. Company operations can then be improved to the satisfaction of the PUC, utility customers, and the utility management.

## ***Data Analysis***

The following data and analysis come from the informal complaints filed with the PUC by residential customers during 1993, 1994, and 1995. Informally verified violation statistics for the major electric, gas and water companies are presented by company and year in Table 13.

The Bureau of Consumer Services views each informally verified violation as an error signal. A single infraction can suggest a system-wide misapplication of a particular section of the regulations. There is sufficient reason to believe that many violations are occurring which will go undetected by the PUC. One reason is that consumers are reluctant to register complaints. Another reason is that the PUC gets involved with only a small fraction of the total number of complaints to utilities. Therefore, the apparent violations that come to the attention of the Bureau warrant careful analysis. The informal compliance process, as stated previously, is intended to help utilities in their identification of deficiencies and consideration of corrective action.

Several considerations are important to keep in mind when viewing the aggregate informally verified violation figures. First, the data on the number of violations do not consider the causes of the individual violations. Some violations may be more serious because of their systemic nature, and therefore may show ongoing or repetitive violations. Other violations may be more serious because they involve threats to the health and safety of utility customers.

Another consideration to keep in mind when viewing aggregate violation measures is that, as a performance measure, they are most important because they show infractions of PUC regulations. Therefore, while a utility may show a significant decrease in an aggregate figure, it should be kept in mind that the criterion for good performance is still zero violations. Overall, the number of informally verified violations for major electric, gas, and water utilities reported by BCS has decreased almost 9% from 1994 to 1995.

In light of these considerations, it is important to keep in mind that the figures presented in Table 13 is viewed by BCS along with other information that is case specific. The value of the aggregate figures is to depict apparent trends over time and point out extreme deviations. The total number of apparent violations for 1995 as shown in the last column consists of 1995 verified violations and 1995 pending violations. The total number of violations for 1995 may increase as new violations are discovered and cited from customer complaints that originated in 1995 but are still under investigation by the Bureau. Often, the actual total number of apparent violations for 1995 will be equal to or greater than the number reported in the 1995 total column. The data used for this chapter was retrieved from the BCS Compliance Tracking System as of April 8, 1996.

**Table 13 - Informal Violations**

<b>Company</b>	<b>1993 Verified</b>	<b>1994 Verified</b>	<b>1995 Verified</b>	<b>1995 Pending</b>	<b>1995 Total</b>
Duquesne	28	49	48	5	53
Met-Ed	17	44	42	6	48
PECO	296	248	259	165	424
Penelec	21	27	12	5	17
Penn Power	4	12	6	2	8
PP&L	155	97	91	7	98
UGI-Electric	11	32	17	4	21
West Penn	25	31	45	2	47
<b>Total</b>	<b>557</b>	<b>540</b>	<b>520</b>	<b>196</b>	<b>716</b>
Columbia	44	46	51	3	54
Equitable	35	57	82	37	119
NFG	27	43	21	0	21
PG&W	25	39	21	2	23
Peoples	35	65	73	8	81
UGI-Gas	36	91	52	23	75
<b>Total</b>	<b>202</b>	<b>341</b>	<b>300</b>	<b>73</b>	<b>373</b>
PG&W-Water	35	58	34	1	35
Philadelphia Suburban	31	37	38	14	52
PA-American (PAWC)	23	26	25	6	31
All Other "Class A" Companies	16	47	46	4	50
<b>Total</b>	<b>105</b>	<b>168</b>	<b>143</b>	<b>25</b>	<b>168</b>

## ***Summary***

In 1995 the Bureau of Consumer Services continued its efforts to ensure that the electric, gas and water utilities conformed with the standards of conduct for residential utility service, particularly 52 PA Code, Chapter 56. The Bureau has engaged in a variety of activities toward this goal. For example, during 1995 the Bureau played an active role in the Rulemaking to Review and Rescind All Obsolete and Excessive Rules and Regulations. In addition, Bureau staff conducted a customer service audit of PECO Energy. Finally, the Bureau continued to monitor utility compliance behavior with its informal compliance process as described earlier in this chapter. For many years the BCS has encouraged utilities to develop their own information systems to identify compliance problems. The Bureau continues to make this recommendation so that companies can identify compliance problems and take corrective action. If utilities track apparent violations and treat them as error signals, the utilities can identify procedures and employee errors that produce alleged violations. The next step should be that the utilities would take steps to change errant behaviors and thus improve compliance with the regulations, most of which have been in effect for almost twenty years.

As of the date that BCS retrieved the data from its tracking system regarding the number of informally verified violations, each industry had slightly reduced the number of informally verified violations of Chapter 56 in 1995 compared with 1994. However, if BCS verifies the number of alleged violations that were pending as of that date, the total number of informally verified violations for 1995 will be greater than for 1994.

## **7 • Customer Assistance Programs**

The first section of this chapter presents a brief history of the development of the Commission's policy regarding customer assistance programs (CAPs). The second section presents a progress report on the implementation of the Commission's CAP policy statement by the major electric and gas utilities in Pennsylvania and includes a summary of the results of process evaluations for three utilities' CAPs.

### ***Development of Policy Statement***

On October 11, 1990, the Commission initiated an investigation at Docket No. I-900002 into the problems of uncollectible balances and payment troubled customers. The purpose of the investigation was to assist the Commission in developing policy to address these problems. The October order made all major electric and gas utilities with gross annual intrastate operating revenues of \$40,000,000 respondents to the investigation. From this investigation, the Bureau of Consumer Services submitted a *Final Report* to the Commission proposing a total of 83 recommendations. Twelve of the recommendations in the report related to customer assistance programs.

As a result of the Bureau investigation and *Final Report*, the Commission endorsed the idea that an appropriately designed and well-implemented CAP, as an integrated part of a company's rate structure, is in the public interest. On July 25, 1992, the Commission adopted a Policy Statement on CAPs. CAPs provide alternatives to traditional collection methods for low income, payment troubled utility customers. Generally, customers enrolled in a CAP agree to make monthly payments to the utility based on household size and gross income. These regular monthly payments, which may be for an amount that is less than the current bill for utility service, are made in exchange for continued provision of the service. Besides regular monthly payments, customers need to comply with certain responsibilities and restrictions to remain eligible for continued participation.

The purpose of the Commission's Policy Statement is to encourage the major gas and electric utilities in Pennsylvania to implement pilot CAPs and to provide guidelines for those utilities that voluntarily implement CAPs. These guidelines prescribe a model CAP designed to be a more cost-effective approach for dealing with issues of customer inability to pay than are traditional collection methods. In these guidelines, the Commission encourages CAP funding that makes maximum use of existing low income energy assistance programs, most notably LIHEAP. The guidelines also recommend that utilities incorporate a series of control features into their CAPs to limit program costs.

Because design modifications to improve the cost-effectiveness of CAPs may be necessary, the CAP Policy Statement recommends that utilities implement pilot programs. The Policy Statement recommends that pilot CAPs enroll two percent of eligible customers or one thousand participants, whichever is greater. This allows pilots to be small enough so that utilities can make changes to the programs without incurring major costs and, also, large enough to provide some relief to the low income, payment troubled customer population. Implementing pilots rather than full-scale programs allows utilities to test various design elements to determine the most efficient and cost-effective design for a CAP. Utilities are testing a variety of design elements that include: solicitation methods, eligibility criteria, payment plans, conservation incentives, arrearage forgiveness and default measures. Based on evaluation results, utilities can make cost-effective changes to the design of pilots to improve design elements. Preliminary information shows that certain design elements may need to be revised to improve the cost-effectiveness of these pilots. Changing a small pilot will be easier and less costly than making changes to a large program.

### ***CAP Progress Report***

Thirteen of the 15 major electric and gas utilities have operational CAPs or CAPs that are in some phase of implementation. Only Penn Power and UGI-Electric have not submitted a CAP proposal to the Commission for review and approval. As of March 31, 1996, approximately 46,000 participants were enrolled in utility-sponsored CAPs.

During September 1995, both Duquesne and Pennsylvania Gas & Water - Gas (PG&W - Gas) began to enroll participants in their CAP pilots. Although the Commission approved the design of UGI's pilot in February 1995, UGI conditioned CAP enrollment on an approved funding mechanism for the pilot. In August 1995, the Commission approved UGI's funding mechanism. UGI expects to begin enrollment in the spring of 1996. In its latest rate filing, T.W. Phillips received rate recovery for a small pilot program that will serve approximately 100 customers. Although T.W. Phillips has rate approval for this program, the Commission must still approve the design of the program before enrollment can begin.

### ***Summary Status of CAP Evaluations***

The CAP Policy Statement recommends that a utility thoroughly and objectively evaluate its CAP. Each evaluation is to include both process and impact components. The process component focuses on whether the CAP implementation conforms to the program design and determines if the program operates efficiently. The process

evaluation should be undertaken during the middle of the first year that the program is in operation. Utilities have contracted with independent third parties to conduct process evaluations of the design and administration of pilot CAPs.

The impact component should be evaluated at least by the end of the second year that the program is in operation. Impact evaluations should focus on the degree to which the program achieves the continuation of utility service to CAP participants at reasonable cost levels. The evaluation should include an analysis of the costs and benefits of traditional collection methods versus the costs and benefits of handling low income, negative ability to pay customers through a CAP. The comparative analysis will include: 1) payment behavior, 2) energy assistance participation, 3) energy consumption, 4) administrative cost and 5) actual collection costs. Utilities have also contracted with third parties to conduct impact evaluations to determine the cost-effectiveness of CAPs.

There are two perspectives on the cost-effectiveness of CAPs. The first compares current collection costs with new program costs. Traditional collection costs include credit and collection expenses, cash working capital and bad debt. CAP costs include administrative costs and billing deficiency costs. If new program costs are the same or less than current collection costs and bad debt is reduced, then CAPs become a more rational and cost-effective approach to collections. The second perspective argues that if the variable costs of providing service are covered, and some contributions to fixed costs are made, other ratepayers are not harmed. According to this view, any contributions from CAP participants to fixed costs provide benefits to all ratepayers, as opposed to these customers being disconnected from the system for nonpayment and making no contribution.

In 1995, three utilities, PP&L, West Penn Power and NFG, submitted the results of their process evaluations to the Bureau. PP&L also submitted the results of its preliminary impact evaluation. Evaluators made minor recommendations to improve the efficiency of these programs. See Appendix J for a summary of these evaluations. Several other process and impact evaluations due in 1995 were delayed for various reasons. In 1996, the Bureau expects to receive the results of six impact evaluations.

## ***Account Monitoring***

*Payments.* Preliminary reports continue to show that a majority of participants enrolled in CAPS make their monthly payments. The quarterly average is the total number of monthly payments received from participants during the quarter divided by the total number of bills issued to participants during the quarter. Payment is defined as a payment received before the next bill is issued. As utilities and the Bureau have gained

experience from the CAP pilots, it seems that some CAP participants' payments have been set too low and could be raised without negatively influencing affordability. Impact evaluations should provide some insight into the proper level of payments for CAPs. The goal is to require payments that are affordable for participants while limiting the billing shortfalls as much as possible.

***LIHEAP Benefits.*** LIHEAP is the federal program that provides financial assistance to needy households for home energy bills. The LIHEAP funding situation in 1995-96 is a continuation of a declining annual funding trend. However, the 1995-96 LIHEAP program year showed the most dramatic decrease in federal funding (\$29 million) that has ever occurred. In 1995-96, because of the decrease in LIHEAP funds, the Department of Public Welfare, the agency that administers the program, restricted eligibility in several ways that influenced regulated utility customers. Fewer CAP participants were eligible for LIHEAP benefits, and coordination of LIHEAP benefits was more difficult. Because fewer CAP participants qualified for LIHEAP benefits, the lost LIHEAP revenues will increase CAP billing deficiencies.

The Bureau has encouraged utilities to explore ways to lessen the impact of decreased LIHEAP revenues on CAP billing deficiencies, including sharing the costs. As utilities and the Bureau have gained experience from the CAP pilots, it seems likely that some CAP participants' payments have been set too low and could and should be raised without negatively influencing affordability. Several utilities, with Commission approval, have implemented payment plans so that participants' payments are higher than the recommendations in the policy statement. One utility has introduced a LIHEAP penalty that increases a participant's bill slightly to cover lost LIHEAP revenues. However, the Bureau recognizes that any increase in the size of the monthly CAP payments for these households may negatively influence affordability and cause participants to default on their agreements. The Bureau has encouraged utilities to explore solutions to compensate for the loss of LIHEAP revenues.

## ***Summary***

Since the Commission's approval of the CAP Policy Statement in 1992, most of the major electric and gas utilities have implemented pilot CAPs. Thirteen of the fifteen major utilities have operational CAPs or CAPs that are in some phase of implementation. As of March 31, 1996, approximately 44,600 participants were enrolled in utility-sponsored CAPs.



In 1995, three utilities, PP&L, West Penn and NFG, submitted the results of their process evaluations. PP&L also submitted the results of its preliminary impact evaluation. The preliminary evaluation shows two important highlights. Participants are making their payments and their electric usage did not increase after joining the program. Evaluators found CAPs to be implemented and administered according to the plans approved by the Commission. Evaluators credit the smooth implementation of these pilots to the dedicated staff who manage these programs.

**SUMMARY OF STATUS OF UTILITY SPONSORED  
CUSTOMER ASSISTANCE PROGRAMS (CAPs)  
Electric Industry**

<i>Utility</i>	<i>Customer Assistance Program Name</i>	<i>Pilot Size/ Current Enrollment as of 12/95</i>	<i>Impact Evaluation Due Date</i>
DUQUESNE	Customer Assistance Program (CAP)	1,600/333	Spring 1998
MET-ED	Pilot Customer Assistance Program (CAP)	1,200/741	June 1996
PECO	Customer Assistance Program (CAP)	29,000/37,118	PECO committed to conduct a second impact evaluation.
PENELEC	Pilot Customer Assistance Program (CAP)	1,300/951	Spring 1997
PENN POWER	No Program. Delaying CAP development until financial situation improves.		
PP&L	On Track Payment Program	2,000/1,373	Interim impact - July 1996; Final impact - July 1997
UGI-ELECTRIC	No Program. No plans to implement a CAP.		
WEST PENN POWER	Low Income Payment and Usage Reduction Pilot (LIPURP)	2,000/1,381	Draft impact - April 1996; Final impact - June 1996

**SUMMARY OF STATUS OF UTILITY SPONSORED  
CUSTOMER ASSISTANCE PROGRAMS (CAPs)  
Gas Industry**

<i>Utility</i>	<i>Customer Assistance Program Name</i>	<i>Pilot Size/ Current Enrollment as of 12/95</i>	<i>Impact Evaluation Due Date</i>
COLUMBIA	Customer Assistance Program (CAP)	1,000/739	December 1996
EQUITABLE	Energy Assistance Program (EAP)	7,000/6,165	August 1995
NFG	Low Income Residential Assistance Rate (LIRA)	1,000/1,000	June 1996
PG&W - Gas	Customer Assistance Program (Petition filed 11/94 pending Commission approval).	1,000/127	Spring 1998
PEOPLES	Pilot Customer Assistance Program (PCAP)	1,000/869	Initial impact - July 1996; Final impact - December 1997
TW PHILLIPS	Received rate recovery. Commission must approve program design.		
UGI GAS	Low Income Self Help Program (LISHP)	1,000/Enrollment to begin in 1996.	

**1995 CAP Status Summary**

Utility	Type of Program**	Enrollment Began	Avg. # Participants	Qtr. Avg. Payment Rate*	Avg. Monthly CAP Bill	Avg. Monthly Billing Shortfall
Duquesne	PoB of PIP or Minimum	9/95	182			
Met-Ed	PoB	8/93	817	84%	\$50	\$34
PECO	PoB not to exceed 15% of income	1984	44,441	71%	\$36	\$61
Penelec	PoB	7/94	1,032	76%	\$32	\$37
PP&L	PoB or PIP or Minimum	6/93	1,561		\$46	\$47
West Penn	PoB	6/94	1,509	81%	\$24	\$53
Columbia	PoB	6/92	844		\$34	\$47
Equitable	PIP	2/91	6,074	85%	\$65	\$44
NFG	Rate discount	12/91	969	82%	\$63	\$31
PG&W-Gas	PIP	9/95	79			
Peoples+	PoB	11/94	816	91%	\$45	\$16
UGI-Gas	PIP	To begin '96				
Electric Avg.				78%	\$38	\$46
Gas Avg.				86%	\$52	\$35
Total Avg.				82%	\$44	\$41

\* Quarterly average percentage of participants making monthly payments.

\*\* PoB = Percentage of Bill, PIP = Percentage of Income

+ Billing shortfall is artificially low due to enrollment starting in the summer and large LIHEAP grants.

## **8 • Utility Hardship Funds**

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### **Background**

Utility company hardship funds were created to provide cash assistance to utility customers to help them pay their utility bills. The funds make payments directly to companies on behalf of eligible customers. Contributions from shareholders, utility employees and customers are the primary sources of funding for these programs. In recent years, monies from formal complaint settlements, overcharge settlements, off-system sales, special solicitations of business corporations, and natural gas purchase arrangements with Citizens Energy Corporation have expanded the funding for these assistance programs. Hardship funds provide assistance grants to customers who "fall through the cracks" of other financial programs or to those who still have a critical need for assistance after other resources have been exhausted. These funds often make the difference between households being able to maintain necessary utility service and the potentially life-threatening termination of service.

The Pennsylvania Electric Company and Metropolitan Edison Company began hardship fund programs in the late 1970's. With encouragement from the Pennsylvania Public Utility Commission, many other major companies began supporting hardship funds in the mid-1980's. In 1985, the Pennsylvania Public Utility Commission issued a Secretarial letter to all major utilities urging them to develop and support a utility company hardship fund. The utilities were responsive and by 1986 each major electric and gas company sponsored a utility hardship fund in its service territory. (Appendix N lists the name of the hardship fund(s) each major utility supports).

As part of its *Final Report on the Investigation of Uncollectible Balances*, the Bureau of Consumer Services included two recommendations specifically related to utility company hardship funds and subsequently, the Commission issued a Secretarial letter in November 1992 based on those recommendations. The Secretarial letter recommended the following guidelines for utility hardship funds:

- Utilities should continue to support and expand company hardship fund programs that provide cash grants to needy utility customers. Companies should advocate shareholder increases in contributions through offering a shareholder and/or employee matching contribution provision, or outright grants.

- All major electric and gas companies should consider adopting the "dollar check-off provision", or a similar provision on utility bills to enable customers to make contributions with minimal effort.
- Each company should join with a highly visible charitable organization to increase the effectiveness of its hardship fund program.
- Utilities should continue to seek donations from community and corporate neighbors and increase visibility in the community through fund-raising events and use of mass media.

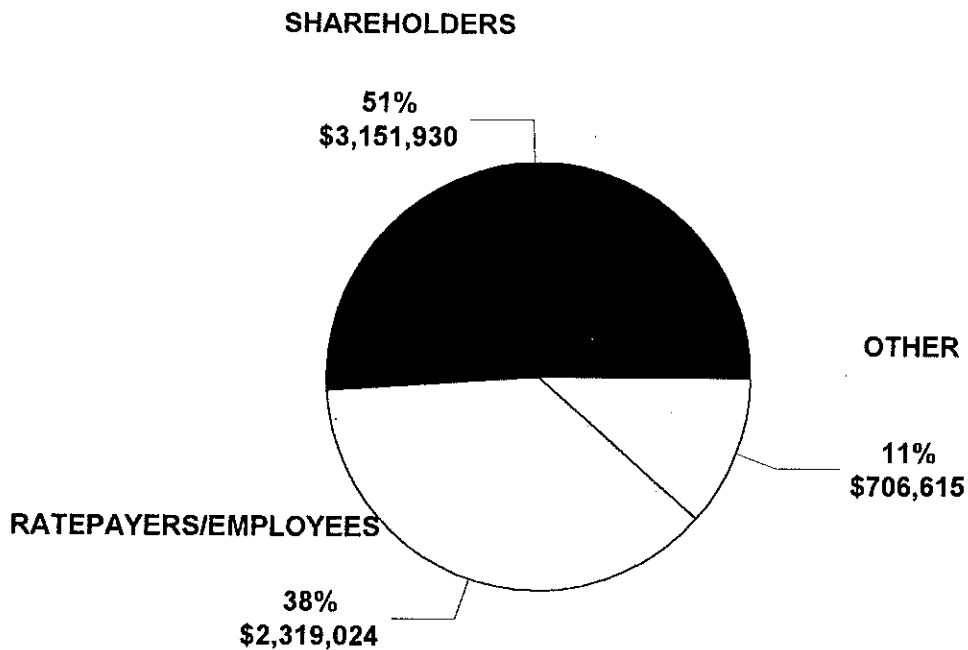
### ***1995 Survey Results***

The Bureau of Consumer Services has traditionally conducted an annual survey of the major electric and gas utilities to gather information about their hardship funds. In 1993, the survey moved beyond the electric and gas companies by including Pennsylvania-American Water Company (PAWC). In 1994, the survey included two hardship fund reports from Pennsylvania Gas & Water Company (PG&W) - one for its gas customers and one for its water customers. For the 1994-95 program year, total contributions to the hardship funds equaled \$6,177,569.

### ***Sources of Contributions***

As stated earlier, contributions from shareholders, employees, ratepayers and business corporations all provide funding for the various utility hardship funds in Pennsylvania. In addition, formal complaint settlements, overcharge settlements, off-system sales and natural gas purchase arrangements increase the amount of money available to these programs. The figure below shows the sources of hardship fund contributions for the 1994-95 program year. The "other" category in the figure encompasses contributions from a variety of sources. For 1994-95 the "other" contributions to the utility hardship funds totaled \$706,615. A significant portion of this contribution comes from a one-time payment by PP&L of \$300,000 pursuant to a settlement agreement approved by the Commission during the 1994-95 program year.

## SOURCES OF HARDSHIP FUND CONTRIBUTIONS 1994-1995



### ***Ratepayer/Employee Contributions***

Since not all companies keep separate records of the amounts their employees contribute to the company's hardship fund, BCS has historically combined the contributions from ratepayers with contributions from employees when reporting the results of its annual survey. Table 14 shows the combined contributions from employees and ratepayers for each company for the past two program years. The table also shows the average ratepayer/employee contribution rate for each residential customer.

**Table 14 -Ratepayer/Employee Contributions**

Company	1993-94	1994-95	1994-95
			Average Ratepayer/Employee Contribution Per Customer
Duquesne	\$311,267	\$316,278	.61
Met. Ed.	87,929	81,702	.20
Penelec	64,585	61,574	.13
Penn Power	66,883	70,570	.56
PP&L	308,999	336,718	.31
PECO*	558,991	627,989	.47
West Penn	202,274	217,712	.38
Columbia	107,910	110,588	.34
Equitable	104,637	104,441	.46
NFG	37,525	40,279	.21
PG&W-Gas	17,695	14,942	.12
Peoples	245,319	234,387	.75
T.W. Phillips	19,535	21,757	.41
UGI*	26,171	26,659	.10
PAWC	49,298	47,268	.13
PG&W-Water	4,874	6,160	.05
<b>TOTAL</b>	<b>\$2,213,892</b>	<b>\$2,319,024</b>	<b>.36</b>

\* Includes electric and gas divisions



## ***Shareholder Contributions***

Shareholders contribute to utility hardship funds in three ways: grants for administration of the programs, outright grants to the funds, and grants that match the contributions of ratepayers. In past years, the Bureau has recommended that shareholders demonstrate their commitment to their company's hardship fund either by establishing a minimum ratio of 1:1 for matching contributions or, if necessary, by approving outright grants.

In the past, when comparisons of shareholder donations as a percent of residential revenues were made between companies, such comparisons were based on the previous year's residential revenues for each company. For the 1994-95 program year and future surveys, these comparisons will be based on the companies' current yearly residential revenue figures.

Table 15 presents information regarding shareholder contributions to hardship funds for the past two program years.

**Table 15 - Shareholder Contributions**

Company	Amount Contributed		% Change	1994-95 Contribution/ Residential Revenues
	1993-94	1994-95		
Duquesne	\$390,000	\$390,000	0%	.094
Met. Ed.	188,500	185,262	-2%	.053
Penelec	158,000	161,295	2%	.050
Penn Power	47,000	47,168	0%	.041
PP&L	321,750	396,250	23%	.042
PECO*	848,863	794,418	-6%	.048
West Penn	180,000	180,000	0%	.050
<b>Electric</b>	<b>\$2,134,113</b>	<b>\$2,154,393</b>	<b>1%</b>	<b>.052</b>
Columbia	104,428	101,287	-3%	.040
Equitable	240,000	240,000	0%	.094
NFG	33,333	33,333	0%	.020
PG&W-Gas	38,209	37,576	-2%	.039
Peoples	420,000	420,000	0%	.167
T.W. Phillips	36,000	36,000	0%	.105
UGI*	63,086	63,490	1%	.038
<b>Gas</b>	<b>\$935,056</b>	<b>\$931,686</b>	<b>0%</b>	<b>.076</b>
<b>Total Gas &amp; Electric</b>	<b>\$3,069,169</b>	<b>\$3,086,079</b>	<b>1%</b>	<b>.058</b>
PAWC	42,000	42,000	0%	.037
PG&W-Water	15,327	23,851	56%	.057
<b>Water</b>	<b>57,327</b>	<b>65,851</b>	<b>15%</b>	<b>.042</b>
<b>TOTAL</b>	<b>\$3,126,496</b>	<b>\$3,151,930</b>	<b>1%</b>	<b>.057</b>

\* Includes electric and gas

## Benefits

Table 16 presents information regarding the number of customers receiving grants for each utility and the amount of the total benefits disbursed for each of the past two program years.

**Table 16 - Utility Hardship Fund Grants**

Company	Customers Receiving Grants		Average Grant		Total Benefits Disbursed	
	1993-94	1994-95	1993-94	1994-95	1993-94	1994-95
Duquesne	2,646	2,458	\$246	\$264	\$650,000	\$650,000
Met Ed	2,279	2,234	97	100	222,163	224,484
Penelec	2,037	1,885	93	104	190,300	196,754
Penn Power	475	587	177	200	83,970	117,644
PP&L	2,517	3,080	205	207	517,052	638,023
PECO*	3,212	2,962	384	410	1,232,790	1,215,467
West Penn	1,444	1,452	208	207	300,000	300,000
Columbia	2,714	2,064	176	203	476,722	418,662
Equitable	1,780	1,676	225	239	400,000	400,000
NFG	440	354	186	187	81,763	66,296
PG&W-Gas	714	723	87	89	62,446	64,617
Peoples	3,026	2,609	231	268	700,000	700,000
T.W. Phillips	379	260	187	231	71,059	60,000
UGI*	867	872	98	96	84,928	84,078
PA American	594	573	121	122	71,800	70,000
PG&W-Water	391	425	61	63	23,982	26,866
<b>TOTAL</b>	<b>25,515</b>	<b>24,214</b>	<b>\$203</b>	<b>\$216</b>	<b>\$5,168,975</b>	<b>\$5,232,891</b>

\* Includes electric and gas

## ***Summary***

The utility companies, the Dollar Energy Fund and the Utility Emergency Services Fund have once again cooperated with BCS in providing and verifying the information about the utility hardship funds in Pennsylvania. Shareholders, employees and ratepayers have shown continued commitment to utility hardship fund programs since their inception. Both ratepayers/employees and shareholders increased their contributions to hardship funds in 1994-95.

A total of 24,214 households received grants from utility hardship funds during the 1994-95 program year. This is a five percent decrease in the total number of customers receiving grants from the previous program year. The average grant, however, increased from \$203 in 1993-94 to \$216 for the 1994-95 program year. The total benefits disbursed during the 1994-95 program year is one percent greater than the amount disbursed during the 1993-94 program year.

## **9 • Conclusion**

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The discussion on the preceding pages has fulfilled the Bureau's responsibility to make assessments of utility customer service performance generally available. This report provides an overview and a general analysis of complaints that consumers presented to BCS about electric, gas and water companies during 1995. In addition, the analysis of collection statistics provides a basis for evaluating company performance at managing unpaid accounts. The review of compliance statistics shows how successful companies are at operating in conformity with Commission regulations. The chapter on Customer Assistance Programs presents the progress of the major electric and gas utilities as they implement the Commission's policy on these important programs. Finally, Chapter 8 summarizes the results of the Bureau's annual survey of utility hardship funds.

### **Consumer Complaints**

In Chapter 3, the Bureau measures utility effectiveness in consumer complaint handling through justified rates. This evaluative measure combines the quantitative measure of volume of consumer complaints with the qualitative measure justified percent. The justified consumer complaint rate is the ratio of a company's justified consumer complaints to the number of the company's residential customers. The Bureau perceives this to be a bottom line measure of performance that evaluates the effectiveness of company complaint handling as a whole and, as such, allows for general comparisons to be made among companies and across time. The Bureau measures a utility's responsiveness through the average time in days the company takes to respond to the Bureau regarding consumer complaints.

Overall, consumer complaint handling as indicated by the justified consumer complaint rate improved in 1995. The gas and water industries were more effective than they had been in 1994; the effectiveness of the electric industry declined slightly. For the first time in three years, the volume of consumer complaints about the Chapter 56-covered utilities decreased. In responsiveness, some companies took far longer than others to respond to consumer complaints filed with the Bureau of Consumer Services. Chapter 56 does not address the issue of how long a utility has to respond to BCS once the utility is notified that a customer has filed an informal complaint with the Commission. However, since the vast majority of consumers have already been to the company about their complaints before they bring them to BCS, it seems reasonable to BCS that the company should have all its documentation in order regarding the complaint. Thus, the company should be able to send the records to the Bureau of Consumer Services within a reasonable period of time. The Bureau believes that ten days

is reasonable although that standard does not appear in the regulations. In 1995, less than half of the companies reviewed in this report had average response times that were ten days or less.

### ***Payment Arrangement Requests***

Utility effectiveness at payment negotiations (justified payment arrangement request rate) is measured through the ratio of a company's justified payment arrangement requests to the number of the company's overdue residential customers. As with justified consumer complaint rate, the Bureau perceives this measure to be a bottom line measure of payment negotiation performance. The Bureau uses this measure to make comparisons among companies and across time. Responsiveness to payment arrangement requests is measured through the average time in days a company takes to respond to the Bureau regarding these requests.

Chapter 4 reviews the performance of the electric, gas and water industries at handling requests for payment arrangements from their customers. In effectiveness, as measured by the justified payment arrangement request rate, each industry as a whole improved from 1994 to 1995. However, the effectiveness performance of individual companies within the electric and gas industries varied widely. Some companies showed vast improvement while others declined. The electric and gas companies that had the poorest ratings in last year's report improved in 1995. In responsiveness, the electric and gas industries' average response times were slower than in 1994. On the other hand, the water industry reduced its average response time in 1995. Most of the major companies have shown that responding quickly to BCS cases involving requests for payment arrangements is possible.

### ***Collections***

Chapter 5 reports that from 1993 to 1995 the overall collection performance of the electric industry improved while the gas industry declined in collection performance. The performance of individual companies within each industry varied widely. For the electric industry, the size of residential debt, the number of residential customers owing money and the gross residential write-offs decreased over the past two years. The 1995 collection results show the continuation of a slightly improving trend since 1991 for the electric industry. A review of the collection data from the gas industry indicates increases in these measures of collection performance from 1993 to 1995.

BCS continues to emphasize the importance of maintaining, at a minimum, stable collection performance. This report finds a wide disparity in the performance among

companies. Some utilities have demonstrated that they can strike a balance between good customer service performance and stable collection performance. Other companies appear unable to perform well on all measures. The Bureau believes that the successful companies prove that it is possible to perform well in one area without jeopardizing success in the other.

In 1995 and 1996, the Bureau has collaborated with companies to help them improve their collection of outstanding debt. The Bureau continues to recommend that utilities implement tailored, aggressive collection systems. For seriously delinquent, non-low income accounts, utilities should aggressively pursue payment. If these customers do not pay, termination may be the only recourse. Low income accounts should also be pursued in a timely manner. For low income customers who have an ability to pay their utility bills, good faith payment negotiations should be pursued. If these efforts fail to produce customer payments, then termination may be a reasonable recourse. For low income customers with a negative ability to pay, Customer Assistance Programs (CAPs) are the option of choice for maximizing customer payments and minimizing collection-related expenses. However, CAP customers who fail to pay according to these special agreements must also face the consequences of nonpayment.

## ***Compliance***

Chapter 6 shows that according to the Bureau's informal compliance tracking system, some utilities were able to improve their compliance with the Commission's regulations in 1995 while others declined in this area. Overall, compliance performance was fairly stable from 1994 to 1995 in each of the three industries. The Bureau endorses the procedures of some of the major companies whereby they take corrective compliance action not only from feedback provided through the informal compliance process of BCS, but also as a result of their own internal systems designed to track compliance activity.

In 1995, the Bureau of Consumer Services played an active role in the rulemaking process to revise sections of 52 PA Code Chapter 56. The Bureau continues to work in this area in 1996 as the revisions are published in the Pennsylvania Bulletin and interested parties make comments on the proposed revisions.

Upon direction from the Commission, the Bureau examined PECO Energy's termination procedures in 1995. The Bureau's review uncovered areas in the termination process where PECO needed to take action so that the procedures were in compliance with the customer service regulations. This activity is also ongoing and Bureau staff will make a follow-up visit to PECO in order to verify that the recommended changes have taken place.

## ***Customer Assistance Programs***

The review of the customer assistance programs in Chapter 7 gives some evidence of the level at which utilities are adopting the policies and recommendations of the Commission regarding low income, payment troubled customers. It is apparent from the review in this report that some companies have put a great deal of effort into the programs that have been recommended by the Commission. The Bureau will continue to carefully scrutinize utility efforts at carrying out the Commission's recommendations and policy and will report its findings to the Commission.

## ***Hardship Funds***

The Bureau conducted its annual survey of utility hardship funds in 1995. Total contributions to the funds increased slightly in the 1994-95 program year. The survey findings indicate that there continues to be a wide variation among companies in the amount of support shareholders and ratepayers give to the various hardship funds in Pennsylvania. During the most recent program year, fewer customers received grants than in the previous year, although the amount of benefits disbursed increased by just over one percent. As the future of the federally funded energy assistance program (LIHEAP) continues to be uncertain and state funding for energy assistance seems unlikely, utility hardship funds have an increased importance in helping low income customers maintain utility service.

## ***Summary***

Throughout this report there are numerous examples of results that point to opportunities for companies to make significant improvements in their customer service programs. Some companies have done a better job of effectively managing their customer service operations than others. The efforts of the better companies warrant careful study by those companies that did not perform well. At the same time, no company came close to being the best in all areas. Thus, even the better companies can resolve to improve their performance with a reasonable expectation of success.



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# ***Appendices***

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**Appendix A - Distribution of Commercial Cases**

Company	1994		1995	
	Payment Arrangement Requests	Consumer Complaints	Payment Arrangement Requests	Consumer Complaints
Duquesne	35	19	47	27
Met-Ed	56	19	29	20
PECO	158	63	140	82
Penelec	15	24	9	13
Penn Power	8	4	6	2
PP&L	102	26	64	25
UGI - Electric	0	1	1	1
West Penn	26	20	21	27
Columbia	7	13	5	14
Equitable	41	21	35	21
NFG	4	14	3	9
PG&W-Gas	3	4	1	3
Peoples	13	16	17	14
UGI-Gas	23	11	12	12
PA American	3	13	7	21
PG&W-Water	3	10	2	5
Phila. Suburban	1	3	3	3

**Appendix B - 1995 BCS Complaints - Residential/Commercial**

**PAYMENT ARRANGEMENT REQUESTS (PARs)**

<b>Industry</b>	<b>Total PARs</b>	<b>Residential PARs</b>	<b>Percent Residential PARs</b>	<b>Commercial PARs</b>	<b>Percent Commercial PARs</b>
Electric	15,977	15,659	98%	318	2%
Gas	6,666	6,587	99%	79	1%
Telephone	5,251	5,206	99%	45	1%
Water	1,032	1,018	99%	14	1%
Other	6	5	83%	1	17%
<b>TOTAL</b>	<b>28,932</b>	<b>28,475</b>	<b>98%</b>	<b>457</b>	<b>2%</b>

**CONSUMER COMPLAINTS**

<b>Industry</b>	<b>Total C.C.</b>	<b>Residential C.C.</b>	<b>Percent Residential</b>	<b>Commercial C.C.</b>	<b>Percent Commercial</b>
Electric	2,197	1,998	91%	199	9%
Gas	1,174	1,091	93%	83	7%
Telephone	2,724	2,054	75%	670	25%
Water	589	544	92%	45	8%
Other	47	44	94%	3	6%
<b>TOTAL</b>	<b>6,731</b>	<b>5,731</b>	<b>85%</b>	<b>1,000</b>	<b>15%</b>

*Appendix C - Table 1 - Monthly Volume*

Month	Payment Arrangement Requests*			Consumer Complaints		
	1993	1994	1995	1993	1994	1995
January	404	798	1,497	973	433	480
February	558	856	1,247	826	577	488
March	902	1,380	1,861	835	724	651
April	1,873	2,311	2,918	725	530	503
May	1,751	2,242	3,322	747	603	524
June	2,215	2,023	3,125	908	517	722
July	2,128	1,924	2,467	893	591	632
August	2,201	2,652	2,799	971	712	743
September	1,977	2,508	2,671	887	618	529
October	1,860	2,556	2,784	644	571	514
November	1,690	2,332	2,415	673	501	451
December	975	1,710	1,826	792	571	494
<b>TOTAL</b>	<b>18,534</b>	<b>23,292</b>	<b>28,932</b>	<b>9,874</b>	<b>6,948</b>	<b>6,731</b>

\* *For 1994 and 1995, this category includes payment arrangement requests involving the telephone industry; in 1993, payment arrangement requests for telephone were included in the consumer complaint category.*

*Appendix C - Table 2 - BCS Activity*

Year	Payment Arrangement Requests	Consumer Complaints*	Inquiries	Total
1978	11,749	11,441	7,095	30,285
1979	14,976	10,207	42,000**	67,183
1980	15,006	7,454	15,229	37,689
1981	16,599	6,762	20,636	43,997
1982	19,603	7,084	23,553	50,240
1983	15,896	6,563	20,128	42,587
1984	16,014	6,603	18,808	41,425
1985	14,272	6,738	26,144	47,154
1986	10,181	5,896	14,663	30,740
1987	8,782	6,433	11,187	26,402
1988	6,913	7,478	10,581	24,972
1989	8,290	7,978	9,784	26,052
1990	10,416	8,892	8,820	28,128
1991	13,221	7,522	5,198	25,941
1992	13,482	8,152	6,528	28,162
1993	18,534	9,874	16,653	45,061
1994	19,408	10,832	20,315	50,555
1995	28,932***	6,731	12,685	48,348
<b>TOTAL</b>	<b>262,274</b>	<b>142,640</b>	<b>290,007</b>	<b>694,921</b>
Average	14,571	7,924	16,112	38,607

\* Includes payment arrangement requests for the telephone industry from 1978 to 1994

\*\*Includes 27,000 TMI protests

\*\*\*Includes 5,251 payment arrangement requests from telephone customers

***Appendix D -1995 Major Problem Categories for Inquiries \****

<b>Category</b>	<b>Number</b>	<b>Percent</b>
Referral to Company	4,484	35.4
Referral to Other BCS/Other Bureau	1,748	13.8
Referral to Other Agency	2,317	18.3
Specific Information Request	2,199	17.3
Rate Protest and Opinion	647	5.1
Opinion - General	241	1.9
Company Changed	272	2.1
Duplicate	229	1.8
Verbally Dismissed	202	1.6
No Jurisdiction	77	0.6
Other	269	2.1
<b>TOTAL</b>	<b>12,685</b>	<b>100</b>

*\* Includes telephone inquiries*

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*Appendix E - Type of Industry*

Industry	Payment Arrangement Requests		Consumer Complaints	
	1994*	1995	1994*	1995
Electric	52%	55%	30%	33%
Gas	27%	23%	20%	17%
Telephone	17%	18%	38%	40%
Water	4%	4%	11%	9%
Other	0%	0%	1%	1%

*\* This data has been revised from the 1994 Activity Report in which all telephone cases were reported as consumer complaints*



**Appendix F - 1995 Monthly Average Number of Residential Customers**

<b>Company</b>	<b>Residential Customers</b>
Duquesne	515,012
Met-Ed	408,367
PECO	1,328,409
Penelec	490,254
Penn Power	125,110
PP&L	1,074,015
UGI - Electric	53,015
West Penn	571,652
<b>Major Electric - Total</b>	<b>4,565,834</b>
Columbia	328,307
Equitable	229,039
NFG	193,509
PG&W-Gas	127,975
Peoples	312,836
UGI-Gas	218,961
<b>Major Gas - Total</b>	<b>1,410,627</b>
Pennsylvania-American	364,604
PG&W - Water	122,107
Philadelphia Suburban	249,010
All Other "Class A" Companies	161,109
<b>"Class A" Water - Total</b>	<b>896,830</b>

## *Appendix G - Justified Consumer Complaints*

Company	1994	1995	Net Change 1994 to 1995
Duquesne	26%	18%	-8%
Met-Ed	28%	21%	-7%
PECO	31%	37%	6%
Penelec	23%	17%	-6%
Penn Power	7%	12%	+5%
PP&L	32%	28%	-4%
UGI-Electric	38%	38%	No Change
West Penn	18%	19%	1%
<b>Major Electric</b>	<b>25%</b>	<b>24%</b>	<b>-1%</b>
Columbia	29%	34%	5%
Equitable	28%	27%	-1%
NFG	41%	26%	-15%
PG&W-Gas	44%	24%	-20%
Peoples	27%	23%	-4%
UGI-Gas	43%	35%	-8%
<b>Major Gas</b>	<b>35%</b>	<b>28%</b>	<b>-7%</b>
PA-American	29%	30%	1%
PG&W-Water	53%	41%	-12%
Philadelphia Suburban	39%	25%	-14%
All Other "Class A"	59%	42%	-17%
<b>Major Water</b>	<b>45%</b>	<b>35%</b>	<b>-10%</b>

## *Appendix H - Justified Payment Arrangement Requests*

Company	1994	1995	Net Change 1994 to 1995
Duquesne	5%*	5%*	No Change
Met-Ed	17%	16%	-1%
PECO	24%*	15%*	-9%
Penelec	22%	14%	-8%
Penn Power	11%	14%	3%
PP&L	24%*	8%*	-16%
UGI-Electric	47%	37%	-10%
West Penn	21%	23%*	2%
<b>Major Electric</b>	<b>21%</b>	<b>17%</b>	<b>-4%</b>
Columbia	20%	11%	-9%
Equitable	14%*	12%*	-2%
NFG	14%	6%	-8%
PG&W-Gas	21%	13%	-8%
Peoples	21%*	11%*	-10%
UGI-Gas	39%	27%	-12%
<b>Major Gas</b>	<b>22%</b>	<b>13%</b>	<b>-9%</b>
PA-American	19%	8%	-11%
PG&W-Water	22%	14%	-8%
Philadelphia Suburban	26%	27%	1%
All Other "Class A"	36%	23%	-13%
<b>Major Water</b>	<b>26%</b>	<b>18%</b>	<b>-8%</b>

\* *Based on a probability sample of cases*

**Appendix I - Table 1 - Residential Heating Bills\* in 1995**

Company	Monthly Averages		Cost Per Unit (\$/KWH or MCF)
	Usage	Bills	
Duquesne	1,079 KWH	\$ 95.24	\$ .0883
Met-Ed	1,335 KWH	107.05	.0802
PECO-Electric	1,402 KWH	143.85	.1026
Penelec	1,225 KWH	95.67	.0781
Penn Power	1,686 KWH	115.99	.0688
PP&L	1,422 KWH	110.18	.0775
UGI - Electric	1,624 KWH	108.81	.0670
West Penn	1,473 KWH	97.33	.0661
Columbia	9.6 MCF	63.74	6.64
Equitable	9.6 MCF	88.90	9.26
NFG	10.6 MCF	72.31	6.82
PECO - Gas	8.6 MCF	67.38	7.83
PG&W-Gas	11.7 MCF	67.99	5.81
Peoples	10.3 MCF	54.00	5.24
UGI - Gas	8.3 MCF	59.91	7.22

**\*Source:** *Data reported by companies - Figures used are for average bills and usage for each company.*

*Appendix I - Table 2 - Residential Non-Heating Bills\* in 1995*

Company	Monthly Averages		Cost Per Unit (\$/KWH or MCF)
	Usage	Bills	
Duquesne	512 KWH	\$64.94	\$.1268
Met-Ed	657 KWH	58.02	.0883
PECO-Electric	585 KWH	78.02	.1334
Penelec	565 KWH	49.17	.0870
Penn Power	724 KWH	72.19	.0997
PP&L	632 KWH	54.63	.0864
UGI-Electric	517 KWH	45.58	.0882
West Penn	736 KWH	51.54	.0700
Columbia	1.8 MCF	21.30	11.83
Equitable	1.7 MCF	21.79	12.82
PECO - Gas	2.3 MCF	22.70	9.87
NFG	2.9 MCF	28.44	9.81
PG&W-Gas	1.6 MCF	12.97	8.11
Peoples	1.9 MCF	18.33	9.65
UGI - Gas	1.5 MCF	17.34	11.56

*\*Source: Data reported by companies - Figures used are for average bills and usage for each company.*

**Appendix J - Net Total Write-Offs as a Percentage of Total Revenues\***

<b>Company</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Percent Change 1993-1995</b>
Duquesne	0.93%	1.05%	0.97%	4%
Met-Ed	0.69%	0.72%	0.60%	-13%
PECO#	1.98%	1.98%	1.72%	-13%
Penelec	0.39%	0.39%	0.52%	33%
Penn Power	0.42%	0.41%	0.33%	-21%
PP&L	0.76%	0.74%	0.77%	1%
UGI - Electric	0.53%	0.52%	0.57%	8%
West Penn	0.36%	0.41%	0.46%	28%
<b>Electric-Average</b>	<b>0.76%</b>	<b>0.78%</b>	<b>0.74%</b>	<b>-3%</b>
Columbia	1.60%	1.70%	1.85%	16%
Equitable	2.69%	2.77%	2.98%	11%
NFG	1.41%	1.00%	1.62%	15%
PG&W - Gas	0.97%	0.87%	1.00%	3%
Peoples	1.35%	1.26%	1.69%	25%
UGI - Gas	0.84%	1.07%	1.18%	40%
<b>Gas-Average</b>	<b>1.48%</b>	<b>1.44%</b>	<b>1.72%</b>	<b>16%</b>

\* *Source: Company reported data*

# *Electric and gas combined*

**Appendix K - Number of Residential Customers in Debt**

<b>Company</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
Duquesne	77,590	82,683	77,818
Met-Ed	57,110	57,990	57,497
PECO	384,072	332,626	317,241
Penelec	78,779	81,565	78,467
Penn Power	29,518	30,208	31,718
PP&L	191,991	188,509	175,439
UGI - Electric	7,433	7,278	7,672
West Penn	126,831	125,130	128,900
<b>Electric - Total</b>	<b>953,318</b>	<b>905,989</b>	<b>874,752</b>
Columbia	36,157*	45,829	49,819
Equitable	49,196	51,703	52,438
NFG	30,263	34,170	32,944
PG&W - Gas	19,075	20,659	20,193
Peoples	51,282	45,357	44,403
UGI - Gas	30,406	34,130	35,250
<b>Gas - Total</b>	<b>216,379</b>	<b>231,848</b>	<b>235,047</b>
<b>TOTAL</b>	<b>1,169,697</b>	<b>1,137,837</b>	<b>1,109,799</b>

\* 1993 data did not include customers in debt 30 days or less.

**Appendix L - Number of Residential Service Terminations**

<b>Company</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Percent Change 1993-1995</b>
Duquesne	9,251	7,621	7,228	-22%
Met-Ed	2,418	2,659	2,239	-7%
PECO#	64,603	39,380	29,268	-55%
Penelec	4,367	3,158	3,099	-29%
Penn Power	1,124	1,205	1,179	5%
PP&L	8,210	6,154	6,455	-21%
UGI - Electric	746	746	507	-32%
West Penn	4,432	5,136	5,820	31%
<b>Electric - Total</b>	<b>95,151</b>	<b>66,059</b>	<b>55,795</b>	<b>-41%</b>
Columbia	4,201	4,201	3,841	-9%
Equitable	3,513	2,066	2,988	-15%
NFG	3,183	2,883	3,231	2%
PG&W - Gas	2,137	2,241	2,266	6%
Peoples	5,660	4,616	3,931	-31%
UGI - Gas	4,595	3,418	4,135	-10%
<b>Gas - Total</b>	<b>23,289</b>	<b>19,425</b>	<b>20,392</b>	<b>-12%</b>
<b>TOTAL</b>	<b>118,440</b>	<b>85,484</b>	<b>76,187</b>	<b>-36%</b>



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## *Appendix M - Utility Summaries of CAP Evaluations*

### *Met-Ed CAP Process Evaluation Highlights*

In June 1994, Xenergy, Inc. (Xenergy) completed a process evaluation for Met-Ed. Xenergy found Met-Ed's CAP to be well managed by the staff who implemented and now administer CAP. Met-Ed hired no additional staff for the start-up demands needed to implement a CAP. Although the evaluator determined that Met-Ed's CAP is well managed, they did find some problems with the fact that staff were responsible for the administration of CAP as well as their normal job duties. Because of staffing constraints, written procedures were not fully documented and several components of CAP were not implemented in the start-up phase. These components included education, energy conservation and budget counseling. In addition, because early start-up and implementation of a program are time consuming, other human services programs (CARES and the hardship fund) did not receive adequate attention. The evaluator recommended that Met-Ed reassess the responsibilities assigned to staff. The evaluator also made recommendations regarding solicitation and eligibility for a larger target population than the CAP Policy Statement recommends.

Met-Ed implemented most of the recommendations from the process evaluation including the addition of one full-time staff member. Written procedures are now fully documented, and Met-Ed provides the education, energy conservation and budget counseling components of CAP during the reevaluation interviews.

### *Columbia Process Evaluation Highlights*

In October 1992, Xenergy, Inc. completed a process evaluation for Columbia. Xenergy found that the CAP pilot is administratively sound and well managed. Xenergy made recommendations to Columbia directed at improving communication between utility staff and contract staff. Other recommendations included: methods to make the application process more efficient and suggestions to improve the quality control process. Columbia implemented these recommendations.

### *Equitable Process Evaluation Highlights*

In July 1994, H. Gil Peach & Associates (Peach) completed a process evaluation for Equitable. Peach found that Equitable's Energy Assistance Program (EAP) operates consistently and according to the approved design. Peach also concluded that limitations of the data management systems are the most serious weakness in the current EAP operation. Other findings include superior skill levels of staff who administer EAP;

quality control mechanisms built into the program that could be expanded to include summary reports, periodic on-site visits and observations of staff and contractors; and consistent program functions that are fair for the eligible customers who participate in EAP.

Equitable accepted most of the fifty-nine recommendations in the process evaluation and submitted an implementation plan to the Bureau. The process evaluation also addressed four outstanding issues from the Commission's February 9, 1993 letter that requested Equitable to modify certain design elements of its EAP to more closely reflect the CAP Policy Statement guidelines. The four outstanding issues involved the following design elements and are explained below:

1. *Payment plans.* Two payment plan issues remain outstanding: sliding payment scale and method of payment calculations.

2. *Control features.* Two control features, conservation incentives and billing deficiency limits, differed from the policy statement. Now, however, both issues have been resolved to the Bureau's satisfaction. Equitable plans to implement a conservation incentive in 1995 when the new Customer Management System begins. The Bureau granted Equitable's request to increase the billing deficiency limits for EAP. Equitable successfully argued that its billing deficiency limits should be raised because its rates are 20% higher than the average gas bill for regulated gas utilities in Pennsylvania.

3. *Administration.* The administration of Equitable's EAP differs from the guidelines in the CAP Policy Statement. Equitable's EAP is administered by National Accounts System (PAYCO), a for-profit organization. The policy statement recommends that, if feasible, a utility should include nonprofit, community-based organizations (CBOs) in the operation of a CAP.

Peach found that the combination of company personnel, PAYCO, a for-profit organization and CBOs works well for EAP and should be continued. Company personnel are responsible for program oversight and certain administrative functions. PAYCO administers the monitoring portion of the program and the CBOs perform the intake interview and verification.

4. *Coordination of benefits.* Equitable changed its energy assistance requirements for EAP participants to reflect those in the CAP Policy Statement. Participants are required to give only one energy assistance grant (rather than both) to Equitable.

## *National Fuel Gas Distribution Low Income Residential Assistance (LIRA) Rate Program Process Evaluation Highlights*

Temple University Institute for Public Policy Studies (IPPS) has provided a series of interim evaluations to National Fuel Gas Distribution (NFG). The first evaluation focused on program implementation. The IPPS found that NFG's Low Income Residential Assistance (LIRA) rate program is implemented as designed; however, some small data issues needed to be resolved. The second evaluation reiterated the findings from the first evaluation. In addition, IPPS emphasized that outreach continues to be effective and the technical expertise of LIRA staff is impressive. IPPS reported that the data issues (from the earlier evaluation) had been resolved.

The third evaluation repeats the findings from the first two evaluations. This evaluation covered the time period from February 1, 1993 through June 30, 1993 when LIRA had been operating fifteen months. The IPPS began to explore the preliminary impact of the LIRA program in this evaluation. In order to analyze the impact, the IPPS developed a series of comparison groups:

- LIRA eligible but refused to participate
- LIHEAP recipients
- Neighbors of LIRA participants
- Average NFG residential customer

Preliminary data show that LIRA participants have higher consumption, on average, than any of the comparison groups; however, consumption declines the longer the participant remains in the program. Account balances also decrease the longer a participant is in LIRA. Both arrearages and current account balances show decreases over time for LIRA participants.

In the fourth process evaluation, the IPPS reports that more than 80% of the original enrollers are still participating in LIRA. The Bureau believes this is somewhat misleading because unlike the other operating CAPS, NFG does not default participants who do not meet their responsibilities in LIRA. The only way a participant leaves the LIRA program is to move out of NFG's service territory or be removed at reevaluation because the household is no longer income eligible. Even if NFG does terminate a participant's gas service for non payment, the participant remains in the LIRA program.

Demographic data shows that more than two-thirds of the program's participants have incomes between \$4,400 and \$15,000. Seventy-five percent of these participants are female heads of household and five of six participating households have children.

Payment data shows the average overdue amount for LIRA participants has dropped. However, the IPPS cautions that until further analysis is completed, no conclusions can be made because it is unclear whether this decrease is due to changes in payment behavior or due to a reduction in NFG's rates.

### *PECO Energy CAP Impact Evaluation Highlights*

In 1991 and September 1994, RPM Systems, Inc. (RPM) completed two separate impact evaluations for PECO Energy. In the 1994 evaluation, RPM compared results to the 1991 evaluation and found that CAP has improved in three critical areas compared to findings in 1991: 1) more customers are enrolled in CAP; 2) administrative costs have decreased and; 3) the amount of the CAP billing shortfall has decreased. RPM also found that PECO's overall collection system improved between the two evaluations. Although RPM found that CAP fails a narrow test of cost-effectiveness for utility costs calculated for individual accounts, RPM suggests that when societal costs and the whole collection system effects are considered, CAP may be a cost-effective addition to the mix. It is difficult to rely completely on the results of this cost-effectiveness test because PECO has not administered its CAP according to the most recent design that the Commission approved in April 1993. The evaluation shows that the changes PECO made between 1991 and 1994 in the administration of the program resulted in a more cost-effective program. The Bureau believes that if PECO had administered the CAP as it was approved, administrative costs and the amount of the billing deficiency may have decreased even more. In part because of these concerns, PECO made a firm commitment to the Bureau in February 1995 to administer CAP as it was approved. The company has also volunteered to complete a third evaluation after it brings CAP in line with the approved design. Finally, the next evaluation should consider the second cost-effective perspective: if variable costs are covered plus some contributions to fixed costs are made, other ratepayers are not harmed and the entire collection system is more effective.

## *Appendix N - Utility Hardship Funds*

<b>Company</b>	<b>Hardship Fund Name</b>
Duquesne Light	Dollar Energy Fund
Met-Ed	Project Good Neighbor
Penelec	Project Good Neighbor
Penn Power	Project Reach
PP&L	Operation Help
PECO*	Matching Energy Assistance Fund (Project Heat, Chester County Cares, DELCO Shares Its Warmth, Project REACH, Utility Emergency Services Fund, and Mason-Dixon Cares)
West Penn	Dollar Energy Fund
Columbia	Dollar Energy Fund (Western Pennsylvania) Project Warm-Up (Central Pennsylvania)
Equitable	Dollar Energy Fund
NFG	Neighbor for Neighbor
PG&W-Gas	Project Outreach
Peoples	Dollar Energy Fund
UGI*	Operation Share
PA American	Dollar Energy Fund
PG&W-Water	Project Outreach

*\* Includes electric and gas*

