

**Consumer Services Activity Report**

**Telephone Utilities: 1995**

**July 1996**

**Pennsylvania Public Utility Commission  
Bureau of Consumer Services  
Mitchell A. Miller, Director**



*with the assistance of*

*THE PENNSYLVANIA STATE UNIVERSITY  
Department of Agricultural Economics and Rural Sociology  
The Consumer Services Information System Project (CSIS)  
Drew Hyman, Director*

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# Contents



<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Company Profiles</b>	<b>4</b>
	Chart 1— Evaluation of Company Performance	4
	Alltel	5
	Bell Atlantic-PA	6
	Commonwealth	7
	GTE	8
	United	9
<b>3</b>	<b>Overall Case Activity</b>	<b>10</b>
	Overall Activity	10
	Case Handling	10
	Telephone Case Analysis	11
	Open, Closed & Evaluated Cases	11
	Case Evaluation for 1995	11
	Comparison of Consumer Complaints & Payment Arrangement Requests	12
	Chart 2 — Consumer Complaints vs Payment Arrangement Requests	13
<b>4</b>	<b>Consumer Complaints</b>	<b>14</b>
	Chapter 64 Complaints	14
	Quality of Service Complaints	15
	Justified Complaint Rate	15
	Table 1 — Justified Complaint Rate	16
	Response Time	16
	Graph 1 — Response Time: Consumer Complaints	17
<b>5</b>	<b>Payment Arrangement Requests</b>	<b>18</b>
	Suspension/Termination Cases	18
	Justified Payment Arrangement Request Rate	19
	Table 2 — Justified Payment Request Rate	20
	Payment Arrangement Requests: Response Time	20
	Graph 2 — Response Time: PARs	21

<b>6</b>	<b>Collections</b>	<b>22</b>
	Overdue Customers	23
	Graph 3 — Percentage of Customers Overdue	24
	Weighted Arrearage	24
	Graph 4 — Weighted Arrearage	25
	Revenues Written Off As Uncollectible	25
	Table 3 — Percentage of Revenues Written Off As Uncollectible	27
<b>7</b>	<b>Compliance</b>	<b>28</b>
	Review and Rescind/Chapter 64	28
	Informal Compliance Process	28
	Data Analysis	29
	Table 4 — Informal Violations of Chapter 64	31
	Graph 5 — Violation Rate - 1992-1995	32
	Distribution of Informally Verified Violations	32
	Table 5 — Most Commonly Violated Areas of Chapter 64	
	Bell Atlantic-PA	33
	Table 6 — Most Commonly Violated Areas of Chapter 64	
	Alltel, Commonwealth, GTE, and United	34
	Chapter Summary	35
<b>8</b>	<b>Conclusion</b>	<b>36</b>
	Assessing Telephone Company Performance	36
	Consumer Complaint and Payment Arrangement Requests	36
	Collection Statistics	37
	Compliance	37

<b>APPENDIX A</b> .....	<b>38</b>
Table 1 — Chapter 64 Disputes .....	38
<b>APPENDIX B</b> .....	<b>39</b>
Table 1 — Consumer Complaints .....	39
Table 2 — Payment Arrangement Requests .....	39
Table 3 — Justified Percent: Consumer Complaints .....	40
Table 4 — Justified Percent: Payment Arrangement Requests .....	40
<b>APPENDIX C</b> .....	<b>41</b>
Table 1 — Residential Cases (1991-1995) .....	41
Table 2 — Percent Change in Number of Residential Cases .....	41
<b>APPENDIX D</b> .....	<b>42</b>
Table 1 — §64.201 Reporting Requirements .....	42
<b>APPENDIX E</b> .....	<b>43</b>
Table 1 — Number of Residential Service Terminations .....	43
<b>APPENDIX F</b> .....	<b>44</b>
Table 1 — Consumer Complaints .....	44
Table 2 — Payment Arrangement Requests (PARs) .....	44
<b>APPENDIX G</b> .....	<b>45</b>
Table 1 — Major Problem Categories for Inquiries and Opinions .....	45





# 1 Introduction

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Since 1988, the Bureau has presented information about the telephone industry in the Consumer Services Activity Report: Telephone Utilities, because of the uniqueness of the regulations governing the telephone industry and the vastly changing telecommunications environment. This report highlights the Pennsylvania Public Utility Commission's Bureau of Consumer Services' (BCS) complaint activity related to the telephone industry. It provides an overview of the performance of the five major telephone companies: ALLTEL Pennsylvania, Inc. (Alltel), Bell Atlantic-Pennsylvania, Inc. (Bell), Commonwealth Telephone Company (Commonwealth), GTE North Incorporated (GTE) and United Telephone Company of Pennsylvania (United).

The Bureau of Consumer Services was created by Act 216 of 1976. Its responsibilities were clarified in Act 114 of 1986 which confers four primary responsibilities on the Bureau. The first of these is to "...investigate and issue final determinations on all informal complaints received by the Commission." The second legislative mandate states that "The Bureau shall on behalf of the Commission keep records of all complaints...and shall at least annually report to the Commission on such matters." In this regard, the Bureau's Division of Research and Policy maintains a sophisticated information system through a contract with The Pennsylvania State University. This allows the Bureau to both access pertinent information regarding complaints and to use statistics from complaints to evaluate utility performance. The third legislative mandate requires that the Bureau "...shall advise the Commission as to the need for formal Commission action on any matters brought to its attention by the complaints." The Bureau uses complaints in a number of ways to identify failures of utility operations or problems which require formal Commission action. The fourth legislative mandate requires the Bureau to "assist and advise the Commission on matters of safety compliance by public utilities.

A number of studies have found that only a minority, often a small minority, of dissatisfied persons complain about unsatisfactory products or services. The Bureau's experience reflects this fact as it has frequently found that a seemingly small number of individual complaints from utility customers may represent management failures or other systemic problems in utility operations.

Support for evaluating utilities is secured by aggregating data from thousands of complaints to provide information about how effectively utilities meet consumers' needs and whether their activities comply with Commission standards. The Bureau communicates the results of this analysis periodically to companies so that they can act independently to resolve problems before a formal Commission action becomes necessary. In many cases, companies that have taken advantage of this information have been able to

resolve problems and improve service. However, companies that have failed to act responsibly to resolve problems have been subjected to fines and rate case adjustments of expenses and revenues.

This report provides a comprehensive analysis of telephone company data for the year 1995. In addition, the report presents 1994 data as a basis for trend analysis. The data analyzed in this report consist of complaint statistics from the Bureau's Consumer Services Information System (CSIS) and the Bureau's §64.201 Reporting System, a data system based on the collection statistics reported annually by telephone companies as required by Chapter 64. Data collected through the §64.201 Reporting System provide a valuable resource for measuring changes in telephone company collection performance.

In past reports, the Bureau classified telephone cases from customers seeking payment terms as *consumer complaints* rather than as *payment arrangement 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 (these distinctions are fully explained in Chapters 4 and 5).

There are two complaint handling performance measures that are presented in Chapter 4. The first measure, the most important measure of company complaint handling is justified complaint rate. Justified complaint rate is a qualitative and quantitative measure of company effectiveness at handling consumer complaints. The second measure is response time which is a qualitative measure of company responsiveness to resolving consumer complaints. Similar measures, justified payment arrangement rate and response time, are used to evaluate different aspects of utility performance that relate to the way the utility handled requests for payment arrangements. These two measures are based on assessments of payment arrangement requests and are discussed in Chapter 5.

The Bureau provides feedback to major telephone companies on these same complaint handling measures in the form of Quarterly Automated Report Formats (ARFS). Because of this quarterly feedback, all of the companies reviewed in this report are well acquainted with the complaint handling measures used here, with the Bureau's approach to interpreting these measures, and with their performance on these measures in 1995. An explanation of these measures is included in Chapters 4 and 5 for readers who encounter them for the first time.

Chapter 6 of this report focuses on telephone company compliance with the Commission's regulations. Here, the informal compliance process is explained and highlights of the 1995 compliance activity are discussed.

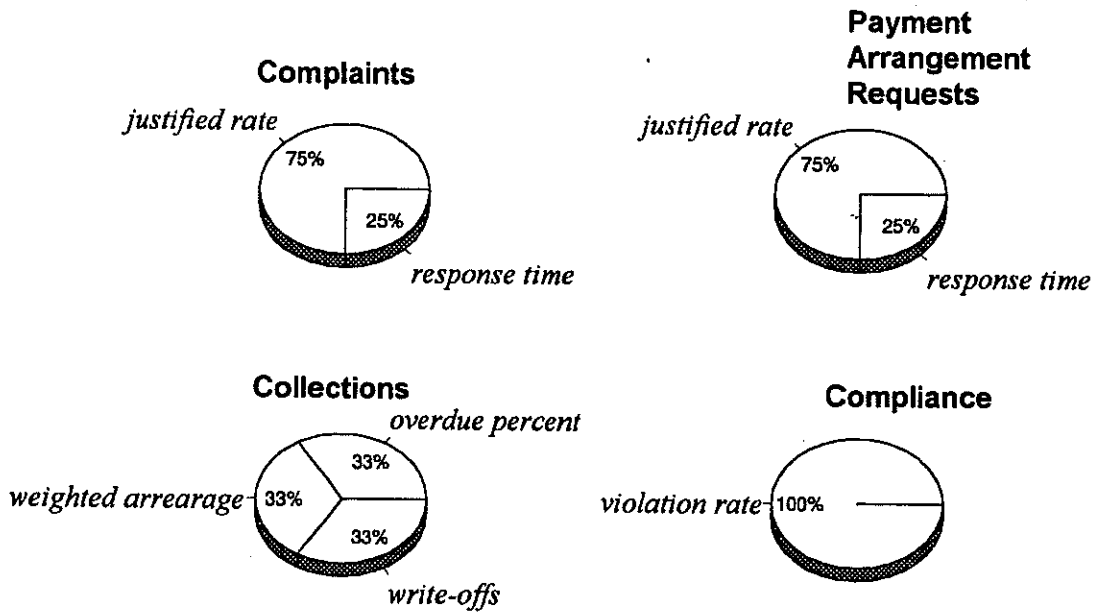
Because this report focuses exclusively on the five major telephone companies, those complaints directed at either non-major companies or interexchange companies are eliminated from the performance measures and analyses presented in Tables 1 & 2 and Graphs 1& 2. The Bureau's analysis of complaint data (justified percent, residential consumer complaints, justified complaint rate and response time) for non-major telephone companies will be issued to them under a separate cover. Another treatment of telephone case data involves the purging of telephone cases that do not involve residential service since the Bureau's regulatory authority in Chapter 64 is confined to residential accounts. Thus, all cases that involve commercial accounts are deleted from all performance measures and analysis. Non-evaluative cases are instances in which the customer did not contact the company prior to registering a complaint to the Commission. These cases are excluded from analysis in Tables 1-2 and Graphs 1-2. Residential customer contacts that did not require investigation by BCS, such as problems over which the Commission has no jurisdiction, rate protests and routine information requests, are also excluded from Table 3 and Graph 1. These latter classifications of non-investigatory contacts are called inquiries by BCS. Finally, Major Company Profiles have been provided to highlight individual company performance.

# 2 ☎ Company Profiles

This chapter presents a brief synopsis of each major telephone company's performance in 1995. Each company profile contains a brief sketch of each company's performance which is based on company performance in complaint handling, negotiating payment arrangement requests, collections and compliance (See Chart 1). The Bureau developed company profiles to provide readers with a quick reference to the noteworthy findings of a given utility's customer service performance. However, readers are encouraged to review the full report before drawing conclusions regarding telephone company performance.

**Chart 1— Evaluation of Company Performance**

## Four Areas of Evaluation Performance Measures Weighting





**Number of residential customers: 167,422**

<i>Measure</i>	<i>Rank</i>	<i>Trend</i>
Consumer Complaints	4	Declining
Payment Arrangement Requests	3	Declining
Collections	1	Improving
Compliance	N/A	Improving

*Rank Scale: 1 = Highest 5 = Lowest*

## **Consumer Complaints**

Alltel's effectiveness at handling consumer complaints declined from 1994 to 1995. This was primarily due to an increase in Alltel's justified consumer complaint rate. In addition, it took Alltel three days longer to respond to consumer complaints. Alltel's response time went from five days to eight days.

## **Payment Arrangement Requests**

Alltel's performance at handling payment arrangement requests also declined. Alltel's justified payment arrangement rate increased from 1994 to 1995. This means that Alltel was less effective at handling payment arrangement requests. Alltel's response time increased from three days to five days.

## **Collection**

Alltel made a very significant improvement in collections. In fact, Alltel experienced dramatic improvement in all three collection measures. Alltel had fewer overdue customers in 1995 than in 1994. Alltel experienced substantial improvement in its weighted arrearage score which indicates that the company had smaller arrearages. Consequently, Alltel reduced its residential debt by nearly 1%.

## **Compliance**

In 1995, Alltel had less than a third of the verified violations it had in 1994. This decline in the number of violations brought its violation rate close to what it was in 1992.

# Bell Atlantic-PA



Number of residential customers: 3,698,046

<i>Measure</i>	<i>Rank</i>	<i>Trend</i>
Consumer Complaints	3	Stable
Payment Arrangement Requests	5	Improving
Collections	4	Improving
Compliance	N/A	Improving

*Rank Scale: 1 = Highest 5 = Lowest*

## Complaints

Bell's justified consumer complaint rate remained stable from 1994 to 1995. Bell improved its response time from 1994 to 1995 by two days.

## Payment Arrangement Requests

Although the volume of payment arrangement requests increased dramatically, Bell's effectiveness at handling payment arrangement requests improved from 1994 to 1995. Bell's response time was four days faster in 1995 than in 1994.

## Collections

Bell's collection performance improved from 1994 to 1995, in two out of three collection measures. Bell experienced a slight decrease in its percentage of overdue customers. The company's weighted arrearage score indicates that there was a slight reduction in customer debt from 1994 to 1995. However, Bell experienced a small increase in the percentage of revenues written off as uncollectible during this period.

## Compliance

Bell experienced a decrease in the number of verified violations from 1994 to 1995, substantially improving its compliance performance.

# Commonwealth



Number of residential customers: 173,033

<i>Measure</i>	<i>Rank</i>	<i>Trend</i>
Consumer Complaints	1	Improving
Payment Arrangement Requests	1	Declining
Collections	2	Stable
Compliance	N/A	Improving

*Rank Scale: 1 = Highest 5 = Lowest*

## Complaints

Commonwealth's effectiveness at handling consumer complaints improved from 1994 to 1995. Commonwealth's response time was two days faster in 1995.

## Payment Arrangement Requests

Commonwealth's effectiveness at handling payment arrangement requests declined from 1994 to 1995. Commonwealth experienced a substantial increase in its justified payment arrangement rate. However, Commonwealth improved its response time by two days.

## Collections

Commonwealth collections performance remained stable from 1994 to 1995. Commonwealth experienced a slight increase in its percentage of revenues written off as uncollectible.

## Compliance

Commonwealth's compliance performance improved from 1994 to 1995. Even if all of Commonwealth's pending violations are determined to be verified, the violation rate is still substantially improved.



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**Number of residential customers: 455,093**

<i>Measure</i>	<i>Rank</i>	<i>Trend</i>
Consumer Complaints	5	Declining
Payment Arrangement Requests	4	Declining
Collections	5	Improving
Compliance	N/A	Declining

*Rank Scale: 1 = Highest 5 = Lowest*

## **Complaints**

GTE was less effective at handling consumer complaints in 1995 than in 1994. GTE experienced a significant increase in its justified complaint rate in 1995. In addition, GTE was less responsive to consumer complaints. GTE's response time more than doubled from 1994 to 1995. In fact, GTE's response time increased from 10 days to 21 days.

## **Payment Arrangement Requests**

GTE was also less effective at handling payment arrangement requests in 1995. GTE's justified payment arrangement rate reflects a substantial decline in the company's effectiveness. It also took the company more than twice as long to respond to payment arrangement requests in 1995 than in 1994. GTE's response time went from eight days to nineteen days.

## **Collections**

GTE's collection performance improved from 1994 to 1995. GTE showed some improvement in reducing the debt from residential accounts. GTE's percentage of revenue written off as uncollectible decreased from 1994 to 1995.

## **Compliance**

GTE experienced a 16% increase in the number of violations. It's violation rate has gotten progressively worse since 1991.





Number of residential customers: 267,457

<i>Measure</i>	<i>Rank</i>	<i>Trend</i>
Consumer Complaints	2	Improving
Payment Arrangement Requests	2	Improving
Collections	3	Declining
Compliance	N/A	Improving

*Rank Scale: 1 = Highest 5 = Lowest*

## Complaints

United's effectiveness at handling consumer complaints improved slightly from 1994 to 1995. The company's response time was three days faster in 1995 than in 1994.

## Payment Arrangement Requests

United was significantly more effective at handling payment arrangement requests from 1994 to 1995. United's justified payment request rate decreased dramatically. This signifies that United's effectiveness improved. United also reduced its response time to these requests by three days.

## Collections

United's collections performance declined from 1994 to 1995. United had more revenue written off as uncollectible than the prior year. Although United's percent of overdue customers remained stable, United experienced a slight increase in arrearages.

## Compliance

United had about half as many verified violations in 1995 as it did in 1994, showing a significant improvement.

## **3 ☎ Overall Case Activity**

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The Bureau's customer contacts for the telephone industry fall into three basic categories: consumer complaints, payment arrangement requests and "other contacts." Other contacts may involve inquiries, opinions and requests for information. Contacts about rate protests or contacts that require referrals to companies for initial action, referrals to other Commission offices, or referrals to the appropriate agencies outside the PUC are also included in the "other contact" category (see Appendix G).

### **Overall Activity**

The Bureau handles complaints (cases) regarding local telephone companies and other telecommunication providers. Generally, the problems consumers encounter with other entities are part of an informal complaint filed against either a local company or a long distance company. During 1995, the Bureau handled 7,975 cases from residential and commercial consumers about problems they had with telecommunication service providers as compared to 6,549 in 1994. Of these 7,975 cases, 7,046 were filed by residential consumers against local telephone companies. Within the universe of cases against local telephone companies, 6,952 were against the five major telephone companies: ALLTEL Pennsylvania, Inc. (Alltel), Bell Atlantic-Pennsylvania, Inc. (Bell), Commonwealth Telephone Company (Commonwealth), GTE North Incorporated (GTE) and United Telephone Company of Pennsylvania (United).

### ***Case Handling***

The handling of utility complaint cases is the foundation for a number of Bureau programs. The case handling process provides an avenue through which consumers can gain redress for errors and improper treatment by utilities. The Bureau's Field Services Division receives and investigates consumer complaints and payment arrangement requests. The Division's Telecommunications Complaint Unit handles telephone complaints related to billing, service, credit, deposits, rates and company operations. The Telecommunications Unit not only receives and investigates complaints but it also handles numerous requests for payment arrangements. In addition, this unit is responsible for enforcing the Commission's Coin Telephone Regulations and Reseller Regulations.

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 and payment arrangements will be properly handled by utilities, and customers

will not find it necessary to appeal to the Commission. Since the Bureau receives complaints from only a fraction of dissatisfied customers, this effort has benefits that go far beyond reducing the Bureau's work load. First, customer complaints to the Bureau may be the result of systemic or recurring problems a utility can address without the Bureau's intervention. The Bureau encourages companies to identify and address these problems before their customers seek the Bureau's assistance. This can benefit many customers and thus reduce the number of customers who are dissatisfied and contact companies to register disputes. Second, improvements in case handling save utility resources because customers will not find it necessary to appeal to the Commission. Thus, companies can both expend less of their resources on answering Commission complaints and improve their overall customer relations.

## **Telephone Case Analysis**

The Bureau evaluates telephone complaint handling by analyzing telephone complaint statistics that are available through the Bureau's Consumer Services Information System (CSIS). Each telephone case is coded for many variables that are entered into the CSIS. The coding system enables the Bureau to aggregate cases for selected companies, specific problem areas and so on. The following discussion will focus on how the Bureau analyzes company performance on each case.

### ***Open, Closed & Evaluated Cases***

When a customer initially presents a case to the Bureau, it is considered to be "open." At this time the BCS codes initial information about the type of problem and the utility involved. A case is considered closed once the Bureau has completed its investigation and rendered a decision. Because there is more information available on cases that are closed, these cases are used to identify specific problem areas and evaluate telephone company performance relative to these problems. This process, known as case evaluation, is the process whereby closed cases are examined by the Bureau to determine how well and how timely utilities handled customer disputes prior to the Bureau's involvement. The case analyses presented after Chart 2 are based on complaints that have been closed and evaluated by the Bureau.

### ***Case Evaluation for 1995***

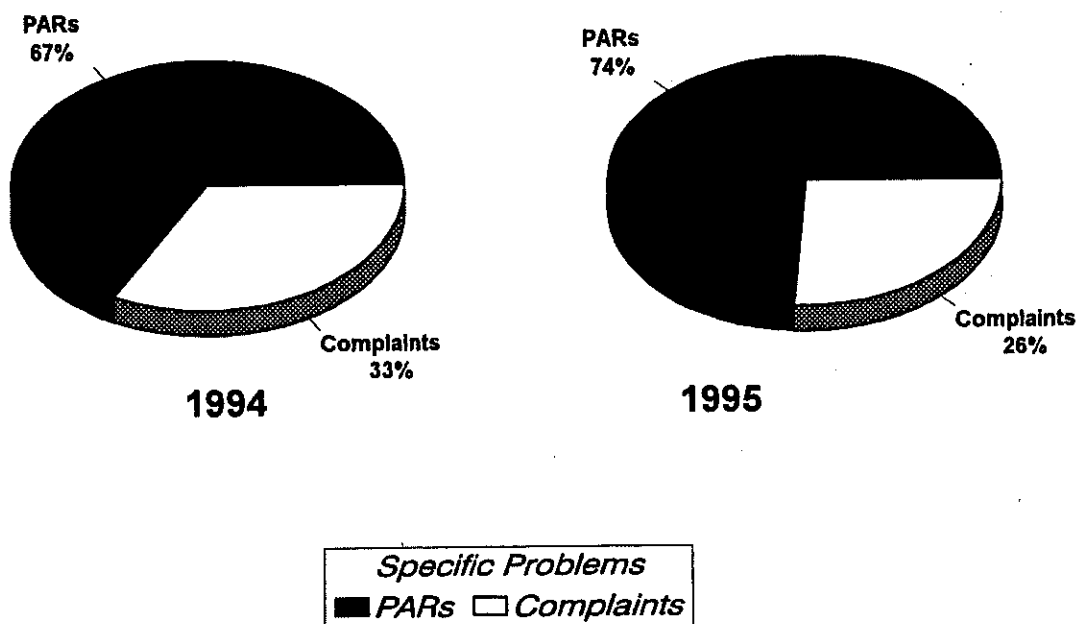
As in previous years, the Bureau continued to receive a high volume of cases from the telephone industry. Specifically, the Bureau received more than 6,000 cases from Bell's customers. The Bureau did not have the resources to evaluate each case filed by customers of Bell. Over 4,000 of the cases filed against Bell involved requests for payment arrangements. The Bureau's decision to continue with sampling for case evaluation in

1995 stemmed from a 1993 agreement reached between the BCS and Bell. Under this agreement, Bell would handle requests for payment arrangements according to a collection procedure called Extended Payment Arrangement Requests (EPAR). Given the fact that Bell would be handling payment arrangements using EPAR, it seemed less critical for the Bureau to evaluate and provide feedback for all these cases. Therefore, the percentage of Bell cases that were evaluated is lower than it has been historically. Nonetheless, the BCS evaluated over 1,600 Bell cases to arrive at the performance assessments contained in this report .

### **Comparison of Consumer Complaints & Payment Arrangement Requests**

In order to evaluate how major companies handle specific telephone problems, cases were divided into two groups: consumer complaints and payment arrangement requests. This information is based on all residential cases filed against the major telephone companies in 1995 (See Chart 2).

## Chart 2 Consumer Complaints vs Payment Arrangement Requests



PARs= Payment Arrangement Requests

Chart 2 presents a comparison of the proportion of consumer complaints and payment arrangement requests for 1994 and 1995. The number of payment arrangement requests increased from 3,788 in 1994 to 5,145 in 1995. This means that the proportion of payment arrangements increased from 67% in 1994 to 74% in 1995. This represents a 7% increase in the proportion of cases involving payment arrangements. At the same time, the Bureau handled slightly fewer consumer complaints in 1995, 1,807 as compared to 1,857 in 1994. As Chart 2 shows, this represents a 7% decrease in the proportion of consumer complaints from 1994 to 1995.

Although the majority of the telephone cases the Bureau handles are related to payment arrangement requests, the Bureau believes that it is important to focus attention on other problems consumers complain about. Beginning with this report, the Bureau analysis of telephone case handling is divided into consumer complaints (See Chapter 4) and payment arrangement requests (See Chapter 5).

# 4 Consumer Complaints

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During 1995, telephone customers filed approximately 1,807 consumer complaints with the Commission. The consumer complaint category includes informal complaints that deal with matters covered under Chapter 64 and concern problems related to the delivery of telephone service. Of course, these consumer complaints represent only a fraction of the complaints that customers registered directly with the major telephone companies.

## ***Chapter 64 Complaints***

The Commission implemented 52 Pa. Code Chapter 64, the "Standards and Billing Practices for Residential Telephone Service" in 1985. Chapter 64 requires companies to provide residential telephone service based on a uniform set of standards and procedures. These regulations govern how companies handle residential account billing, payments, credit, security deposits, suspension, termination, collection and customer complaints.

One important provision of Chapter 64 requires companies to inform customers of their right to contact the Commission if they are not satisfied with the way the company handled or resolved their dispute. Even if the customer is eventually satisfied with the resolution of a dispute, the customer is entitled to appeal rights. Customer contacts that go beyond an initial inquiry are considered disputes and must be recorded as such. If, however, the customer indicates satisfaction with the explanation or resolution at the conclusion of the initial inquiry, the contact is not considered a dispute. When the customer contacts the PUC, the dispute is then an informal complaint.

Although companies are required to report the total number of disputes handled, it is evident that some of the dispute statistics reported by companies over the last ten years are inaccurate. These inaccurate dispute statistics combined with documented instances of noncompliance with the dispute notification procedures themselves, leads the Bureau to believe that the reported number of complaints filed is lower than it would be if both the dispute and the reporting procedures were followed correctly. In other words, the Bureau believes that the companies' failure to advise all customers of their due process appeal rights may have kept some customers from complaining to the Commission. The Bureau monitors dispute statistics through 52 Pa. Code §64.201, the "Annual Local Exchange Carrier Reporting Requirements" (See Appendix A for dispute volume).

## ***Quality of Service Complaints***

In addition, the consumer complaint category includes informal complaints that deal with matters not covered under Chapter 64. Many of these complaints deal with matters that are covered under Chapter 63, the "Quality of Service Standards for Telephone," which went into effect July 30, 1988. Chapter 63 establishes uniform service standards and service objectives for local telephone companies. Some of the items covered under these regulations are service installations, local dial service, operator handled calls, and Automatic Dialing Announcing Devices (ADADs). Other problems are not addressed by either the Chapter 63 or Chapter 64 regulations, yet are the subject of informal complaints. Some of these complaints involve problems dealing with the yellow pages, the conduct of company personnel, unsatisfactory telephone numbers and the lack of equal access to long distance carriers.

### **Justified Complaint Rate**

The Bureau uses case evaluation to identify whether or not correct procedures were followed by the utility in responding to the customer's complaint prior to the intervention of the Bureau. Specifically, a consumer's case is considered "justified" in the appeal to BCS if it is found that, prior to BCS intervention, the company did not comply with PUC orders or policies, regulations, reports, Secretarial Letters or tariffs in reaching its final position. A BCS case that is "justified" is a clear indication that the company did not handle a dispute properly or effectively, or in handling the dispute, the company violated a rule, regulation or law. There are two additional complaint resolution categories. "Unjustified" complaints are those cases in which the company demonstrates that correct procedures were followed prior to BCS intervention. "Inconclusive" complaints are those in which insufficient records or equivocal findings make it difficult to determine whether or not the customer was justified in the appeal to the Bureau. However, inconclusive findings should not restrict companies from reviewing these cases carefully since they may be a source of both present and future problems. The majority of cases fall into either the "justified" or "unjustified" category.

Changes in company policy can affect both the volume of consumer complaints and the percent of justified ("mishandled") complaints (See Appendix B). In response to this problem, the Bureau uses a performance measure called "justified complaint rate," which is both a quantitative and qualitative indicator of company effectiveness. This measure reflects the number of justified cases. 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 and across time. The formula for justified complaint rate is shown below:

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

Justified complaint rate is the most important performance measure of customer complaint handling. It is a critical indicator of effectiveness. As a group, the major telephone companies' overall effectiveness at handling consumer complaints declined slightly from 1994 to 1995 (See Table 1). The Bureau encourages all companies to take the appropriate steps so customer problems are handled properly by the company before they reach the Bureau.

**Table 1 — Justified Complaint Rate**

Company	Justified Rate 1994	Justified Rate 1995	Net Change 1994-1995
Alltel	.11	.19	.08
Bell	.10*	.10*	No change
Commonwealth	.11	.09	-.02
GTE	.22	.39	.17
United	.14	.13	-.01
<b>Average</b>	<b>.14</b>	<b>.18</b>	<b>.04</b>

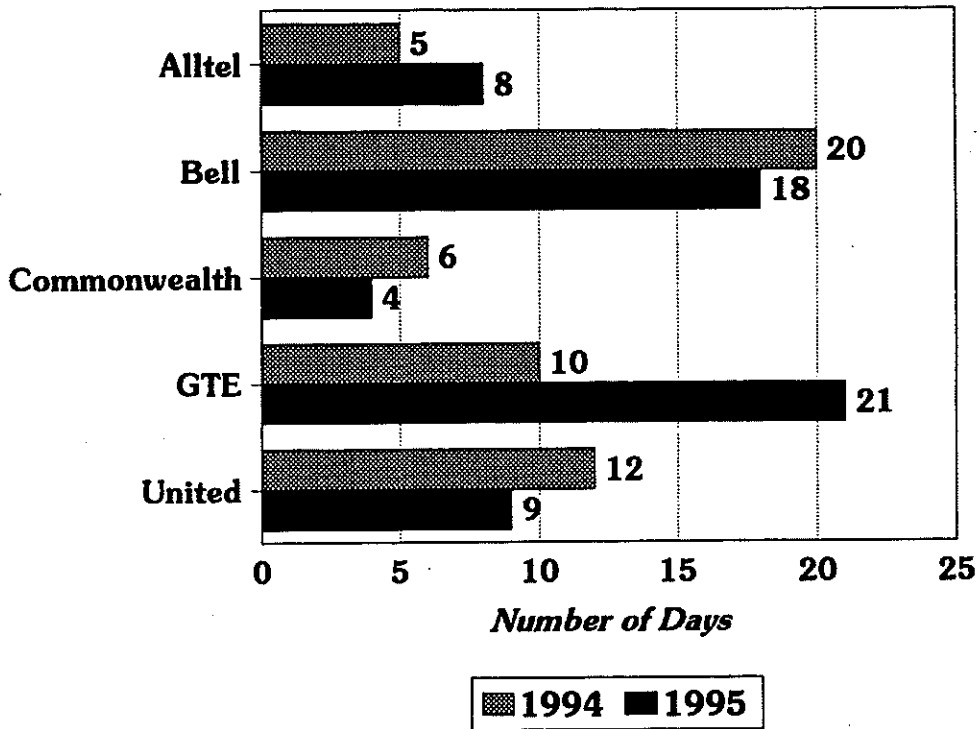
\*Based on a probability sample of cases

## Response Time

Response time is the time span in days from the date of the Bureau's first contact with the company regarding a complaint to the date on which the company provides the Bureau with all of the information needed to resolve the complaint. Response time quantifies the speed of a utility's response ("responsiveness") in resolving BCS complaints. In this report, response time is presented as the mean number of days for each company. Response time is important because a short response time may indicate that a company has easy access to complete records and is able to present these records to the Bureau in an organized and understandable format. The complaint records are required by



### Graph 1 — Response Time: Consumer Complaints



Bell's 1994 and 1995 data is based on a probability sample of cases

Commission regulations and their routine presence indicates that companies may generally have the resources on hand that are necessary to resolve a dispute before it becomes necessary for the Bureau to become involved. For these reasons, the Bureau focuses its analysis on significant improvements or declines in response time performance, as well as failure to improve on conspicuously bad performance. As a group, it took the major telephone companies one day longer to respond to consumer complaints in 1995 than in 1994.

# **5 Payment Arrangement Requests**

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This chapter focuses on the performance of the major telephone companies at handling requests for payment arrangements from their customers. In prior years, these cases were classified as "consumer complaints." However, this label is not specific enough to describe the process used to handle the numerous contacts related to the suspension/termination of service. "Payment arrangement requests" more clearly characterizes the nature of the customer problem. Payment arrangement requests principally include contacts to the Bureau or to utilities involving a request for payment terms in one of the following situations: suspension/termination of service is pending, service has been suspended/terminated and the customer needs payment terms to have service restored, or to make payment on an arrearage even though no termination notice has been issued.

## **Suspension/Termination Cases**

In Chapter 64, suspension is defined as a temporary cessation of service without the consent of the customer. Termination of service, according to Chapter 64, is the permanent cessation of service after a suspension without the consent of the customer. Most payment arrangement requests are cases relating to the cessation of telephone service and are registered during the suspension phase. The Bureau's Consumer Services Information System (CSIS) separates cases involving suspension of telephone services from cases involving termination of telephone services. However, the data for both suspensions and terminations are combined here for analysis.

Under Chapter 64, a customer contact in response to a suspension notice is a dispute (as the term is defined in §64.2) only if the contact includes a disagreement with respect to the application of a provision of Chapter 64. Where telephone cases involving telephone service suspension are concerned, failure to negotiate a payment arrangement does not in itself mean that a dispute exists. Consequently, in this report, telephone cases that involve payment arrangement requests have been separated from telephone cases that involve a dispute.

Finally, Chapter 64 does not require local exchange carriers to include the Bureau of Consumer Services' phone number on the suspension or termination notice. It is possible that because the phone number for the PUC is not included on the telephone company notices, some customers with informal complaints regarding cessation of their telephone service do not attempt to contact the Bureau. Nevertheless, in 1995, customers facing suspension or termination of one, or any combination of their telephone services — basic, toll and nonbasic — filed 5,145 payment arrangement requests against the major telephone companies.

As in the chapter on consumer complaints, similar measures are used to evaluate different aspects of utility performance that relate to the way the utility handled requests for payment arrangements. These measures are based on assessments of payment arrangement requests that were presented to the Bureau of Consumer Services by individual customers.

### **Justified Payment Arrangement Request Rate**

Commission regulations require that telephone 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. 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 contacts 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.

As with consumer complaints, changes in company policy can affect both the volume of payment arrangement requests and the percent of justified payment arrangement requests (See Appendix B). The Bureau uses the performance measure "justified payment arrangement rate" to evaluate companies' effectiveness at handling payment arrangement requests. Justified payment arrangement rate is both a quantitative and qualitative indicator of company effectiveness. This measure takes into consideration the utility's number of overdue customers since they are the potential pool of callers requesting payment arrangements from the Bureau. Therefore, general comparisons can be made within the industry and across time.

Again, this indicator is the Bureau's bottom line measure of performance that evaluates the "effectiveness" of company handling of payment arrangement requests. The formula for justified payment rate is shown below:

### ***Justified Payment Arrangement Request (JPAR) Rate***

$$\text{JPAR Rate} = \frac{\text{Number of Justified Payment Arrangement Requests}}{\text{Monthly Average No. of Overdue Residential Customers/1000}}$$

**Table 2 — Justified Payment Request Rate**

<b>Company</b>	<b>1994</b>	<b>1995</b>	<b>Net Change 1994-1995</b>
Alltel	.58	.63	.05
Bell	.89*	.76*	-.13
Commonwealth	.18	.25	.07
GTE	.42	.54	.12
United	.61	.37	-.24
<b>Average</b>	<b>.54</b>	<b>.51</b>	<b>-.03</b>

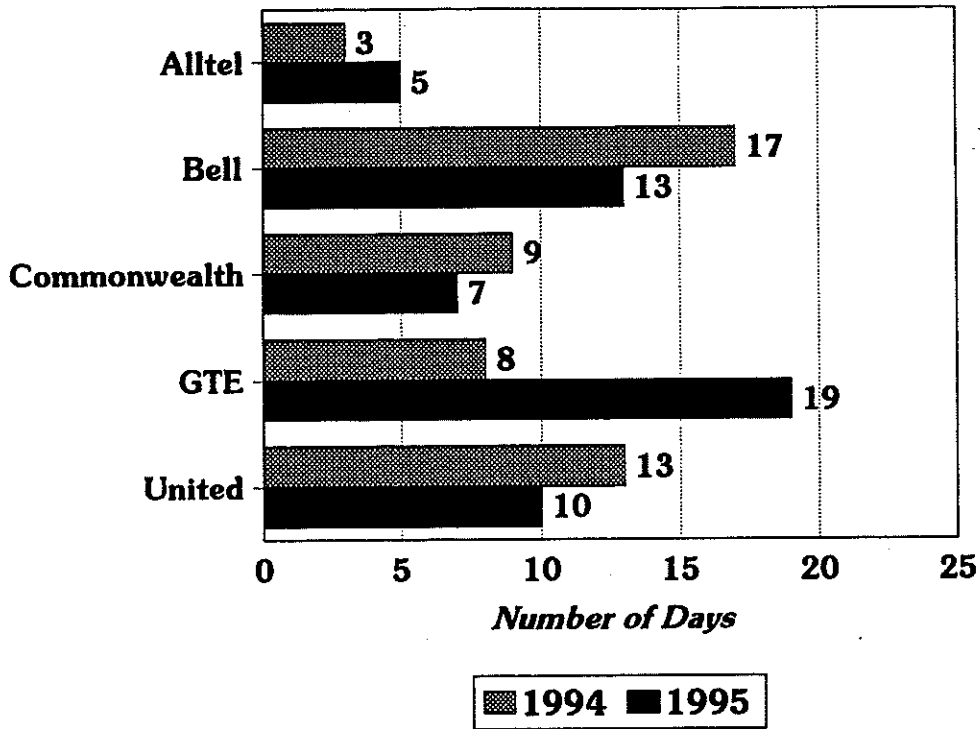
\*Based on a probability sample of cases

The major telephone companies' overall effectiveness at handling payment arrangement requests improved slightly from 1994 to 1995. The Bureau encourages all companies to take the appropriate steps so customer problems are handled properly by the company before they reach the Bureau.

### **Payment Arrangement Requests: Response Time**

As with consumer complaints, response time is the time span in days from the date of the Bureau's first contact with the company regarding a complaint to the date on which the company provides the Bureau with all of the information needed to resolve the complaint. However, response time for payment arrangement request is more critical. For every day that a case involving a request for payment requests remains open and unresolved, the customer may continue to accumulate a larger debt to the company.

**Graph 2 — Response Time: PARs**



Bell's 1994 and 1995 data is based on a probability sample of cases

Therefore, there should be a strong incentive for the companies to process these requests quickly. Moreover, companies should make reasonable payment arrangements with customers so they do not have to contact the Bureau for relief. Again, the Bureau has been working with companies to establish procedures such as EPAR that will assure quick resolution of payment arrangement requests. As a group, it took the major telephone companies one day longer to respond to payment arrangement requests in 1995 than in 1994.

## 6 Collections

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For the last ten years, the Bureau has been monitoring the telephone industry's collection activities through its billing and collection statistics. This information is reported by all local telephone companies in response to the reporting requirements outlined in 52 Pa. Code §64.201, the "Annual Local Exchange Carrier Reporting Requirements" (see Appendix D). Under these requirements, all local exchange carriers (LECs) must annually provide the Bureau with account information related to residential billing and collections.

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

On May 24, 1995 the Independent Regulatory Review Commission approved regulations that revised §64.201, the LEC reporting requirements. The Bureau believes that these revisions will correct the past reporting deficiencies and improve the overall quality of telephone collection data. The regulations require telephone utilities to provide the Commission with reliable residential collection data in a report format that reflects multiple balance billing. This revised reporting format will enable the Commission to identify the nature of payment problems, to assess the true financial risk of amounts owed and written off for services for which LECs are at risk and to evaluate the impact of uncollectible revenues on ratepayers. In addition, LECs with 50,000 or more residential customers are required to file quarterly reports to ensure that the Commission can effectively monitor the effects of changes in company policy and respond quickly to any adverse impacts these policies may have on residential customers.

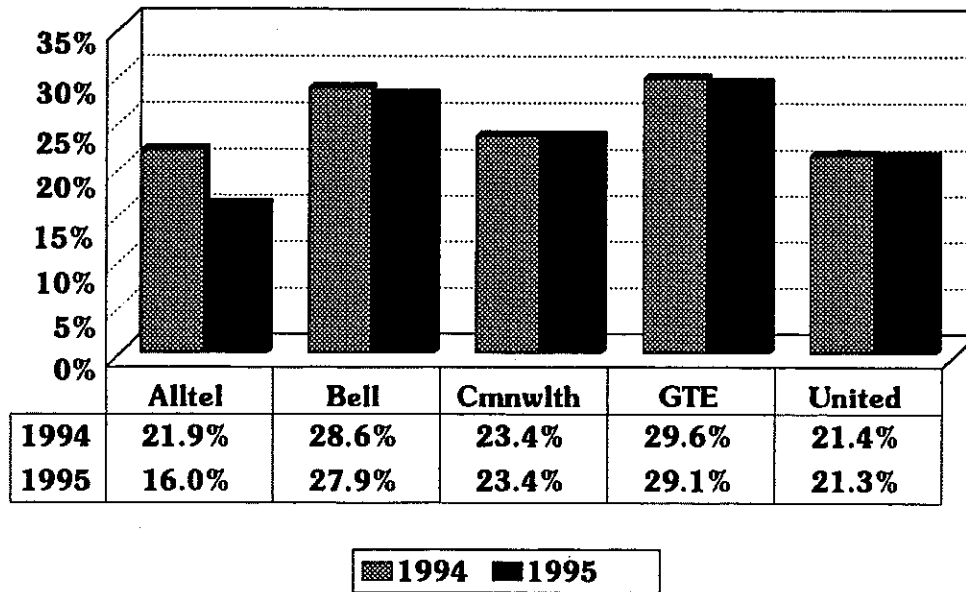
Although these revisions became effective July 22, 1995, companies were directed to provide the 1995 data under the old format, so they would have time to upgrade their data systems to comply with these new requirements. The new reporting requirements should be fully implemented with the reporting of 1996 collection data. Meanwhile, the Bureau's analysis of companies' collection practices for 1995 will be limited until the revisions to the reporting requirements are fully implemented. Even so, the conclusions

below regarding overdue accounts, and weighted arrearages are generally sound. Unfortunately, the Bureau cannot provide the Commission with a complete analysis of telephone companies' write-offs until all companies report this information in the multiple balance billing format. It is important to note that during 1995 GTE completed the conversion of its old billing system to a new billing system. Changes to the billing system adversely affected the billing and collection system data for 1995. As a result, GTE had to adjust the company's initial figures for terminations, gross write-offs and net write-offs. According to GTE, "the adjusted numbers are in some cases best estimates" based on information accrued from the company's internal sources. Again, the Bureau is hopeful that it will be able to provide the Commission with a thorough assessment of the telephone industry's collection practices once these reporting requirements are fully implemented.

### **Overdue Customers**

In an average month in 1995, there were 1,288,858 telephone customers that were delinquent in paying their telephone bills. Comparisons among companies of the number of telephone customers who are in arrears cannot be made purely on a numerical basis because of substantial differences in company size. The Bureau uses the percentage of customers who are overdue to make this comparison. The Commission can use this statistic to monitor how well telephone companies are managing overdue accounts and to indicate the level of risk that companies face. In practice, the percentage of customers who are overdue reflects a company's relative success at collecting its bills (see Graph 3).

**Graph 3 — Percentage of Customers Overdue**



**Cmnwlth=Commonwealth**

Overall, the percentage of customers overdue decreased from 25% in 1994 to 23.6% in 1995. This means that nearly one in four residential customers was reported as having an overdue telephone bill during 1995. This level of overdue customers is significant because of the level of potential risk overdue bills present. Only through more effective collection policies can companies reduce the number of overdue customers and reduce the potential risk of uncollectible bills.

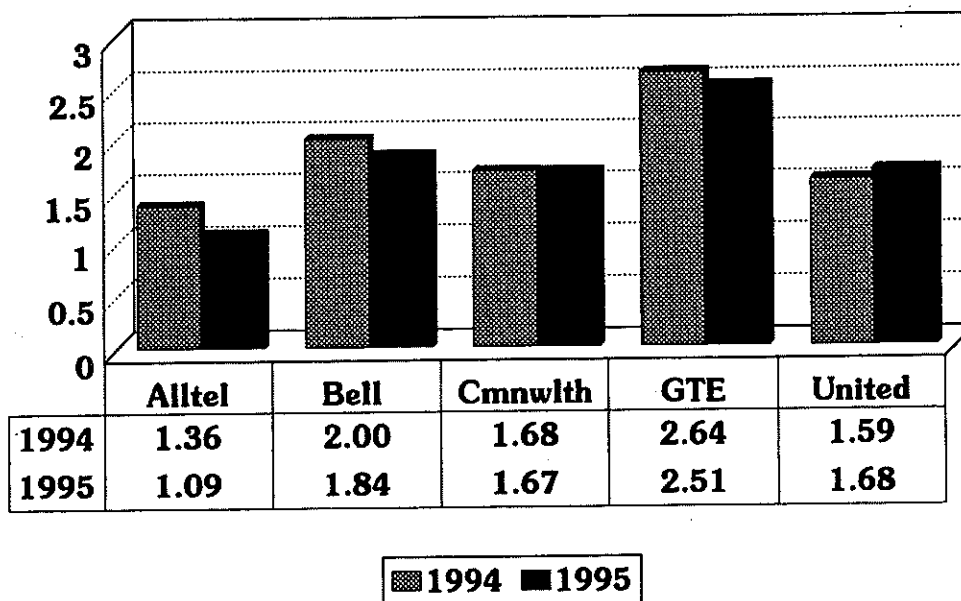
### **Weighted Arrearage**

The amount of money owed by overdue residential customers may indicate the financial risk faced by individual telephone companies. These amounts varied substantially from company to company in 1995. Therefore, the Bureau uses the statistic called weighted arrearage to make comparisons of the extent of payment problems among companies. The weighted arrearage balances out the differences in arrearages which are due to differences in bill amounts. Weighted arrearage is calculated by dividing the monthly average overdue bill by the monthly average bill. Thus, the effectiveness of telephone company collection activities can be evaluated by identifying the number of average bills in the average overdue bill. The Bureau's research shows that it is difficult to collect bills that have gone unpaid for a long time. Generally, the older the arrearage, the



greater the risk that the account will be written-off. Thus, the lower the weighted arrearage score, the better the collection system performance. Graph 4 compares individual company weighted arrearage scores for 1994 and 1995.

**Graph 4 — Weighted Arrearage**



**Cmnwlth = Commonwealth**

The weighted arrearage scores show that the major companies' performance in this area varied. In 1995, the average overdue bill for the telephone industry represented slightly less than two months of average bills. Since it is harder for companies to collect older arrearages, the older the arrearage is, the more likely it will be written off. The Bureau urges the industry to continue to make improvements in collecting unpaid bills.

### **Revenues Written Off As Uncollectible**

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

accounts for the largest portion of unpaid telephone bills. Major companies reported that 58% of their overdue bills were due to unpaid toll services. Much of that unpaid toll service was service provided by long distance companies and other service providers. Long distance companies and other phone service providers may contract with local phone companies to bill and collect these toll charges. Most major companies have contracts with long distance companies for collecting unpaid toll bills. It is difficult for the Bureau to determine what portion of unpaid toll service is really an uncollectible expense for local companies since companies do not provide a breakdown of bills, revenues, and write-offs by basic, local toll and long distance toll service charges.

Uncollectibles can be presented as either gross write-offs or net write-offs. Gross write-offs are the amount of money in overdue accounts written off as uncollectible for the entire calendar year. Net write-offs are gross write-offs minus the amount of any previously written-off amount which was recovered by the company during the year. In 1995, telephone companies reported over \$99 million in gross write-offs and more than \$83 million in net write-offs. Write-offs (within limits) are treated as an expense in traditional rate filings. This means that these losses may be recovered in the rates that customers pay. Unfortunately, the exact impact of write-offs cannot be reflected here because the statistics necessary for analyzing such an impact are not currently reported by companies.

In order to measure and compare the telephone industry's collection system performance relative to uncollectible accounts, the Bureau uses the statistic, "percentage of revenues written-off as uncollectible." The percentage of revenues written-off as uncollectible for telephone companies is calculated by dividing net write-offs by gross revenues. The Bureau uses telephone companies' net write-offs because they reflect the amounts actually lost. By using net write-offs in this calculation, the BCS can better measure the effectiveness of the telephone industry's ongoing collection activities (See Table 3).

**Table 3 — Percentage of Revenues  
Written Off As Uncollectible**

Company	1994	1995	Percent Change 1994-1995
Alltel	2.74%	1.75%	-36%
Bell	2.88%	3.14%	9%
Commonwealth	1.00%	1.22%	21%
GTE	3.91%	3.21%	-18%
United	1.22%	1.76%	44%
<b>Average*</b>	<b>2.35%</b>	<b>2.21%</b>	<b>-6%</b>

\* Mean of Scores

From 1994 to 1995, the percentage of revenues written off as uncollectible by major telephone companies decreased 6%. At first glance, this appears to be a modest decrease. Nevertheless, this comparatively modest decrease represents millions of dollars in revenue for the industry.

# 7 Compliance

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The activities of the Bureau of Consumer Services (BCS) include efforts to ensure that public utilities' practices and procedures conform to the standards of conduct for residential service established in statute and regulation, particularly 52 Pa. Code, Chapter 64. The purpose of Chapter 64 as stated in Section 64.1, is to "...establish and enforce uniform, fair, and equitable residential telephone service standards governing account payment and billing, credit and deposit practices, suspension, termination and customer complaint procedures." During 1995, the BCS engaged in the following activities to improve compliance with applicable statutes and regulations relating to the treatment of residential telephone accounts: (1) the Bureau worked at identifying and revising sections of Chapter 64 as part of the Rulemaking to Review and Rescind All Obsolete and Excessive Rules and Regulations; and (2) BCS continued its informal compliance notification process.

## **Review and Rescind/Chapter 64**

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 64. The proposed changes are intended to clarify or simplify the regulations, to update certain regulations to reflect present industry standards, and to eliminate provisions that are believed to be excessive or no longer serve a useful purpose. The rulemaking process to revise sections of 52 Pa. Code Chapter 64 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.

## **Informal Compliance Process**

The Bureau's primary compliance effort is its informal compliance process. This process provides utilities with specific examples of apparent problems that may reflect violations of Chapter 64. 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 and document apparent deficiencies, then notify the utilities. In late July 1995, BCS changed the process by which it notifies utilities of allegations. 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.). In addition, the utility must inform BCS of what action it took to correct the problem and the date the action was taken. Corrective actions might entail modifying a computer program; revising the text of a notice, bill, or letter; modifying company procedures; or providing additional training to staff to ensure that they follow a procedure correctly. If the utility states that the information regarding the allegation is inaccurate, the utility must provide specific details and supporting data that refutes the allegation. The BCS always provides a final determination to the utility regarding the outcome of an allegation. For example, if the utility provides supporting data indicating that the information about the allegation is inaccurate, after reviewing all the information, the BCS would inform the utility that in this instance, the facts do not reflect a violation of the regulations. On the other hand, if the company agrees that the information is accurate, or if the BCS does not find that the data supports the utility's claim that the information is inaccurate, the BCS would inform the company that the facts reflect a violation of the regulations, specifying the particular section. Often, through the informal notification process, BCS provides utilities with written clarifications or explanations of Chapter 64 provisions and Bureau policies.

During 1994 and 1995, the Bureau determined that there were 4,369 informally verified violations of Chapter 64 by the five major local telephone companies under the PUC's jurisdiction. The significance of these informally verified violations is frequently underscored by the fact that many informally verified violations represent systematic errors that are widespread and affect numerous 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 systematic errors. Therefore, the informal compliance process is specifically designed to identify systematic errors. Utilities must then investigate the scope of the problem and take corrective action.

Utilities that wish to avoid BCS compliance actions have several options. First, they may take advantage of the Bureau's informal compliance process. They can also develop their own information system 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 locate 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 1994 and 1995. The informally verified violation statistics for the five major telephone companies are presented by company and year in

Table 4 and Graph 5. The data in Tables 5 and 6 show the sections of Chapter 64 most commonly violated by the five major companies based on compliance findings for the past two years.

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 occur which 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 fraction of the total number of complaints to utilities. Therefore, apparent violations that come to 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 figures 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 zero violations. Overall, the number of informally verified violations for the five major local exchange companies reported by BCS has decreased 40% from 1994 to 1995.

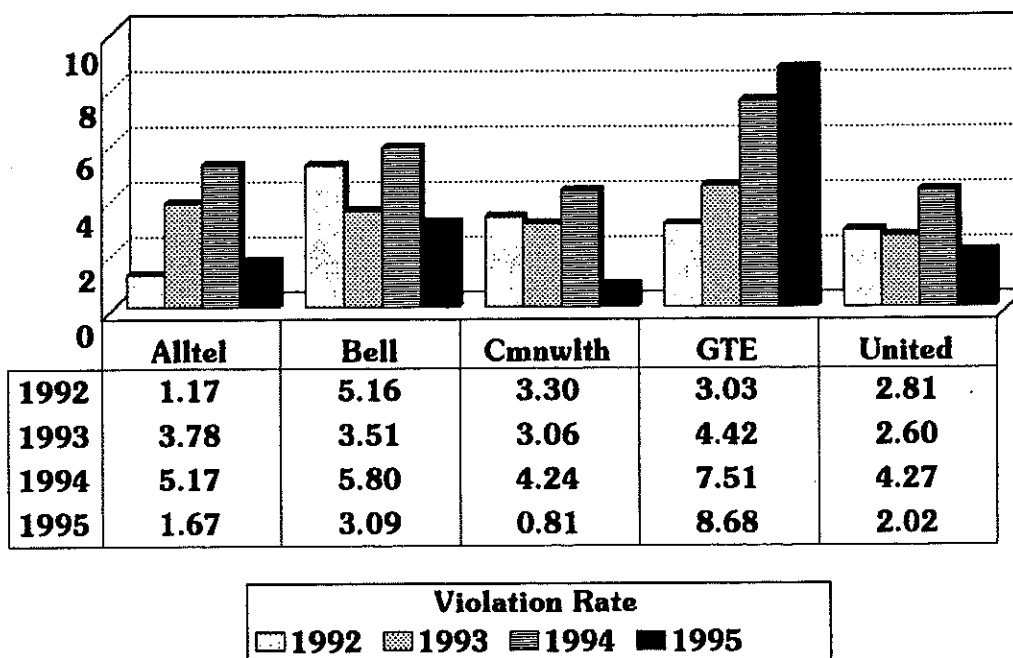
In light of these considerations, it is important to keep in mind that the figures presented in Tables 4-6 are viewed by BCS along with other information that is case specific. The value of the aggregate figures is to depict apparent trends over time and point out extreme deviations. The total number of apparent violations for 1995 as shown in the last column of Table 4, consists of 1995 verified violations **and** 1995 pending violations. A percentage of the violations in the 1995 Pending column will end up in the 1995 Verified column after final determinations are made for these allegations. In fact, the actual number of verified violations for 1995 could be greater than the number shown in the last column as new violations are discovered in the review of customer complaints filed in 1995. The data used for this chapter was retrieved from the BCS' Compliance Tracking System as of June 7, 1996.

**Table 4 — Informal Violations of Chapter 64**

<b>Company</b>	<b>1994 Verified</b>	<b>1995 Verified</b>	<b>1995 Pending</b>	<b>1995 Total</b>
Alltel	86	28	0	28
Bell	2,124	1,143	291	1,434
Commonwealth	72	14	24	38
GTE	341	395	166	561
United	112	54	10	64
<b>Total</b>	<b>2,735</b>	<b>1,634</b>	<b>491</b>	<b>2,125</b>

Overall, compliance performance for the telephone industry improved from 1994 to 1995 judging by the number of informally verified violations. Even if all of the pending violations were determined to be verified, the total number of violations in 1995 would be less than in 1994. Individually, four of the five major companies experienced a decrease in informally verified violations from 1994 to 1995. GTE, however, experienced an increase in verified violations.

**Graph 5 — Violation Rate - 1992-1995**



Cmnwlth = Commonwealth

The violation rate is the number of verified violations per 10,000 residential customers. The violation rate takes into consideration the number of violations in conjunction with the number of customers for each utility and therefore is a useful measure for making standard comparisons among utilities of unequal sizes. However, because the violation rate cannot distinguish systematic violations, the Bureau prefers to use the violation rate for each company as a general gauge of that company's compliance performance from year to year rather than for comparison to an industry average.

### **Distribution of Informally Verified Violations**

Tables 5 and 6 show the areas of Chapter 64 where compliance problems are most serious for the five major companies. Because about 78% of the residential telephone customers in Pennsylvania served by the five major companies are Bell customers and because more than 70% of the verified violations belong to Bell of Pennsylvania, the four other major companies are presented together in a separate table (Table 6). These tables can help the telephone companies focus on those areas of Chapter 64 most in need of company effort and attention.



**Table 5 — Most Commonly Violated Areas of Chapter 64  
Bell Atlantic-PA**

Section	1994		1995	
	N*	% <sup>■</sup>	N*	% <sup>■</sup>
§64.12-19 - Payment & Billing Standards	94	4%	21	2%
§64.31-34 - Credit & Deposit Standards Policy	43	2%	40	3%
§64.61-63 - Grounds for Suspension	91	4%	57	5%
§64.71 - Notice Requirement Prior to Suspension	56	3%	25	2%
§64.72 - Suspension Notice Information	167	8%	35	3%
§64.73 - Notice of Suspension While Dispute Pending	24	1%	4	-%
§64.74 - Procedures Prior to Suspension	159	7%	131	11%
§64.101-107 - Emergency Provisions/Suspension of Service	33	2%	17	1%
§64.121 - Authorized Termination	77	4%	9	1%
§64.123 - Termination Notice Information	50	2%	16	1%
§64.133 - Termination While Dispute Pending	21	1%	13	1%
§64.141-142 - Dispute Procedures - Telephone Company	1059	50%	688	60%
§64.153 - Informal Complaint Procedures	188	9%	60	5%
§64.181 - Restoration After Suspension	28	1%	12	1%
All Other Sections	34	2%	15	1%
<b>Total</b>	<b>2,124</b>		<b>1,143</b>	

<p>* N = Number of verified violations.          ■ % = Percentage of the total number of verified violations.</p>
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Violation data show that Bell continues to have problems in the area of identifying and handling customer disputes.

**Table 6 — Most Commonly Violated Areas of Chapter 64  
Alltel, Commonwealth, GTE, and United**

Section	1994		1995	
	N*	% <sup>■</sup>	N*	% <sup>■</sup>
§64.11-21 - Payment and Billing Standards	36	6%	22	4%
§64.32-34 - Credit Standards	26	4%	13	3%
§64.61-63 - Grounds for Suspension	19	3%	28	6%
§64.71-74 - Notice Procedures Prior to Suspension	75	12%	62	13%
§64.121 - Authorized Termination	17	3%	9	2%
§64.123 - Termination Notice Information	9	1%	4	1%
§64.133 - Termination While Dispute Pending	13	2%	14	3%
§64.141-142 - Company Dispute Procedures	364	60%	296	60%
§64.153 - Informal Complaint Procedures	23	4%	28	6%
§64.192 - Record Maintenance	7	1%	4	1%
All Other Sections	22	4%	11	2%
<b>Total</b>	<b>611</b>		<b>491</b>	

<p>★ N = Number of verified violations.          ■ % = Percentage of the total number of verified violations</p>
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Dispute handling continues to be the biggest compliance problem for these four major telephone companies. The numbers presented in Table 6 combine the total number of verified violations for Alltel, Commonwealth, GTE and United which are presented individually in Table 4. When creating Table 6, the most commonly violated areas of Chapter 64 were broken out for individual companies in order to arrive at a total for all four companies. Although data on most commonly violated areas of Chapter 64 are not presented for each company individually, it should be emphasized that data analysis was done for the individual companies before combining the data for Table 6 to assure that no one company's performance would skew the data for the others. More than a third of Commonwealth's and United's verified violations in 1995 deal with company dispute

procedures. Over half of GTE's and Alltel's verified violations for 1995 are related to dispute procedures.

## **Chapter Summary**

In 1995, the Bureau of Consumer Services continued its efforts to ensure that residential telephone customers in Pennsylvania are treated uniformly, fairly, and equitably according to the service standards at 52 Pa. Code, Chapter 64. In addition to its continued monitoring of telephone companies' compliance with the regulations through its informal compliance process, the Bureau played an active role in the Rulemaking To Review And Rescind All Obsolete And Excessive Rules And Regulations.

Although four of the five companies experienced a decline in the actual number of verified violations involving dispute handling, it is still the number one compliance problem for all five companies. In response to the Advance Notice of Proposed Rulemaking To Review And Rescind All Obsolete And Excessive Rules And Regulations, sections of the regulations involving the definition of dispute and the procedures for handling disputes were identified as being in need of revision. Proposed changes to these sections were published for comment in the Pennsylvania Bulletin, June 15, 1996. It remains to be seen first, whether the proposed changes will be approved, and second, whether modifications to the regulations will enable companies to better comply with those regulations.

# 8 Conclusion

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This eighth annual telephone report presents the Bureau's assessment of the telephone industry's customer service performance for the year 1995. The primary focus of this report is the Bureau's complaint handling activity relative to the five major companies: Alltel, Bell, Commonwealth, GTE, and United. This report provides a comprehensive analysis of telephone cases which includes consumer complaints and payment arrangement requests, an analysis of telephone company collection activities, and an analysis of telephone violation statistics.

## **Assessing Telephone Company Performance**

The Bureau uses several quantitative and qualitative performance measures to evaluate company performance. The most important measure of company complaint handling is justified complaint rate. Justified complaint rate is a qualitative and quantitative measure of company effectiveness at handling consumer complaints. The next measure is response time which is a qualitative measure of company responsiveness to resolving consumer complaints. Response time reflects the quality of dispute handling and the record keeping that is required under PUC regulations. As with consumer complaints, similar measures are used to evaluate utility performance related to the way the utility handles payment arrangement requests. Justified payment arrangement request rate measures the utility's effectiveness at negotiating payment arrangements. Utility responsiveness to payment arrangement requests is also analyzed. In addition to the analysis regarding telephone cases, the Bureau provides an analysis of measures related to unpaid accounts to company performance at billing and collection. Finally, a review of violation statistics assesses companies' performance at operating in compliance with the Commission's regulations.

## **Consumer Complaint and Payment Arrangement Requests**

The major companies' overall effectiveness at handling consumer complaints declined slightly from 1994 to 1995 while response time remained stable. In contrast, major companies were slightly more effective at negotiating payment arrangements in 1995. Response time for payment arrangement requests also remained stable. The Bureau encourages all companies to take the appropriate steps so customer problems are handled properly by the company before they reach the Bureau.

## **Collection Statistics**

More than one in four residential telephone customers was reported as having an overdue bill during 1995. The average amount owed in overdue telephone bills, as measured by weighted arrearage scores, decreased 5% from 1994 to 1995. Telephone industry uncollectibles, as measured by net write-offs, increased from \$78 million in 1994 to over \$83 million in 1995. However, with significant growth in revenues, the percentage of revenues written off as uncollectible by major companies decreased 6% in 1995. It appears from the data reported that the telephone industry's collection performance still needs improvement. Yet, the Bureau cannot conduct a thorough assessment of the telephone industry collection practices or effectively monitor changes in collection practices until the collection statistics reporting revisions are fully implemented.

## **Compliance**

Four of the five major companies demonstrated improvement in compliance performance in 1995. Compliance with the Chapter 64 dispute procedures, however, still remains the major problem for all five of the companies.

It may help utilities to better comply with the dispute procedures if instead of viewing the dispute procedures as requirements of the PUC, they would view them as the residential customer does: consumer protections. There are five parts to the procedures found at 52 Pa. Code Chapter 64.141. In simple language, all that is required is that utilities honor some basic rights. The customer has the right to protection from suspension or termination based on the disputed subject matter and the customer has the right to an answer within a specified time period (30 days). During that 30 day period, the utility must reasonably investigate the matter. At the conclusion of the investigation, the company must provide the customer with the information the customer needs in order to arrive at an informed judgement. During this time, the company may not demand payment of the disputed charges which the company must clearly set aside. Finally, the company must include its findings in a written summary.

If companies would concentrate on ensuring that these rights of the residential telephone customer are honored, they could substantially reduce the number of verified violations.

# APPENDIX A

## Table 1 — Chapter 64 Disputes

Company	1994		1995		1994-1995
	N	Dispute Rate	N	Dispute Rate	Percent Change in N
Alltel	388	1.68	583	3.48	50%
Bell	26,985	7.37	51,699	13.98	92%
Commonwealth	511	3.01	775	4.48	52%
GTE	2,811	6.19	2,443	5.37	-13%
United	2,738	10.44	4,089	15.29	49%
<b>Total</b>	<b>33,433</b>	<b>7.07</b>	<b>59,589</b>	<b>12.52</b>	<b>78%</b>
<b>Average</b>		<b>5.74</b>		<b>8.52</b>	

## APPENDIX B

**Table 1 — Consumer Complaints  
(1994-1995)**

Company	1994	1995	Percent Change in N
Alltel	56	101	80%
Bell	1,431	1,259	-12%
Commonwealth	53	35	-34%
GTE	214	301	41%
United	103	111	8%
<b>Total</b>	<b>1,857</b>	<b>1,807</b>	<b>-3%</b>

**Table 2 — Payment Arrangement Requests  
(1994-1995)**

Company	1994	1995	Percent Change in N
Alltel	45	45	No Change
Bell	3,541	4,895	38%
Commonwealth	30	19	-37%
GTE	92	109	18%
United	80	77	-4%
<b>Total</b>	<b>3,788</b>	<b>5,145</b>	<b>36%</b>

## APPENDIX B

**Table 3 — Justified Percent: Consumer Complaints  
(1994-1995)**

Company	1994	1995	Percent Change in N
Alltel	35%	31%	-4%
Bell	28%	38%	10%
Commonwealth	36%	42%	6%
GTE	46%	59%	13%
United	35%	31%	-4%
Average	36%	40%	4%

**Table 4 — Justified Percent: Payment Arrangement Requests  
(1994-1995)**

Company	1994	1995	Percent Change in N
Alltel	48%	38%	-10%
Bell	27%	20%	-7%
Commonwealth	24%	54%	30%
GTE	62%	65%	3%
United	43%	28%	-15%
Average	41%	41%	No Change



## APPENDIX C

**Table 1 — Residential Cases (1991-1995)**

<b>Company</b>	<b>Number of Cases</b>				
	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
Alltel	46	42	95	101	146
Bell	2,802	3,746	4,956	4,971	6,154
Commonwealth	43	37	107	86	54
GTE	230	211	309	306	410
United	84	135	228	182	188
<b>Total</b>	<b>3,205</b>	<b>4,171</b>	<b>5,695</b>	<b>5,646</b>	<b>6,952</b>

**Table 2 — Percent Change in Number of Residential Cases (1991-1995)**

	<b>Percent Change in N</b>				
	<b>1991-92</b>	<b>1992-93</b>	<b>1993-94</b>	<b>1994-95</b>	<b>1991-1995</b>
Alltel	-9%	52%	6%*	45%	217%
Bell	34%	32%	No Change	25%	120%
Commonwealth	-14%	189%	-20%	-37%	26%
GTE	-16%	46%	-1%	34%	78%
United	61%	69%	-20%	3%	124%
<b>Total</b>	<b>30%</b>	<b>36%</b>	<b>-1%</b>	<b>23%</b>	<b>117%</b>

## APPENDIX D

**Table 1 — §64.201 Reporting Requirements**

- (1) The average number of residential accounts per month.
- (2) The average residential customer bill per month for each of the following:
  - (i) Basic service.
  - (ii) Nonbasic service.
  - (iii) Toll service.
  - (iv) Total amount due (i+ii+iii).
- (3) The average number of overdue residential accounts per month.
- (4) The average overdue residential customer bill per month for:
  - (i) Basic service.
  - (ii) Nonbasic service.
  - (iii) Toll service.
  - (iv) Total amount overdue (i+ii+iii).
- (5) The average number of residential basic service suspension notices sent per month.
- (6) The average number of residential basic service suspensions per month.
- (7) The average number of residential basic service terminations per month.
- (8) Local exchange carrier gross revenue from all residential accounts separated as follows:
  - (i) Basic service.
  - (ii) Nonbasic service.
  - (iii) Toll service.
  - (iv) Total revenue (i+ii+iii).
- (9) Local exchange carrier gross write-offs of uncollectible residential accounts separated as follows:
  - (i) Basic service.
  - (ii) Nonbasic service.
  - (iii) Toll service.
  - (iv) Total gross write-offs (i+ii+iii).
- (10) Local exchange carrier net write-offs of uncollectible residential accounts separated as follows:
  - (i) Basic service.
  - (ii) Nonbasic service.
  - (iii) Toll service.
  - (iv) Total net write-offs (i+ii+iii).
- (11) The total number of Chapter 64 disputes handled.

## APPENDIX E

**Table 1 — Number of Residential Service Terminations**

<b>Company</b>	<b>1994</b>	<b>1995</b>	<b>Percent Change 1994-1995</b>
Alltel	3,252	3,052	-5%
Bell	87,480	118,596	36%
Commonwealth	2,772	2,628	-5%
GTE	8,988	6,108	-32%
United	5,928	5,652	-5%
<b>Total</b>	<b>108,420</b>	<b>136,080</b>	<b>26%</b>

## APPENDIX F

### Residential-Commercial Cases Industry Proportion (1995)

**Table 1 — Consumer Complaints**

Industry	Total Consumer Complaints	Residential Consumer Complaints	Percent Residential	Commercial Consumer Complaints	Percent Commercial
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>

**Table 2 — Payment Arrangement Requests (PARs)**

Industry	Total PARs	Residential PARs	Percent Residential PARs	Commercial PARs	Percent Commercial PARs
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>

## APPENDIX G

**Table 1 — Major Problem Categories for Inquiries and Opinions  
1995**

<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>

