

CONSUMER SERVICES ACTIVITY: 1978

MARCH 21, 1979

PENNSYLVANIA PUBLIC UTILITY COMMISSION
BUREAU OF CONSUMER SERVICES
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INTRODUCTION

The Bureau of Consumer Services was mandated under Act 216 of 1976, and began operating within the Commission in July of 1977. The Bureau's charter includes:

- 1) The investigation and mediation of consumer complaints
- 2) The monitoring of utility compliance with Commission regulations
- 3) The maintenance of liason with consumer groups
- 4) The development of consumer information and education materials and programs
- 5) The preparation of evaluation, advisory and management reports on the substantive areas of responsibility.

This activity report is an outgrowth of the responsibilities conferred on the Bureau under this last item. Future reports will deal in-depth with the material discussed below.

I. OVERALL ACTIVITY

The Bureau of Consumer Services (BCS) handled 23,190 cases requiring action**during 1978, its first full year of operation.* (See Figure 1). About half of these cases were requests for mediation** of service terminations with the remainder being informal complaints.** In addition, 7095 cases were received which did not require Bureau action. These were primarily inquiries, opinions, and rate protests.

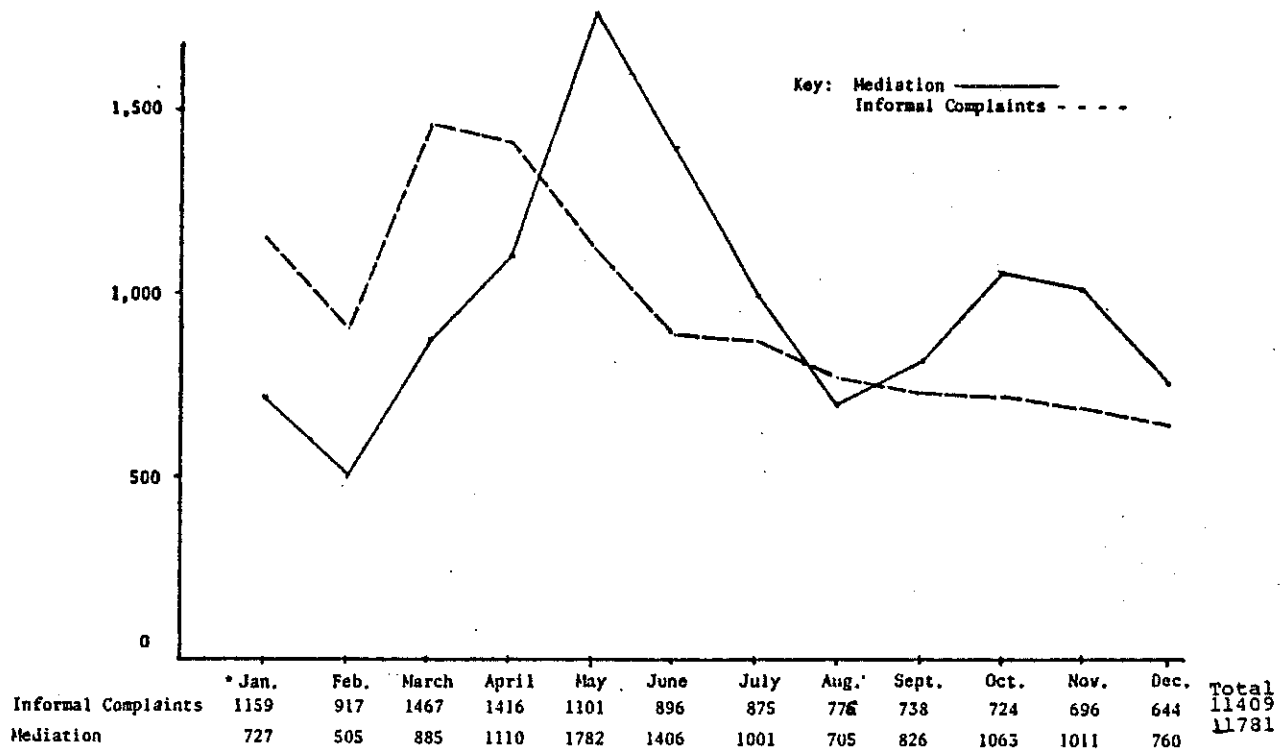
Mediation Requests

There were quite different patterns for the two types of cases. Mediation requests were at a fairly low level during early 1978, as both the Commission and the utilities attempted to keep service terminations to a minimum during the cold months. With the coming of spring, the high bills accumulated during the winter caused terminations to rapidly increase and, subsequently, mediation requests had reached over three times the winter-time level. As the residue of chronically overdue accounts was reduced, the number of requests fell to a low in August. There was another surge of mediation cases in the fall possibly because the utilities were purging their bad accounts in anticipation of restrictions on terminations during the coming winter. It is anticipated that the fluctuations depicted on Figure 1 represent a predictable pattern. If this supposition is borne out during 1979, the Bureau will be able to reliably plan its personnel needs in the future.

* A discussion of the background of the Bureau and its information system can be found in the appendix.

** See appendix for definitions.

Figure 1
ANNUAL DEMAND ON THE BUREAU OF CONSUMER SERVICES +
BY MONTH
(January-December, 1978)



*Cases were not recorded on codable forms until the end of January, 1978. As a result, the January totals listed here are based on tallies.

+ Totals vary slightly due to January manual tally errors.

Informal Complaints

Informal complaints exhibited less easily interpreted fluctuations during 1978. The small peak in January is the result of service complaints brought about by frozen water lines and storm induced electrical interruptions. The cold in January and February results in high bills during March and April; this leads to customer complaints during the latter months. Complaint rates during the rest of the year were fairly stable. This portion of Figure 1 may also represent a predictable pattern.

II. NATURE OF INFORMAL COMPLAINTS

Most of the informal complaints handled by the regional offices and Bureau staff involved billing problems (32%), terminations of service (28%) or character of service complaints (15%). (See Table 1) Billing problems included unclear calculation methods, disputed amounts, complaints about estimated bills, etc. Termination-related cases are those which the Mediation Unit is restricted from taking. These include telephone terminations and service restorations. Character of service complaints relate to responsiveness, quality of service and repairs, etc.

Table 1

NATURE OF CALL
INFORMAL COMPLAINTS

(January - December, 1978)

Problem	N	% of total
Billing Disputes	3625	32%
Termination*	3149	28%
Character of Service	1751	15%
Rates, Tariffs, and Safety	890	8%
Service Extensions	661	6%
Administrative Practices and Procedures of Utilities	615	5%
Other	411	4%
Request for Information	229	2%
Service Transfer	110	1%
	11441	101%**

* Mediation and Remediation of telephone accounts and of other utility customers who for procedural reasons are ineligible for help from the Mediation Unit.

** Error due to rounding.

These are examples of cases which fall into the major categories listed in Table 1:

Billing Disputes

Case #24880 - A phone company customer complained that he had been continually billed for unused service. The company assured the Bureau that the assertion was incorrect. However, when an investigation was carried through at the Bureau's urging, the bill was found to have been incorrectly calculated for nearly a decade. The customer received a \$3,064 refund from the company.

Case #23896 A water company refused to furnish service to a customer due to the unpaid bills of a former ratepayer at the same address. This is a violation of the Commission's Standards and Billing Practices for Residential Utility Services (Chapter 56) and was corrected by the company after the Bureau intervened on behalf of the customer.

Terminations

Case #16448 A woman was threatened with termination of her phone service due to unpaid bills. The Bureau put her in touch with a phone company representative who was able to negotiate a postponement of termination until money became available to pay the bill.

Character of Service

Case #25158 A gas company customer complained that his sidewalk, which had been torn up as part of a line repair four months before, had not been repaired. After the Bureau contacted the company, the work was done.

Rates, Tariffs, and Safety

Case #24232 A customer complained that his water company had raised its rates excessively. Investigation revealed that the rate increase was instituted without benefit of a Commission rate proceeding. The Bureau of Consumer Services referred the matter to the Bureaus of Rates and Law for subsequent action.

Case #02849 A water company's tariff was found to be in conflict with the provisions of Chapter 56 in that it permitted a \$5.00 collection fee for overdue accounts. Contacted by the Bureau, the company ceased the practice and agreed to file a corrected tariff supplement.

Service Extensions

Case # 24519 A telephone company refused to prewire a customer's new house because it lay in another company's jurisdiction according to a boundary agreement not yet approved by the Commission. The company refused to perform the service despite Bureau intervention. The Bureau assisted him in filing a formal complaint and the company was ordered to perform the service.

Administrative Practices and Procedures

Case #24519 As the result of a customer complaint it was found that a gas company was requiring security deposits of all new customers (Chapter 56 violation). The Bureau intervened and the company began to make credit investigations to determine which of its customers need make a deposit.

III. GEOGRAPHIC DISTRIBUTION OF BUREAU ACTIVITY

Informal complaint and mediation activity varied widely by county. These differences are depicted (Figures 2 and 3) during 1978 in terms of number of calls and calls per 10,000 residents, a measure designed to make county data comparable. Those counties which were conspicuously above or below the mean on calls per 10,000 are shaded as indicated by the keys.

Mediation

The largest variations in number of calls and per capita volume involved mediation requests. Mediation complaints varied from a high of 4167 in Allegheny to a low of 0 in Cameron. (See Figure 2) Per capita, mediation activity varied from a high of 27.8 cases per 10,000 residents in Allegheny County to a low 1.2 in Berks County. Activity by population seems to vary by region with high volume in western Pennsylvania and low volume in eastern Pennsylvania.

Bureau visibility should not be a major contributor to the variation of mediation volume across the state because the Bureau's toll-free telephone number is on all termination notices. Partial explanations can be made on the basis of factors such as method of heating. The overwhelming concentration of public assistance recipients in the Philadelphia area may also be a factor, since such people tend to be reluctant to contact public agencies. Also, gas service in Philadelphia is controlled by the municipally owned Philadelphia Gas Works which is not regulated by the PUC. Since most heating in Philadelphia is done with gas rather than electricity, it is natural that many termination problems are not referred to the Bureau. Finally, utility policy in dealing with overdue bills must be given further study in regard to variations in mediation cases. It is not clear that these explanations account for an imbalance of over 5 to 1 of Allegheny County cases over Philadelphia County cases.

Informal Complaints

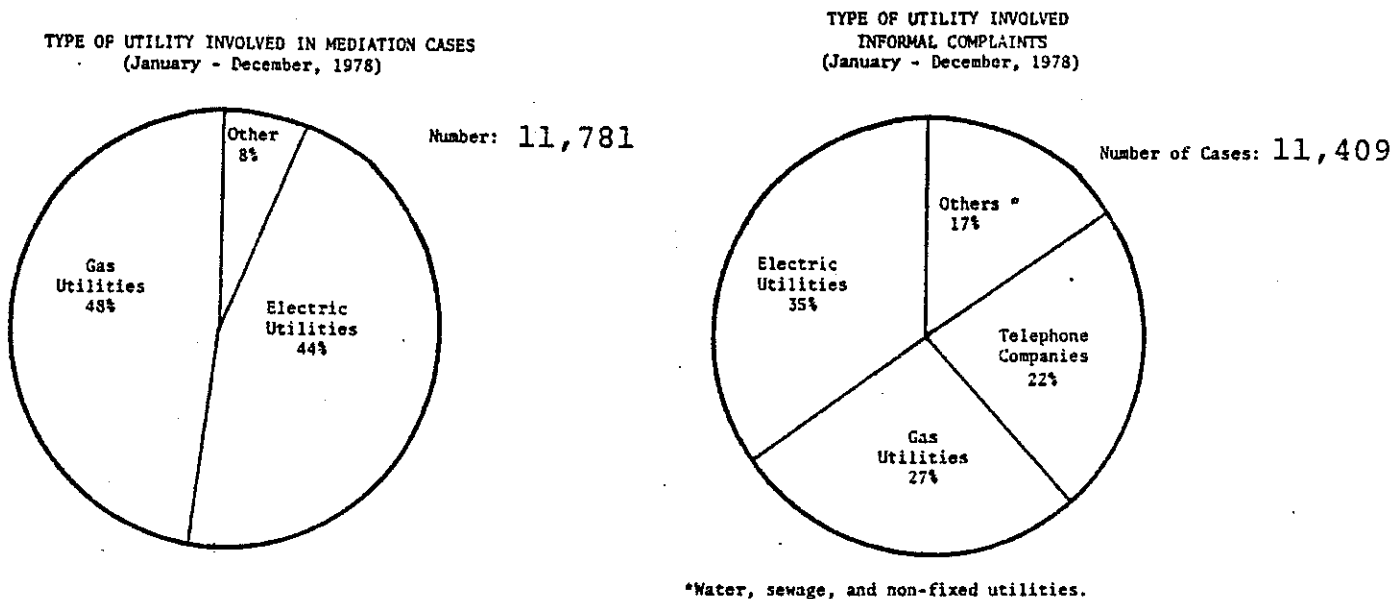
Informal complaint activity varied considerably but not to the extent of mediation. Volume varied from 2567 cases from Allegheny County to 2³ from Sullivan County. (See Figure 3) Complaints per 10,000 population for major counties varied from 21.7 for Dauphin to 4.1 for Mifflin. It seems that the variance by county is caused by a combination of factors such as Bureau of Consumer Services visibility (Pittsburgh and Harrisburg) and utility consumer service performance. This explanation will be further investigated both through the tracking of activity following public forums and through the analysis of complaints.

IV. TYPE OF UTILITIES INVOLVED

The 11,781 requests for mediation of service terminations were almost evenly divided among electric (44%) and gas (48%) companies with a few cases involving water and other kinds of utilities (8%). (See Figure 4)

There was a more even distribution of the 11,409 informal complaints across types of utilities. (See Figure 4). The electric companies were the object of 35% of all informal complaints while gas accounted for 27%, telephone 22%, and water 7%.

Figure 4



V. ACTIVITY RELATED TO MAJOR UTILITIES

Analysis of the volume of calls from each utility demonstrates that there are much higher levels of mediation requests and informal complaints for gas than for electric or telephone utilities. (See Tables 2 through 6) The difference in complaint rates may be due to the nature of the industries. However, this should not affect the rate of mediation requests to the extent seen here, which for most gas companies is far in excess of that for electric companies. The domination of the regulated heating market by the gas industry seems to be another explanation for the higher volume of calls related to gas vs. electric service. Finally, the gas association seems to be less effective and coordinated in the area of customer relations than the electric association. This could explain some of the disparity between the two industries depicted in Tables 2, 3, 5, and 6.

The measure "calls/1000 residential customers" permits comparisons to be made between utilities. Differences should exist according to customer populations, geographic locations, and rate bases. However, large differences, for example, rates of calls two or three times higher or lower than the mean, will be a clear indication of situations which require investigation. The discussion below provides an overview of Bureau activity along with some basic findings. Further analysis will be completed in future reports with a view toward explaining variations in complaint rates. This will lead to the comparative evaluation of utility performance.

Informal Complaints

The Commission established a dispute settlement process for informal complaints in which the companies are mandated to play the primary role through good faith negotiations with their customers. From that perspective, high per capita rates of calls to the Bureau should also be a source of concern because they are an indication that the company involved is not in step with Commission policy.

Gas Utilities

Gas utilities exhibit a much wider distribution of complaint rates than do electric companies. (See Table 2) Equitable was far ahead of all other major gas companies in its rate of complaints with 4.3 cases per thousand customers vs. 2.4 per thousand for the second highest company, Pennsylvania Gas and Water. Equitable's complaint rate is over twice the average and is four times that of National Fuel Gas, the company with the lowest complaint rate. Pennsylvania Gas and Water is also above the average and far above the lowest company in its complaint rate. These findings are consistent with the Bureau's experience with regard to the lack of responsiveness and consumer orientation of these two companies.

Table 2

NUMBER OF INFORMAL COMPLAINTS

MAJOR GAS COMPANIES

(January - December, 1978)

Company	Number	% Bureau Activity	Cases/1000* Customers
Equitable Gas Co.	1046	34%	4.3
Columbia Gas Co.	624	20%	1.9
Peoples Natural Gas Co.	453	15%	1.5
Pennsylvania Gas & Water	263	9%	2.4
National Fuel Gas Co.	216	7%	1.1
U.G.I. Corp.	263	9%	1.4
Others	192	6%	-
Total	3057	100%	2.1

*Based on combined monthly averages of heating and non-heating customers.

Electric Utilities

There are only modest differences between the informal complaint rates related to various electric companies. (See Table 3)

The informal complaint rate for electric utilities varied from .8 cases per thousand customers for Metropolitan Edison and Philadelphia Electric to 1.3 cases per thousand customers for West Penn Power, a difference of about 60%. Past experience indicates some problems with responsiveness by West Penn. However, the differences uncovered at this level of analysis do not support any firm conclusions.

Table 3

NUMBER OF INFORMAL COMPLAINTS
MAJOR ELECTRIC UTILITIES
(January - December, 1978)

Company	Number	% Bureau Activity	Cases/1000* Customers
Philadelphia Electric Co.	1024	26%	.8
Pennsylvania Power & Light	367	22%	.9
Duquesne Light Co.	504	13%	1.0
West Penn Power Co.	674	17%	1.3
Pennsylvania Electric Co.	413	10%	.9
Metropolitan Edison Co.	270	7%	.8
Pennsylvania Power Co.	90	2%	- **
Others	105	3%	-
Totals	3947	100%	1.0

*Based on combined monthly averages of heating and non-heating customers.

**The company did not report customer statistics for 1978.

Telephone Utilities

The Bell Telephone Company serves 80% of all phone customers in Pennsylvania, yet it shares a much smaller proportion of the complaints made to the Bureau in 1978. (See Table 4) On a comparative basis Bell had about one third the complaint rate of Commonwealth Telephone (.5 per 1000 customers vs. 1.3 per 1000 customers) and a lower rate than all other major phone companies. It may be appropriate to analyze Bell's service and complaint handling practices to determine whether a suitable model for problem solving for all phone companies is being applied.

Table 4

INFORMAL COMPLAINTS INVOLVING MAJOR TELEPHONE COMPANIES
(January - December, 1978)

Company	Number	% Bureau Activity	Cases/1000* Customers
Bell Telephone Co.	1519	60%	.5
General Telephone Co.	233	9%	.8
United Telephone Co.	123	5%	.7
Commonwealth Telephone Co.	140	6%	1.3
Mid. Penn Telephone Co.	93	4%	1.0
Others	410	17%	
	Number= 2518	101% +	.9

*Based on number of residential customers on December 31, 1978.

+Error due to rounding.

Conclusions

Telephone and Electric utilities as a group share the same per capita complaint rate (.9 per 1000 customers) while gas companies have a rate more than twice as high (2.1 per 1000 customers). Explanations for this vary from differences in industry characteristics, to the character of past regulatory history, to dissimilarities in customer populations, and to the industries' proportionate shares of the home heating market. Future reports will focus on identifying explanations.

Mediation Requests

The Commission created procedures to guide the mediation of service terminations. As with complaints, one of the foundations of the process was intended to be good faith negotiation between company and customer. Thus, relatively high numbers of mediation requests are an indication of a lack of effort by the company in negotiating payment schedules with customers.

Gas Utilities

There were extreme variations in the relative volume of mediation requests from the major gas companies. (See Table 5) Equitable Gas was the source of nine times as many mediation requests as was UGI (10.6 vs. 1.2 cases per 1000 customers). No major gas company came close to having half of Equitable's rate. This is an indication of extremely serious difficulties in making relative payment agreements with customers since only those people who cannot first agree with their company are dealt with by the Bureau. By the same token, the performance of U.G.I. and National Fuel Gas deserve further investigation since so few of their customers find it necessary to contact the Bureau to request mediation. Their operations in this regard may be able to serve as a model for other gas companies.

Table 5

NUMBER OF MEDIATION REQUESTS FOR MAJOR GAS UTILITIES
(January - December, 1978)

Company	Number	% Bureau Activity	Cases/1000* Customers
Equitable Gas Co.	2575	46%	10.6
Columbia Gas Co.	872	15%	2.7
Peoples Natural Gas Co.	1123	20%	3.6
Pennsylvania Gas & Water	386	7%	4.0
National Fuel Gas Co.	249	4%	1.3
U.G.I. Co.	237	4%	1.2
Others	217	4%	-
Totals	5659	100%	3.9 - Average

*Combined monthly averages of residential heating and non-heating customers.

Electric Utilities

There are some differences in the volume of mediation requests between electric companies. (See Table 6) When comparisons are made in terms of number of cases per thousand customers, Philadelphia Electric and Metropolitan Edison represent the extremes. Philadelphia Electric was the source of three times as many cases as Metropolitan Edison. It is not clear whether the variation in case rates is due to the difference in customer populations or to company policies. Metropolitan Edison's performance in this area deserves special attention since it is responsible for less than half of the volume of mediation requests of other companies on a comparative basis. This company has considerably fewer per capita terminations than any other major electric company. Future investigation will report how and why Metropolitan Edison is able to achieve these startling results.

Table 6

NUMBER OF MEDIATION REQUESTS FROM MAJOR ELECTRIC UTILITIES
(January - December, 1978)

Company	Number	% Bureau Activity	Cases/1000* Customers
Philadelphia Electric Co.	1921	37%	1.4
Pennsylvania Power & Light	991	19%	1.1
Duquesne Light Co.	669	13%	1.3
West Penn Power Co.	647	13%	1.2
Pennsylvania Electric Co.	568	11%	1.2
Metropolitan Edison Co.	175	3%	.5
Pennsylvania Power Co.	113	2%	+
Others	50	1%	-
Total	5134	99%**	1.1 - Average

* Combined monthly averages of residential heating and non-heating customers

**Error due to rounding

†The company did not report statistics for 1978.

Conclusions

The radical differences among gas companies are not reflected for electric utilities. Even so there are differences for both industries which suggest that some companies have developed significantly more effective policies related to termination than have other companies.

Overview

It is the goal of the Bureau of Consumer Services to undertake to mediate service terminations and resolve complaints which cannot be dealt with successfully through direct negotiations of company with customer. There will be instances where Bureau intervention is necessary; but costs accrue where that intervention occurs due to a lack of sincere effort by the company. Companies and customers who undertake to negotiate fairly and openly will benefit all parties. Cases which are referred to the Bureau cost the ratepayers and the taxpayers money. As is shown by the analysis above, some companies do not seem to be making sincere efforts to negotiate with their customers. In-depth analyses in future reports will point to specific causes for the variations in complaint and mediation rates. In addition, possible solutions to some company's problems will be proposed.

Questions and responses should be directed to Mitchell Miller, Room G-11 North Office Building, Harrisburg, Pa., 17120. (tel. 717-783-3232).

APPENDIX

* In order to make it possible to provide the indicated reports, the Bureau began to record its cases on computer codeable forms in January of 1978. Beginning in August, 1978, a coding and data processing system was designed and developed. The system began to operate in January 1979, and this is the first major report based on the completed data for calendar year 1978. This report presents an overview of the Bureau's activity to serve as an introduction to more detailed reports which will follow in the coming weeks.

* The material in this report is presented in terms of mediation requests and informal complaints. Mediation is the process whereby the Bureau intervenes with utilities to work out payment arrangements for electric, gas, or water customers whose overdue bills have resulted in a threat of service disconnection. This process is very clearly defined by Commission regulations and is substantially different from the methods by which all other consumer's contacts are handled. For this reason it is distinguished from other contacts in all analyses and discussions. Informal complaints include all other contacts to the Bureau which involve substantive matters, for example, billing problems, service complaints, etc. (Another group of calls is handled by the Bureau but is not reported here. Those are opinion, suggestions, etc. which do not require Bureau action. They are recorded and will be dealt with in the forthcoming management report; however, they do not reflect on either utility performance or Bureau experience, so they are not dealt with here.)