

**BUREAU OF CONSUMER SERVICES**

**ACTIVITY REPORT: 1980**

**MAY 1981**

**Pa. Public Utility Commission  
Bureau of Consumer Services  
Joseph W. Farrell, Director**

# THE CONSUMER SERVICES ACTIVITY REPORT FOR 1980

## INTRODUCTION

The Bureau of Consumer Services (BCS) was mandated by Act 216 of 1976 to provide responsive, efficient and accountable management of consumer complaints. The Bureau began investigating utility customer complaints in April, 1977. Its experiences showed that unsolicited complaints can provide error signals because they provide unbiased information about utilities' effectiveness at meeting consumer needs and complying with Commission standards. The Bureau maintains a computer-based consumer information system which permits complaints to be aggregated and analyzed. Information from this system is used to identify patterns and trends in utility consumer problems. This report highlights BCS activity for the year 1980 and is the third annual overview of basic problem indicators. Future reports will focus on specific functional areas and industries and will also provide detailed comparative evaluation of companies' performance. (See Appendix A for a discussion of the Bureau's structure and information system)

### I. OVERALL ACTIVITY

The Bureau received 22,466 contacts which required investigation from utility customers in 1980. The Bureau's cases fall into three basic categories: consumer complaints, mediation requests, and inquiries. The 8,286 consumer complaints involved complaints about utilities' actions related to billing, service delivery, repairs, etc. Mediation requests, of which there were 14,180, came from customers who needed help in negotiating payment arrangements with their utilities in order to avoid termination of service. The Bureau also received approximately 15,229 inquiries and information requests which did not require investigation.

#### Mediation Requests

Mediation requests decreased by about 5% from 14,976 in 1979 to 14,180 in 1980. This contrasts sharply with the 27% increase from 1978 to 1979. The typical seasonal pattern with the bulk of mediations in the spring prevailed in 1980 as in past years. This pattern can be attributed to the surge in termination activity which follows the restraints on service termination during the winter heating season (December through March). A small increase in mediations each fall appears to result from companies seeking to resolve seriously overdue accounts in anticipation of winter termination restrictions. This pattern should continue to assert itself as long as winter termination restraints continue. Its consequence is that roughly 45% of the annual volume of mediation cases are received between April and July and about 55% during the remaining 8 months. This information is used in planning, training and the allocation of staff resources.

## Consumer Complaints

There was a 19% decrease in complaints from 1979 to 1980. This was the second consecutive annual decline in the number of consumer complaints to the Bureau. Although the number of complaints was lowest in November and December, as has been the case in other years, there are no other identifiable seasonal patterns. Commission regulations require that customers must seek to resolve problems directly with their utility prior to registering a complaint with the Bureau. In this light a reduction in the number of complaints seems to indicate that utilities' complaint-handling operations have improved in response to BCS enforcement activities, improved communication between companies and the Bureau, and the development of complaint handling skills in companies' customer services operations.

## Inquiries and Opinions

There were 15,229 cases which required no follow-up beyond the initial contact during 1980. These cases tended to involve termination problems which were referred for service termination mediation, requests for information which were handled at the time of contact, protests or questions related to rates and rate setting, and referrals to appropriate agencies outside the PUC. (See Appendix B, Table 1) As Appendix B, Table 2 shows, utilities in and around Pittsburgh accounted for over a quarter of all inquiries and opinions in 1980.

## II. NATURE OF BCS CASES

The consumer complaints received by BCS involved billing problems (37%), service delivery complaints (26%), and service terminations (5%). (See Table 1) Billing problems include confusing estimation methods, disputed usage, poorly estimated bills, etc. Service termination cases not under the jurisdiction of the Mediation Unit include telephone terminations and service restoration cases. Service delivery complaints relate to utility unresponsiveness, poor quality of service, delays in repairs, etc. The remaining 33% of complaints are distributed among repairs, credit and deposits, and rates and tariffs complaints.

TABLE 1  
NATURE OF CALL - OPENING PROBLEMS  
CONSUMER COMPLAINTS

Category	N	Percent of Total
Billing and Payment	3,073	37%
Service (Goods)	2,149	26%
Service Termination*	452	5%
People and Delivered Service	367	4%
Credit and Deposits	426	5%
Rates and Tariffs	400	5%
Other	1,419	17%
<hr/>		
Total	8,286	99%**

\*Mediation is not done for telephone accounts, thus, telephone terminations are handled as consumer complaints.

\*\*Total does not equal 100% due to rounding error.

### III. GEOGRAPHIC DISTRIBUTION OF BUREAU ACTIVITY

Geographic variations in mediation requests and informal complaints are depicted in Figures 1 and 2. The calculation of cases per 10,000 residents - basically, a condensed per capita rate - permits comparison between large and small counties. The accompanying maps indicate which counties have average, well above average, or well below average case rates. (Appendix C provides detailed comparisons between the 1978, 1979 and 1980 geographic data.)

#### Mediation

The average state-wide mediation rate dropped from 9.3 per 10,000 residents in 1979 to 8.6 in 1980. This decline was caused by an increase in population coupled with a decrease in mediation requests across the state. The number of mediation requests in 1980 ranged from 2 each in Forest, Cameron, and Sullivan Counties to 4,836 in Allegheny County. (See Figure 1) Erie County had the highest rate of mediation requests, 40.1 per 10,000 residents. Other counties with high mediation rates were Allegheny (33.4), Lawrence (18.2), Blair (18.0), and Mercer (17.0). Taken together Allegheny and Erie Counties had 42% of the mediation requests in the state although they have less than 15% of the state's population. These counties do not stand out in terms of either poverty, population or unemployment, so a simple explanation for the unusual level of mediation activity is not obvious. Most of the increased mediation rates were in counties served by Penelec while the decreased rates were concentrated in P.P.&L. and West Penn's territories. Any link between geographically based changes in mediation rates and companies is tentative at best. The extent of regulated utility service, degree of urbanization, and relative economic well-being may be factors which affect mediation requests. However, some companies' problematic termination practices have also led to increased mediation requests.

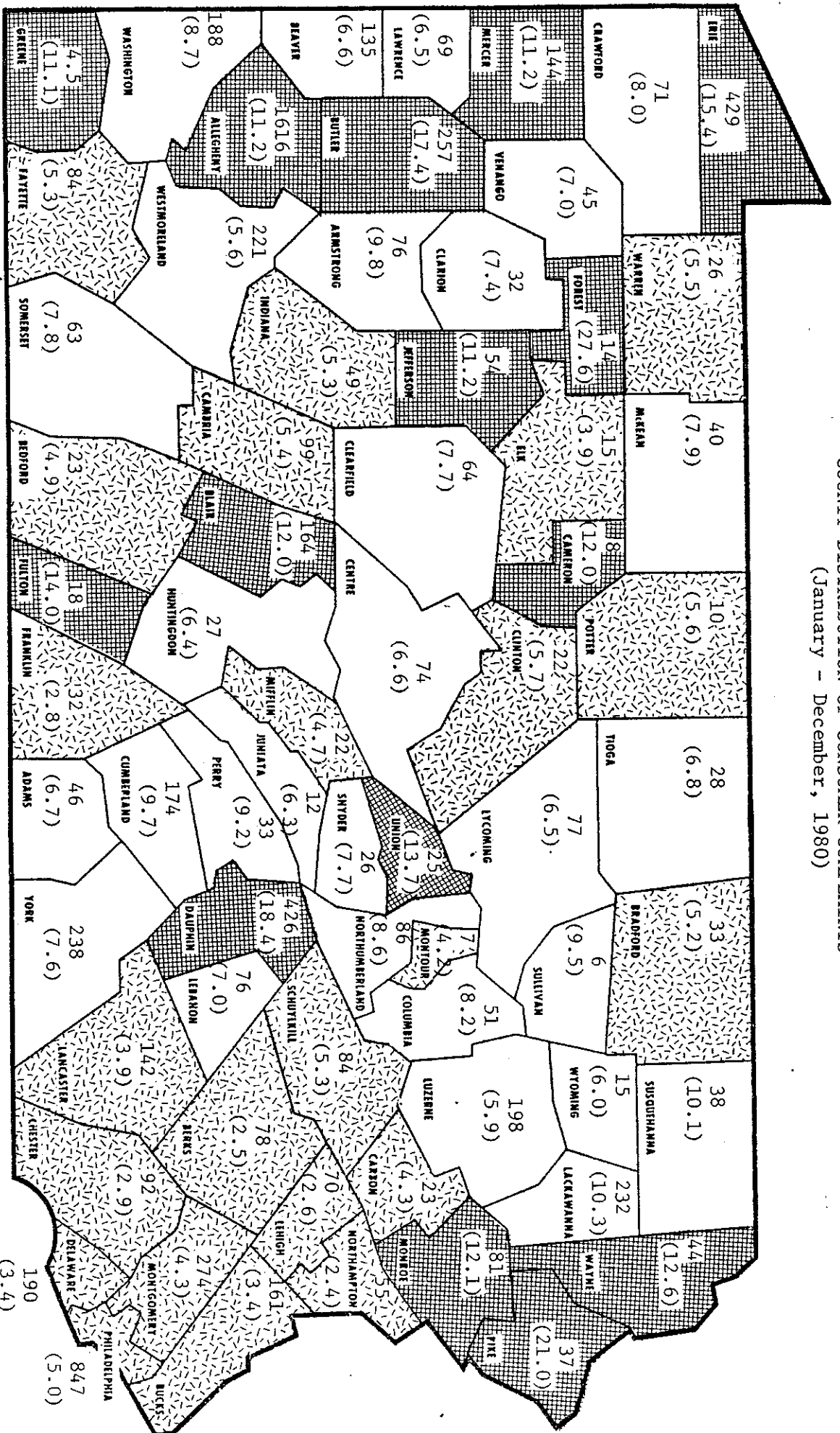
#### Informal Complaints

Informal complaints varied from a low of 10 in Potter County to a high of 1,616 in Allegheny County. (See Figure 2) The average complaint rate was 8.1 cases per 10,000 residents. Complaint rates were highest in Forest County (27.6) and, as in 1979, in Dauphin and Pike Counties (respectively, 18.4 and 21.0 cases per 10,000 residents). It may be significant that there were above-average complaint rates for three of the four counties where the Bureau's regional offices are located. In other words, the Bureau's visibility in Allegheny, Erie and Dauphin Counties may be a factor in high complaint rates. In part, the low complaint rate in Philadelphia may be due to the absence of Commission-regulated gas and water service. Thus, more detailed analysis, in a forth-coming report, will be necessary to explain geographical variations in complaint rates.



Number  
(Cases/10,000)

Figure 2  
COUNTY DISTRIBUTION OF CONSUMER COMPLAINTS  
(January - December, 1980)



Key: -Above Average

-Average (mean = 8.1 cases/10,000)

-Below Average

(Average  $\pm$  1/2 S.D. about the mean)

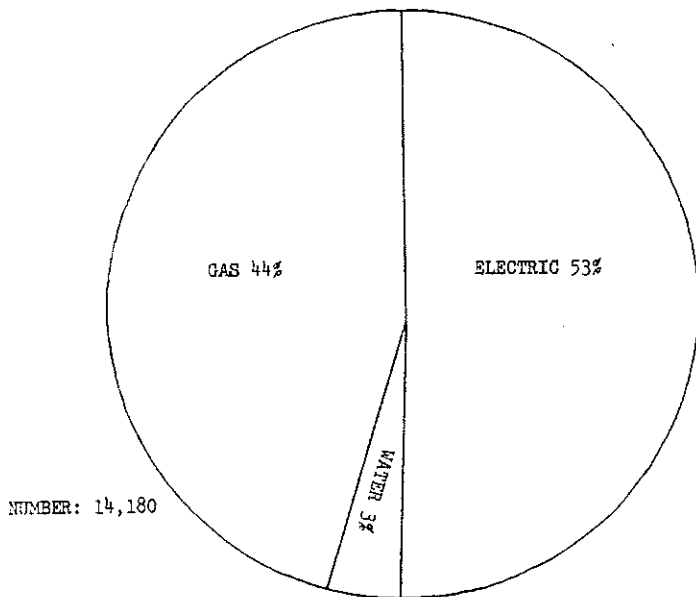
$\mu \pm 2.27$

#### IV. TYPE OF UTILITIES INVOLVED

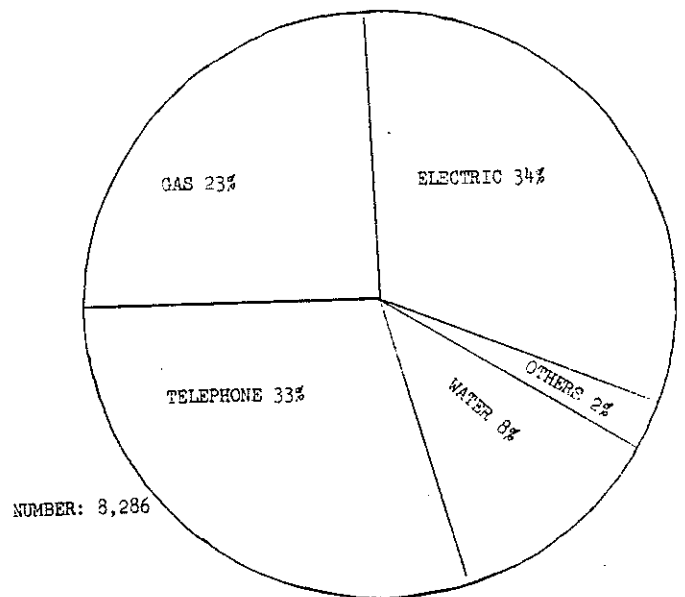
As in past years, almost all mediation cases involved electric (53%) or gas companies (44%). (See Figure 3) Only about 3% (374 cases) of mediations stemmed from threatened termination of water service. Telephone companies are not covered by the Commission's termination regulations, so there are no telephone termination mediation cases. Electric companies were involved in 34% of the consumer complaints. Telephone and gas companies accounted for 33% and 23% of all complaints. Water companies accounted for 3% of complaints. There were only 35 complaints against steam heat, sewage and transportation companies.

FIGURE 3

TYPE OF UTILITY INVOLVED  
MEDIATION REQUESTS  
1980



TYPE OF UTILITY INVOLVED  
CONSUMER COMPLAINTS  
1980





## V. MAJOR COMPANIES

The calculation of cases per 1,000 residential customers permits comparison to be made between utilities. Some variations may be attributed to dissimilar customer populations, geographic locations, and utility rates. However, unusually high mediation and complaint rates are reliable indicators of situations which require investigation. The discussion below provides an overview of Bureau activity along with some basic findings. Further analysis will focus on explaining variations in mediation and complaint rates. This will include the comparative evaluation of utilities' performance. (See Appendix D for a detailed discussion of the use of complaint and mediation rates as problem indicators and management measures)

### Consumer Complaints

The Commission has established a dispute process in which the companies play the primary role in handling consumer complaints. The Bureau normally does not become involved in consumer complaints until negotiations between the customer and the company fail. Thus, high rates of complaints to the Bureau can indicate a company's failure to resolve consumer problems and this is a source of concern.

#### Gas Utilities

There were 28% fewer complaints against gas utilities in 1980 than in 1979. Although this change was not reflected consistently across the industry, all major companies experienced a decline in complaints. (See Table 2)

\*National Fuel Gas (NFG) experienced a decrease of 4% in complaints to the Commission. This represents a slight improvement and contrasts with last year's substantial (47%) increase in complaints.

\*Equitable Gas' complaint rate dropped by about two-thirds from 1978, when it was 4.66, to 1980 when it had 1.59 complaints per thousand customers.

\*Peoples Gas' complaint rate fluctuated from 1.57 in 1978 to 1.80 in 1979 and returned to the 1978 level by 1980.

\*Complaints regarding Pennsylvania Gas & Water's gas operations dropped by about 50% from 1979 to 1980. This change which may have been due to the centralization of complaint handlings caused the complaint rate to shift from well above-average to well below-average.

\*For the second consecutive year, Columbia Gas experienced a substantial reduction in complaints - from 421 to 296. Bureau contacts with the company and recommendations stemming from a management audit may have encouraged the company to improve its response to problems.

TABLE 2  
CONSUMER COMPLAINTS  
MAJOR GAS COMPANIES  
(January - December 1980)

Company	Number 1980	Cases per 1,000* Customers	Percent Change in Number of Complaints (1979-1980)
Peoples Natural Gas Co.	478	1.63	-9%
Equitable Gas Co.	360	1.59	-47%
National Fuel Gas Dist.	304	1.63	-4%
Columbia Gas of Pa.	296	.99	-29%
U.G.I. Corp.	183	1.01	-27%
Pa. Gas & Water (Gas)	100	.95	-50%
Others	157		
<b>Total</b>	<b>1,878</b>	<b>1.30</b>	<b>-28%</b>

\*Based on monthly average of residential customers

#### Electric Utilities

There were over 25% fewer complaints against electric companies in 1980 than in 1979. (See Table 3) As in past years, the average complaint rate for major electric companies was almost half of that for gas companies. No clear explanation for this difference is available although many suggestions have been offered.

\*No major electric company's complaint rate was significantly above last year's complaint rate.

\*Complaints against Duquesne Light decreased substantially - from 859 to 481 - as a result of the elimination of the causes of billing problems which occurred in 1979. This decrease was by far the greatest in the electric industry.

\*For the second consecutive year, West Penn Power again exhibited substantial improvement, with 34% fewer complaints to the Bureau in 1980 than in 1979. This decrease appears to be the result of the company's system-wide program for the reduction of complaints.

\*In contrast to the 1978 to 1979 changes, Metropolitan Edison and Pennsylvania Electric had moderately decreased numbers of complaints (minus 13% and minus 10% respectively) from 1979 to 1980. It may be that the customer dissatisfaction which followed the T.M.I. accident has begun to abate somewhat.

\*The companies which had lower-than-average complaint rates in 1979 - Penn Power, P.P.&L., Philadelphia Electric, and West Penn - also had below average rates in 1980.

\*As in past years, P.P.&L.'s complaint rate continued to be one of the best among major utility companies of all types.

TABLE 3  
CONSUMER COMPLAINTS  
MAJOR ELECTRIC COMPANIES  
(January - December 1980)

Company	Number 1980	Cases per 1,000* Customers	Percent Change in Number of Complaints (1979-1980)
Philadelphia Electric Co.	814	.65	-11%
Duquesne Light	481	.97	-44%
Pennsylvania Electric	464	1.04	-10%
PP&L	406	.47	-36%
West Penn	279	.57	-34%
Met-Ed	276	.88	-13%
Penn Power	70	.66	-4%
Others	47		
Total	2,837	.75	-25%

\*Based on monthly average of residential customers

## Telephone Utilities

Complaints about telephone companies decreased by 1% from 1979 to 1980 (See Table 4). This contrasts sharply with the substantial decreases in complaints against gas and electric companies. The only major utility companies to have increased complaints from 1979 to 1980 were in the telephone industry. Concerns regarding telephone industry billing, credit and deposit, collections, and complaint-handling activities were covered in the Bureau's 1980 telephone industry report. As a result, the Commission has undertaken an investigation related to these areas of concern. Among highlights of the past year:

\*There were so few complaints against North Pittsburgh Telephone in 1978 that the company was not covered in the 1978 complaint report. Billing and service quality problems caused complaints against the company to almost double in 1979. However, in 1980, the number of complaints returned to the 1978 level. As a result, this company will not be examined along with the major phone companies.

\*United, Mid Penn, and Continental each experienced considerable increases in consumer complaints to the Bureau (61%, 40% and 19% respectively). The latter two companies' complaint rates are well above the average for the major telephone companies.

\*Bell Telephone continued to have the lowest complaint rate of all telephone companies - .48 complaints per 1,000 customers versus an average of 1.04 for all major phone companies.

TABLE 4  
CONSUMER COMPLAINTS  
MAJOR TELEPHONE COMPANIES  
(January - December 1980)

Company	Number 1980	Cases per 1,000* Customers	Percent Change in Number of Complaints (1979-1980)
Bell Telephone	1,723	.48	no change
General Telephone	227	.78	-15%
United Telephone	190	.98	+61%
Mid Penn Telephone	139	1.47	+40%
Commonwealth Telephone	85	.7	-3%
Continental Telephone	62	2.0	+19%
Others	295		
<b>Total</b>	<b>2,721</b>	<b>1.07</b>	<b>- 1%</b>

\*Based on number of residential customers in February, 1980

## Mediation Requests

The Bureau's service termination procedures protect utility customers' rights and provide companies with an effective collection tool. The Bureau normally intervenes at the customer's request after direct negotiations between the customer and company have failed. The number of mediation requests for 1,000 overdue residential customers - the mediation rate - is used to permit cross-company comparisons. The mediation rates can be used as a preliminary evaluation of companies' effectiveness at making payment arrangements. Unusually high or low rates, or sizeable changes in rates can reflect company performance. Increases in numbers of overdue customers can provide a tentative explanation for differences in mediation statistics because a company's mediation rate can drop when its overdue customers increase in number.

In an average month of 1980 over 793,000 residential accounts of major gas and electric companies were in arrears. While many of these arrearages were both small in size and of recent vintage, the numbers still represent a substantial problem. These arrearages, which constitute about 15% of residential gas and electric accounts, amounted to over \$61 million in November 1980 alone. Much of this money will eventually be recovered, but delayed payments affect cash flow and have a direct impact on customers' rates. In addition, unpaid bills resulted in the termination of over 56,000 residential customers' service in 1980.

### Gas Utilities

Despite declining economic conditions, mediation requests from gas customers decreased by about 7%. As indicated in Table 5, the distribution of these requests varied widely.

\*National Fuel Gas was the only company which experienced a substantial growth in the number of mediation cases and in its mediation rate. Overly aggressive payment standards forced many customers to seek help from the Bureau in working out reasonable payment arrangements. The Bureau staff met with the company and worked out revised practices which should reduce this trend in 1981.

\*Peoples Gas' mediation rate increased by only 2% but it had almost 200 more mediations in 1980 than in 1979. The company may have experienced this increase due to labor problems during 1980.

\*UGI Gas and Pennsylvania Gas & Water's gas operations experienced sharp declines in both mediation rates and numbers of mediations. No clear explanation for these changes is apparent. Future analyses will attempt to deal with this situation. In any event, for the first time several major gas companies have mediation rates in the low ranges normally associated with the electric industry.

\*Equitable Gas experienced a strike in 1980 which may have forced it to curtail collections efforts. This appears to be one of the factors which contributed to the company's decrease in mediations from 1979 to 1980.

TABLE 5  
MEDIATION REQUESTS  
MAJOR GAS COMPANIES  
(January - December 1980)

Company	Number 1980	Cases per 1,000* Overdue Customers	% Change Cases per 1,000 Overdue Customers (1979-1980)
Equitable Gas	1,928	4.47	-36%
Peoples Gas	1,635	3.32	+2%
National Fuel Gas Dist.	1,157	3.62	+112%
Columbia Gas	771	2.10	-10%
U.G.I. Corp.	247	.68	-43%
Pa. Gas & Water	223	.84	-69%
Others	195		
<hr/>			
Total	6,156	2.51	-14%

\*Based on total number of overdue residential customers from monthly service termination reports

#### Electric Utilities

The average mediation rate for major electric companies was less than half of the gas industry's (.99 versus 2.51). None of the explanations for this difference which are normally offered - extent of heating penetration, poverty among customer populations, etc. - have been found to be completely satisfactory. Several ongoing Bureau research projects will examine this. The number of overdue customers for the listed companies increased by almost 7.5% from 1979 to 1980. Among the preliminary findings:

\*Penn Power's mediation requests increased by 40% from 1979 to 1980. (See Table 6) However, the company's mediation rate (.69 per 1,000 overdue customers) is still one of the electric industry's lowest.

\*Metropolitan Edison also experienced a considerable increase in the number of its mediations (from 234 in 1979 to 294 in 1980). An increase in about 5,000 overdue customers per month apparently accounts for this. This increase kept the mediation rate from changing substantially. Further analysis will attempt to determine whether anything can be done about this trend.

\*West Penn Power experienced a substantially reduced (40%) mediation rate. This decrease was partly due to a substantial increase in overdue customers.

\*The change in Philadelphia Electric's mediation rate should continue to improve in response to improved screening of customer requests for payment arrangements.

\*Pennsylvania Electric and Duquesne Light's mediation rates increased somewhat from 1979 to 1980.

TABLE 6  
MEDIATION REQUESTS  
MAJOR ELECTRIC COMPANIES  
(January - December 1980)

Company	Number 1980	Cases per 1,000* Overdue Customers	% Change Cases per 1,000 Overdue Customers (1979-1980)
Philadelphia Electric	2,541	.93	-15%
PP&L	1,795	1.91	-5%
Duquesne Light	1,488	1.42	+8%
Pennsylvania Electric	642	.79	+14%
West Penn	610	.62	-40%
Met-Ed	294	.55	+20%
Penn Power	179	.69	+40%
Others	28		
<hr/>			
Total	7,577	.99	-2%

\*Based on total number of overdue customers from monthly service termination reports

## Conclusion

This report has provided an overview and a preliminary analysis of BCS activity during 1980. The complaint and mediation rates are quantitative problem indicators related to utility company performance in various customer relations areas. Future reports will combine these measures with other qualitative statistics in order to provide a more complete and detailed evaluation of each company's performance. The tentative explanations and analyses presented above will be refined in order to provide the companies and the bureau with information which can be used to improve mediation activities and complaint handling. Reports which are planned or being prepared, include evaluative reviews of informal complaints and termination mediation cases for 1980.

---

Questions and comments should be directed to Joseph W. Farrell or Mitchell Miller, Bureau of Consumer Services, Room G-11, North Office Building, Harrisburg, PA 17120. (Telephone 717-783-5391)



## Appendix A

The Bureau of Consumer Services has 4 regional offices (Harrisburg, Pittsburgh, Philadelphia, and Erie\*) which are responsible for investigating utility consumer complaints and recording protests regarding actions pending before the Commission. The Bureau's Service Termination Mediation Unit, located in Harrisburg, arbitrates payment agreements for customers who are threatened with termination of service. The Bureau also contains a research and information unit which is responsible for evaluation of both utilities' customer service performance and their compliance with regulations. The Bureau's Consumer Services Information System (CSIS) is based on extensive coded data for each case investigated by the Bureau. The data base currently contains data on over 75,000 investigated cases and over 65,000 inquiries and opinions from 1978 to the present. The CSIS is used to produce regular utility evaluation and management information reports. The system also provides special reports related to rate cases, legislative requests, compliance violations, and generic analyses. Finally, the Bureau maintains a contractual relationship with Pennsylvania State University for the purposes of data processing, policy analysis, and research consultation.

---

\*The Erie Office was closed in April, 1981.

## APPENDIX B

TABLE 1  
 Inquiries and Opinions  
 Related to Major Companies  
 1980

Company Name	Number of Contacts	Percent of Industry*	Industry+ Total	Percent of Total*
<b>Electric</b>				
Philadelphia Electric	1,671	26%		
Duquesne Light	1,583	25%		
Metropolitan Edison	1,437	23%		
PP&L	609	10%		
West Penn Power	559	9%		
Penelec	347	6%		
Penn Power	138	2%		
Others	20	-		
			6,364	49%
<b>Gas</b>				
Equitable	1,398	34%		
Peoples	1,016	25%		
Columbia	735	18%		
N.F.G.	428	11%		
U.G.I.	163	4%		
PG&W	81	2%		
Others	263	6%		
			4,084	32%
<b>Telephone</b>				
Bell	908	77%		
Others	271	23%		
			1,179	9%
<b>Water</b>				
			1,162	9%
<b>Sewage</b>				
			62	1%
<b>Transportation</b>				
			24	-
<b>Total</b>			12,875+	

\*Some percentages do not sum to 100% due to rounding errors.

+An additional 1,849 inquiries and opinions focused on the Public Utility Commission's rules, regulations, and practices and on utility problems not covered by PUC regulations.

Also, 505 contacts directed at regulated industries, but without reference to specific companies, are not included in this table.

TABLE 2  
Major Problems Related to  
Inquiries and Opinions  
1980

Category	Number of Contacts	%
Referral for Mediation Services	4,666	31%
Specific Information Request	4,273	28%
Protest-Specific Rate Filing	2,485	16%
Refer to Company-No Investigation	1,735	11%
No Jurisdiction-Refer to Other Agency	1,149	8%
Protest-Specific Company's Rates	358	2%
Others	563	4%
Total	15,229	

## APPENDIX C

COUNTY DISTRIBUTION OF MEDIATION REQUESTS  
(1978 - 1980)

County	Mediation* Rate 1978	Mediation* Rate 1979	Mediation* Rate 1980	Percent Change In Mediation Rate 1978-80
Adams	4.6	4.6	3.5	-24
Allegheny	27.8	32.5	33.4	+2.8
Armstrong	10.9	11.3	12.0	+6.2
Beaver	9.9	12.9	16.2	+25.6
Bedford	3.9	6.2	2.6	-58.1
Berks	1.2	1.4	1.9	+35.7
Blair	16.3	25.4	18.0	-29.1
Bradford	4.6	4.6	6.4	+39.1
Bucks	7.1	11.7	8.8	-24.8
Butler	8.2	6.5	5.3	-18.5
Cambria	5.5	7.1	4.7	-33.8
Cameron	-	11.7	3.0	-74.4
Carbon	4.8	12.8	10.0	-21.9
Centre	5.9	6.0	4.3	-28.3
Chester	3.7	4.8	5.9	+22.9
Clarion	2.2	1.4	2.6	+85.7
Clearfield	3.8	4.4	6.0	+36.4
Clinton	8.6	15.7	13.6	-13.4
Columbia	11.0	20.7	13.3	-35.7
Crawford	7.8	3.9	4.8	+23.1
Cumberland	4.4	4.8	5.5	+14.6
Dauphin	10.4	16.1	16.0	-.6
Delaware	8.9	15.4	15.9	+3.2
Elk	3.8	6.4	3.4	-46.9
Erie	10.7	17.9	40.1	+124
Fayette	18.8	15.4	11.1	-27.9
Forest	5.7	1.8	3.9	+116.7
Franklin	1.8	1.1	.7	-36.4
Fulton	4.2	6.7	2.3	-65.7
Greene	9.9	8.6	9.7	+12.8
Huntingdon	3.3	7.5	13.0	+73.3
Indiana	7.7	7.4	7.9	+6.8
Jefferson	4.3	4.3	6.6	+53.5
Juniata	6.1	8.2	6.3	-23.2
Lackawanna	7.7	14.4	12.2	-15.3
Lancaster	2.8	2.4	2.7	+12.5
Lawrence	14.3	15.4	18.2	+18.2
Lebanon	1.9	3.1	4.3	+38.7
Lehigh	5.1	14.7	8.6	-41.5
Luzerne	11.0	21.1	13.3	-37
Lycoming	10.2	14.9	12.9	-13.4
McKean	12.6	6.5	7.5	+15.4
Mercer	6.1	11.7	17.0	+45.3
Mifflin	3.9	6.7	6.2	-7.5
Monroe	7.0	16.9	9.9	-41.4
Montgomery	3.7	5.6	4.8	-14.3
Montour	10.4	12.1	6.6	-45.5
Northampton	4.6	7.7	5.0	-35.1
Northumberland	11.2	1.3	13.1	+907.7
Perry	6.8	7.0	6.4	-8.6

\*Based on cases per 10,000 residents

<u>County</u>	<u>Mediation* Rate</u>	<u>Mediation* Rate</u>	<u>Mediation* Rate</u>	<u>Percent Change In Mediation Rate</u>
Philadelphia	5.0	6.0	5.5	-8.3
Pike	15.2	19.3	7.4	-61.7
Potter	7.8	4.8	6.2	+29.2
Schuylkill	2.1	7.2	9.6	+33.3
Snyder	5.7	10.7	6.3	-41.1
Somerset	3.7	3.4	3.1	-8.8
Sullivan	1.7	1.6	9.5	+493.7
Susquehanna	6.1	4.2	1.9	-54.8
Tioga	2.1	3.5	3.7	+5.7
Union	6.1	4.5	2.7	-40
Venango	2.3	3.7	4.8	+29.7
Warren	6.8	5.7	6.5	+14
Washington	12.8	13.8	9.5	-31.2
Wayne	7.4	18.9	16.4	-13.2
Westmoreland	11.3	15.6	10.8	-30.8
Wyoming	8.1	9.7	6.0	-38.1
York	2.8	4.6	4.8	+4.3
Average	7.2	9.3	8.6	-7.5

\*Based on cases per 10,000 residents

COUNTY DISTRIBUTION OF CONSUMER COMPLAINTS  
(1978 - 1980)

County	Mediation* Rate 1978	Mediation* Rate 1979	Mediation* Rate 1980	Percent Change In Mediation Rate 1978-80
Adams	7.7	8.4	6.7	-20.2
Allegheny	17.1	16.9	11.2	-33.7
Armstrong	8.9	10.7	9.8	-8.4
Beaver	7.0	8.3	6.6	-20.5
Bedford	5.8	5.7	4.9	-14
Berks	4.5	4.3	2.5	-41.9
Blair	9.2	14.6	12.0	-17.8
Bradford	5.8	4.8	5.2	+8.3
Bucks	4.8	3.5	3.4	-2.9
Butler	8.6	10.4	17.4	+67.3
Cambria	6.9	5.2	5.4	+3.8
Cameron	16.2	8.8	12.0	+36.4
Carbon	4.6	4.9	4.3	-12.2
Center	12.1	7.5	6.6	-12
Chester	4.4	4.0	2.9	-27.5
Clarion	10.2	10.8	7.4	-31.5
Clearfield	6.6	6.8	7.7	+13.2
Clinton	10.2	7.7	5.7	-26
Columbia	8.6	7.6	8.2	+7.5
Crawford	6.2	7.9	8.0	+1.3
Cumberland	13.0	10.7	9.7	-9.3
Dauphin	21.7	26.9	18.4	-31.6
Delaware	5.2	4.7	3.4	-27.7
Elk	5.7	3.5	3.9	+11.4
Erie	11.1	19.3	15.4	-20.2
Fayette	10.1	8.0	5.3	-33.8
Forest	15.1	7.5	27.6	+268
Franklin	4.6	3.1	2.8	-9.7
Fulton	9.2	8.4	14.0	+66.7
Greene	14.4	8.8	11.1	+26.1
Huntingdon	7.8	10.5	6.4	-39
Indiana	7.4	5.3	5.3	no change
Jefferson	7.3	6.6	11.2	+69.7
Juniata	8.3	1.6	6.3	+294
Lackawanna	12.6	11.9	10.3	-13.4
Lancaster	6.6	5.3	3.9	-26.4
Lawrence	9.1	7.6	6.5	-14.5
Lebanon	6.6	5.5	7.0	+27.3
Lehigh	6.2	3.9	2.6	-33.3
Luzerne	8.5	7.5	5.9	-21.3
Lycoming	12.7	8.6	6.5	-24.4
McKean	11.6	8.4	7.9	-6
Mercer	6.6	7.6	11.2	+47.4
Mifflin	4.1	8.5	4.7	-44.7
Monroe	19.1	17.5	12.1	-30.9
Montgomery	4.8	4.7	4.3	-8.5
Montour	6.5	5.2	4.2	-19.2
Northampton	4.9	3.3	2.4	-27.3
Northumberland	10.4	8.9	8.6	-3.4
Perry	13.6	12.3	9.2	-25.2

\*Based on cases per 10,000 residents



<u>County</u>	<u>Mediation* Rate 1978</u>	<u>Mediation* Rate 1979</u>	<u>Mediation* Rate 1980</u>	<u>Percent Change In Mediation Rate 1978-80</u>
Philadelphia	5.9	5.2	5.0	-3.8
Pike	25.5	26.8	21.0	-21.6
Potter	12.7	15.0	5.6	-62.7
Schuylkill	4.7	4.3	5.3	+23.3
Snyder	11.4	9.4	7.7	-18.1
Somerset	8.0	7.5	7.8	+4
Sullivan	3.4	6.7	9.5	+41.8
Susquehanna	5.5	7.1	10.0	+42.3
Tioga	6.5	5.8	6.8	+17.2
Union	12.6	9.6	13.7	+42.7
Venango	5.1	9.1	7.0	-23.
Warren	5.7	5.7	5.5	-3.5
Washington	13.5	12.9	8.7	-32.6
Wayne	13.0	13.8	12.6	-8.7
Westmoreland	8.6	6.5	5.6	-13.8
Wyoming	8.9	11.8	6.0	-49.2
York	7.8	7.9	7.6	-3.8
Average	9.2	8.6	8.1	-5.8

\*Based on cases per 10,000 residents

## Appendix D

The mediation and complaints "rates" presented in this report are problem indicators which were developed to permit comparison between companies. In the absence of any empirical evidence to the contrary - we do not regard anecdotes as empirical evidence - the bureau began with the assumption that the frequency of problems should not vary substantially from company to company. The companies discussed here differ greatly in size, e.g., in 1980 Penn Power had about 110,000 residential customers while Philadelphia Electric had about 1.25 million electric customers. Thus, comparisons of raw numbers of complaints or mediation requests are meaningless. Also, the Chapter 56 requirement that customers' complaints may only come to the Commission when negotiations between the customer and the company fail was expected to restrict complaints to the most intractable cases. Thus, the problem measure used in relationship to customer problems had to permit comparison and had to be something which could be easily applied and understood. Complaints per thousand residential customers and mediation requests per thousand overdue residential customers were selected to fill this need. The formulas used are:

1. Mediation rate (Rate  $m$ ):

$$\text{Rate}_m = N_m / (\text{No} / 1000), \text{ where}$$

$N_m$  - is the number of mediation requests received and accepted for processing by the bureau's Mediation Unit

No - is the number of overdue residential accounts.

2. Complaint rate (Rate  $c$ ):

$$\text{Rate}_c = N_c / (N_a / 1000), \text{ where}$$

$N_c$  - is the number of residential complaints accepted for processing by the bureau's regional offices

$N_a$  - is the number of residential accounts.

The mediation rate is based on the number of overdue customers because this is not affected very much by company policies. Also, experience has shown that the number of overdue customers as a percent of all customers changes very little over time. The denominator is divided by 1,000 so that the rate is sufficiently sensitive to clearly show the effects of numerically small changes and differences in mediation activity. The same basic procedure is followed in producing complaint rates although the denominator is the number of customers divided by 1,000.

The mediation and complaint rate measures are called "problem indicators" because they signal possible problems. Mediation cases exist because the company and the customer cannot agree on payment terms. Inability to agree on payment may be due to poor screening by companies, serious economic problems, changes in customer attitudes, etc. The requirements for due process embodied in Chapter 56 make the investigation of mediation cases time consuming and, sometimes, costly for all parties. Some of the causes of mediations are amenable to company actions and, where this is true, action should be taken to reduce the unnecessary occurrence of mediations. The mediation rate indicates where systemic changes may be occurring and companies should respond accordingly. The same logic applies to complaints, viz., that they are expensive and time consuming and should be resolved by companies wherever possible.

Two arguments have been posed by some companies against using the bureau's problem indicators. First, it is asserted that the complaint rate cannot be used since it is based on cases counted at the time they are opened. Since some mediation requests and complaint are eventually found to be unjustified or outside P.U.C. jurisdiction, it is argued that the rates misrepresent the occurrence of legitimate problems and should, therefore, be ignored. Although it is true that some cases are not valid indicators of companies' performance, the magnitude of this impact can be measured. This can be done by calculating a revised mediation or complaint rate based on cases which still satisfy the bureau's criteria for validity at the time they are completed. This has been done for 1979 and 1980. In each case the rate at opening was found to be statistically identical to the rate based on valid closed cases (See Table 4-A).

Table 4-A<sup>(1)</sup>

Level of significance of T-tests on:

	Opening <u>vs.</u> Closing Mediation Rates	Opening <u>vs.</u> Closing Complaint Rates
1979	.025	.005
1980 <sup>(2)</sup>	.01	.025 <sup>(3)</sup>

Clearly a rate based on case opening data appears to be a valid representation of the actual mediation or complaint picture.

The second argument against using mediation and complaint rates asserts that they don't represent company problems. Rather, the cases which come to the bureau are said to represent "cranks" or "dead-beats" and thus reflect nothing about companies' behavior. This argument is clearly nonsense. A review of valid closed cases from 1978, 1979 and 1980 shows that the customer's complaint was upheld in 2/3 of the cases involving major companies. Also, compromises were reached in a number of the remaining cases. Given that most of these cases revolve around issues which are clearly addressed under Chapter 56, and that over 1,300 violations of Chapter 56 were identified in the first 6 months of 1980 alone, the cases can be seen to represent legitimate problems. Thus, the mediation and complaint rates are valid indicators of problems and should be used as "problem indicators" by companies.

- 
- (1) The test was based on a formula for paired dependent samples from Lyman Ott, An Introduction to Statistical Methods and Data Analysis, pp. 250-251:

$\Sigma d = \Sigma(x-y)$ ; where  
x = opening rate  
y = closing rate, and

$$S_d^2 = \frac{1}{n-1} \left[ \Sigma d^2 - \frac{(\Sigma d)^2}{n} \right], \text{ and}$$

$$t = \bar{d} / (S_d / \sqrt{n}).$$

- (2) The closing rates for 1980 were extrapolated from cases closed, coded and entered into the Bureau's information system as of April 30, 1981. About 74% of complaints and 83% of mediation cases were closed and on the system by that date.
- (3) Exclusion of Peoples Gas increases significance level for 1980 complaint rate comparison to .005.