

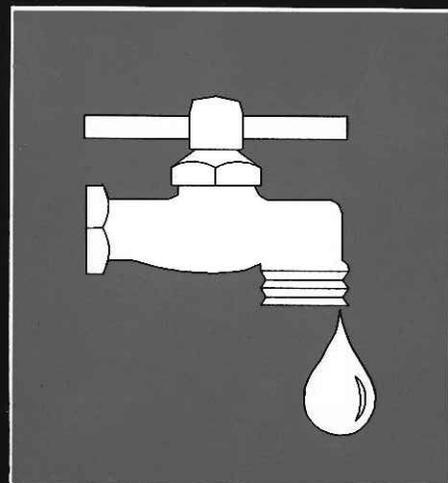
CONSUMER
SERVICES
ACTIVITY
REPORT



ELECTRIC,
GAS AND
WATER
UTILITIES
1991

Pennsylvania Public
Utility Commission

*Bureau of
Consumer Services*



with the assistance of

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

(June 1992)

**CONSUMER SERVICES
ELECTRIC, GAS AND WATER
ACTIVITY REPORT: 1991**

JUNE 1992

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
BUREAU OF CONSUMER SERVICES
JOSEPH W. FARRELL, DIRECTOR**

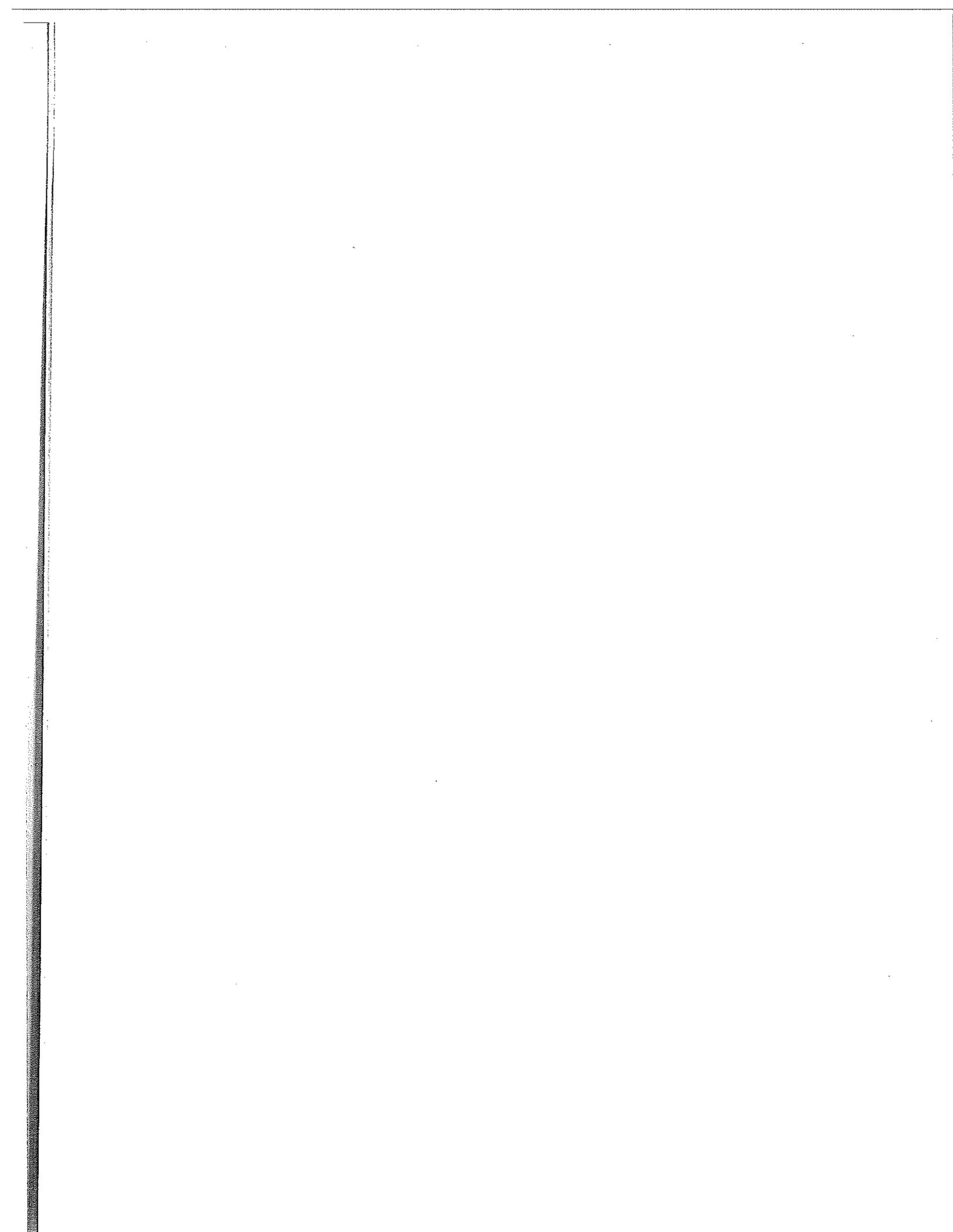


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THE CONSUMER SERVICES ACTIVITY REPORT FOR 1991

I. INTRODUCTION

This report highlights the activities of the Pennsylvania Public Utility Commission's Bureau of Consumer Services. It is also an annual overview of the performance of the major electric, gas and water companies for the year 1991. This report compares the handling of consumer complaints and payment negotiations, compliance with Chapter 56 Regulations and utility collections in three industries and among individual companies within each industry. The results reported herein provide information which can be used by the Commission to evaluate company activities and to set policies and goals in the area of customer services.

The Bureau of Consumer Services (BCS) was mandated under Act 216 of 1976 to provide responsive, efficient and accountable management of consumer complaints. Its responsibilities were clarified under Act 114 of 1986 in regard to reporting and deciding customer complaints. In order to fulfill its mandates, the Bureau began investigating utility consumer complaints and mediating service termination cases in April 1977. Since then the Bureau has investigated 288,969 cases and has received an additional 233,826 opinions and requests for information. To manage and use this complaint data the Bureau maintains a computer based consumer information system through a contract with the Pennsylvania State University. This system enables complaints to be aggregated and analyzed so that generic as well as individual problems can be addressed.

A number of studies have found that only a minority, often a small minority, of dissatisfied customers complain about unsatisfactory products or services. The Bureau's experience reflects this fact as it has frequently found that a seemingly small number of individual complaints from utility customers may represent management failures or other systemic problems in utility operations. Information for evaluating utilities is secured by aggregating data from the thousands of complaints that are reported to the Commission each year. This data base provides information about how effectively utilities meet consumers' needs and whether their activities comply with Commission standards. The results of this analysis are periodically communicated to companies so that they can act independently to resolve problems before a formal Commission action becomes necessary. In many cases, companies which have taken advantage of this information have been able to resolve problems and improve service. However, companies which fail to act responsibly to resolve problems have been subjected to fines and rate case adjustments of expenses and revenues.

The data in this report are aggregated in a manner which reflects natural regulatory distinctions. Cases involving termination of electric, gas and water service are distinctly different from consumer complaints. For this reason the Bureau routinely analyzes the two groups of cases separately. All cases involving termination of electric, gas or water service have been classified as "mediation" cases. Cases involving electric, gas and water billing, service

problems, etc. are classified as consumer complaints. In contrast, telephone companies, which fall under unique regulations, are analyzed separately and reported in the annual Telephone Utilities Activity Report.

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

The data and performance measures in this report have been in use for a number of years. The relative rate of mediation requests and consumer complaints for each company are the most basic problem indicators. Two qualitative measures of company performance, response time and percent of cases justified, are also included in this report. The Bureau provides feedback on these measures in the form of Quarterly Closing Automated Reports Formats (ARFS) to all major electric, gas and water companies. Therefore, all of the companies reviewed in this report are well acquainted with the measures used here, with the Bureau's approach to interpreting these measures, and with their performance on these measures in 1991. An explanation of these measures is included below for readers who encounter them for the first time.

Chapter VIII of this report focuses on company failures at complying with the Commission's regulations. This analysis appears in this report for the third consecutive year. It explains the Bureau's compliance process and discusses the highlights of compliance activity from 1989 to 1991.

A number of cases are eliminated from the data base for this report because they do not represent company behavior which is appropriate to evaluate. One treatment of the data involves the purging of complaints which do not involve residential service. The Bureau's regulatory authority is largely confined to residential accounts. Thus, all cases that involve commercial accounts are deleted from the analysis and from Tables 2 through 13. (Appendix A lists the distribution of commercial cases by company for the electric, gas and water industries. See Appendix B for the industry percentage of BCS cases defined as residential and commercial). Also, residential customer contacts which do not require investigation are excluded from the data base used here. These cases include problems over which the Commission has no jurisdiction, information requests which do not require investigation and most cases where the customers indicate that they did not contact the company prior to complaining to the Commission.

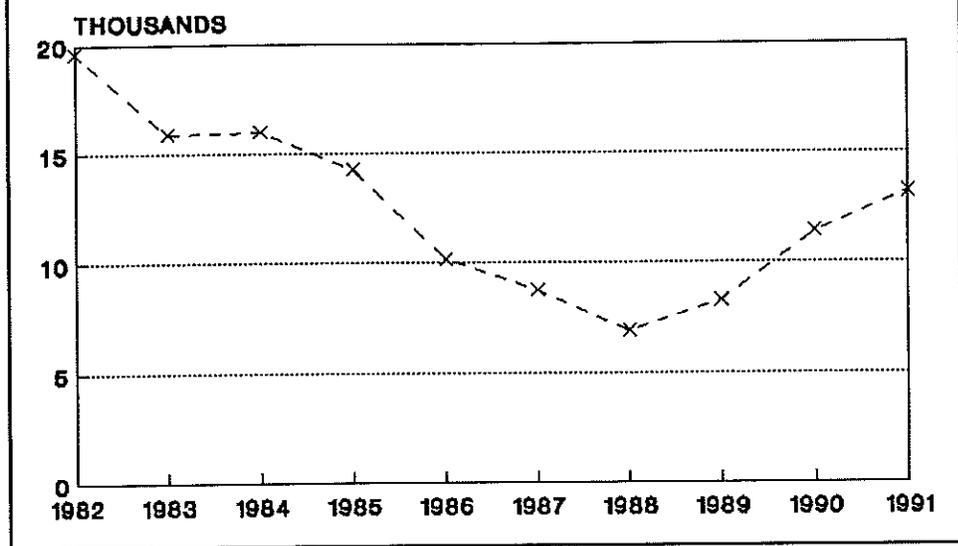
II. OVERALL BUREAU ACTIVITY

Customer contacts with the Bureau fall into three basic categories: consumer complaints, mediation requests and inquiries. These contacts may pertain to electric, gas, water and telephone service. The Bureau received 20,743 utility customer contacts that required investigation in 1991. The 7,522 consumer complaints were about utilities' actions related to billing, service delivery, repairs, etc. In 850 of these contacts the Bureau saved the customers money in billing adjustments. The total amount of money saved for these customers was \$295,703. Mediation requests, of which there were 13,221, came from customers who needed help in negotiating payment arrangements with their utility companies in order to avoid termination of service or to have service reconnected. (It is important to note that telephone suspension and termination cases are treated as consumer complaints). The monthly volume of mediation requests and consumer complaints for 1989, 1990 and 1991 is reported in Appendix C, Table 1. The Bureau also received 5,198 inquiries and information requests that did not require investigation.

Mediation Requests

Mediation requests increased by 27% from 10,416 in 1990 to 13,221 in 1991. This is the third consecutive annual increase in the number of mediation requests. The mediation volume peaked at 19,603 in 1982 and has dropped 33% since then (See Appendix C - Table 2 for annual volume). The Bureau is now less concerned with the absolute volume of mediation requests than it has been in the past. However, the Bureau is more concerned with the volume of justified mediations and places more emphasis on these numbers. This will be discussed in detail later in this report. The following graph depicts a ten-year trend for mediation requests.

MEDIATION REQUESTS TEN - YEAR TREND ELECTRIC, GAS AND WATER



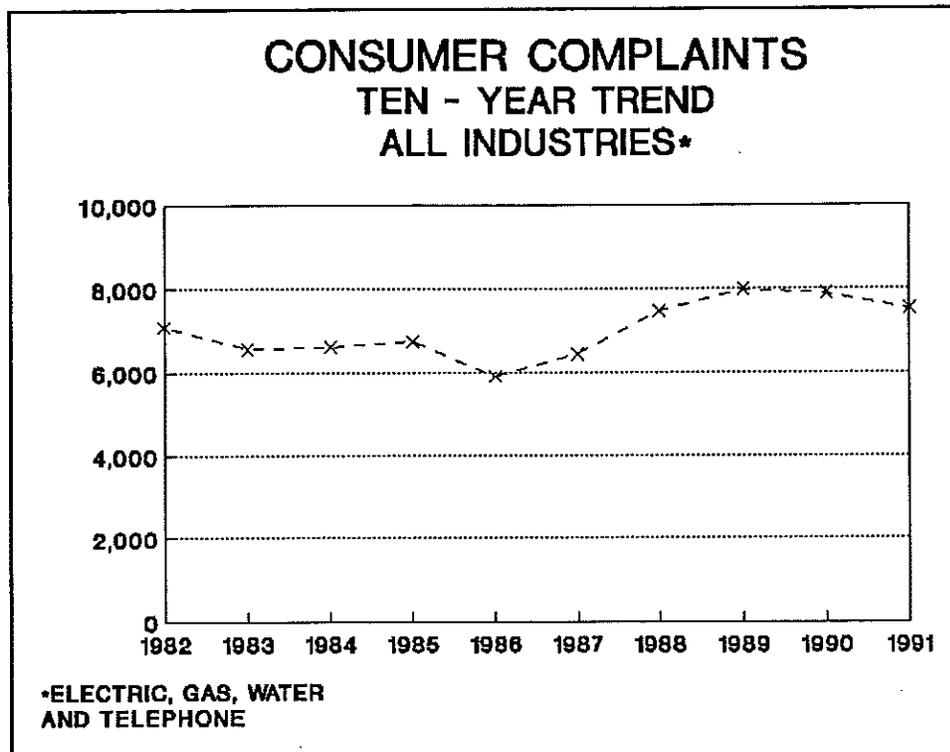
Consumer Complaints

Consumer complaints decreased by 15% from 8,892 in 1990 to 7,522 in 1991. Overall, consumer complaints against the Chapter 56 covered industries decreased by 13% to an aggregate share of 43% of the Bureau's total consumer complaint volume in 1991.

Commission regulations require that customers seek to resolve problems directly with their utilities prior to registering a complaint with the Commission. In view of this, the Bureau seeks to foster improvements in utility complaint handling operations so that complaints will be properly handled and customers will not find it necessary to appeal to the Commission. Since the Bureau receives complaints from only a fraction of dissatisfied customers, this effort has benefits which go far beyond reducing the Bureau's work load.

Overall, consumer complaints have been fairly stable in recent years except for the dramatic increase in non-termination collections complaints. This year's report shows a significant change of interpretation by BCS. These non-termination collections complaints are moved out of the consumer complaint area and into the mediation request classification since these cases more closely resemble mediation requests. In order to present a valid comparison to 1991 data, BCS shifted these cases in its 1990 data base and this report reflects this shift.

The Bureau's goal to decrease consumer complaints can be achieved only if individual companies make significant improvements. In particular, companies with the worst performance in their respective industries will need to make significant progress in this area. The Bureau will target these problematic companies for close attention in 1992. The graph below presents a ten-year trend for consumer complaints.



Inquiries and Opinions

During 1991 there were 5,198 customer contacts which required no follow-up beyond the initial contact. These cases involved requests for information which were handled at the time of contact, protests or questions related to rates, and referrals to other Commission offices and to utility companies for initial action. The largest referral category in 1991 was to other agencies outside the PUC. Rate protests were received regarding proposed rate hikes for major companies such as Columbia Gas, Equitable Gas, National Fuel Gas, Pennsylvania-American Water and Pennsylvania Gas and Water - Water. (See Appendix D for the distribution of inquiries and opinions by major problem categories).

NATURE OF BCS CONSUMER COMPLAINTS

The Bureau classifies all consumer complaints into one of six major problem areas. However, for the purpose of this report the Bureau has expanded these six major categories into 14 specific problems. Table 1 below presents a comparison of these 14 problem areas for 1990 and 1991. Telephone consumer complaints are excluded from this analysis. The most common complaints were non-termination collections, billing disputes, metering problems, service extensions and service quality.

The growth in non-termination collections complaints is the most significant change since 1989. These complaints are a result of the implementation of various soft dunning techniques in the collections area. Companies are more actively pursuing overdue bills by sending customers payment reminders and telephoning them instead of sending them termination notices. The customers contact the Commission only after they have been unsuccessful in establishing a mutually acceptable payment agreement with the company. Since these complaints more closely resemble mediation requests, the Bureau has moved them into the mediation request category. The 1990 consumer complaint and mediation data has been changed accordingly so that this report presents comparable 1990 and 1991 data. However, in 1991 BCS received a significant number of collection problems involving collection procedures, other payment problems such as budget billing, the method of payment, credit denial due to an unpaid balance and problems with private collection agents.

TABLE 1

PROBLEM CATEGORIES FOR CONSUMER COMPLAINTS:1990-1991		
	1990	1991
Metering Problems	12.2%	11.9%
Billing Dispute	22.2%	21.4%
Discontinuance/Transfer	4.5%	5.3%
Collections	10.7%	13.8%
Billing - Other	1.4%	1.0%
Credit and Deposits	4.8%	4.4%
Rates/Rate Structure	3.8%	2.1%
Service Extensions	8.7%	8.9%
Service Interruptions	3.0%	4.7%
Service Quality	10.3%	8.9%
Damages	7.0%	6.9%
Scheduling Delays	1.9%	1.7%
Personnel Problems	3.6%	3.3%
All Other Problems	5.9%	5.7%

CUSTOMER CONTACTS BY TYPE OF UTILITY

Mediation Requests

As in past years, almost all mediation cases in 1991 involved electric (66%) or gas companies (30%) (see Appendix E). Meanwhile, four percent of the mediation requests stemmed from threatened termination of water service. These results for 1991 represent a change from last year. Gas and water companies accounted for a smaller proportion of BCS mediations in 1991 than in 1990 while the electric industry showed a significant increase.

Consumer Complaints

All telephone complaints related to suspension and termination are classified by BCS as consumer complaints because they are not subject to arbitrated payment agreements based on the customer's ability to pay. Telephone companies were involved in 56% of consumer complaints in 1991. Electric and gas companies accounted for 22% and 13% respectively of all complaints. The most significant change since 1987 involved the telephone industry which experienced approximately a 50% increase in consumer complaints. This increase caused the telephone industry's proportion of consumer complaints to rise from 35% in 1987 to 56% in 1991. There will be no further discussion on the telephone industry because the remainder of this report focuses solely on the Chapter 56 related industries, electric, gas and water. Also, each of these three industries showed a decline in their number of consumer complaints from 1990 to 1991.

III. COMPANY PROFILES

This year the Consumer Services Electric, Gas and Water Activity Report includes a new section which presents a brief synopsis of each company's performance. Each utility profile contains company specific highlights that are drawn from the various chapters of the report. The profiles are not comprehensive evaluations of a company, nor do they contain detailed descriptions of the performance measures. The Bureau developed the profiles to provide readers with a quick reference to the noteworthy findings of a given utility's customer service performance. Readers are encouraged to review the full report before drawing conclusions regarding utility company performance.

DUQUESNE LIGHT COMPANY

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Duquesne's performance is average in the electric industry. In the first measure, consumer complaints, Duquesne's performance was significantly better than average. In the second measure, which focuses on mediation requests, Duquesne's performance was also significantly better than average. The third measure reflects residential collections and it shows Duquesne to be significantly worse than average.

The following table lists Duquesne's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: DUQUESNE

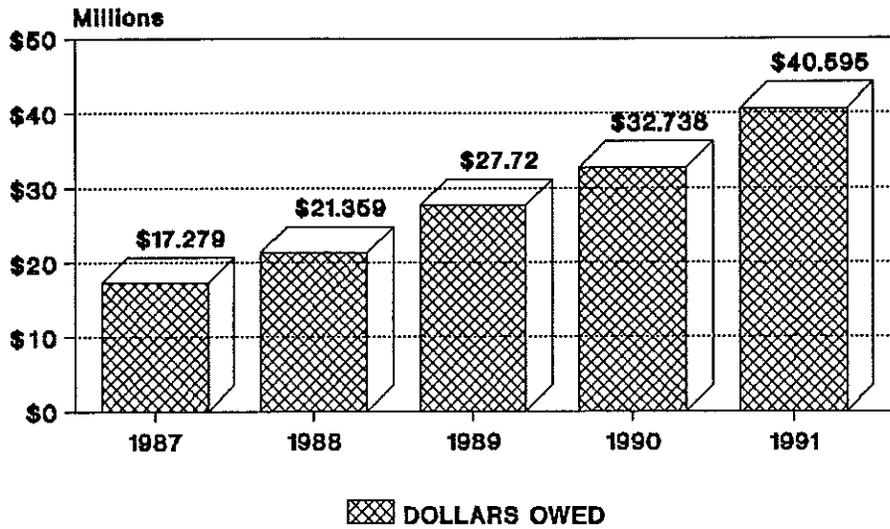
MEASURES	RANK	TREND
Consumer Complaints	2	Improving
Mediation Requests	4	Stable
Collections	7	Stable
Scale: Rank: 1 = Best 8 = Worst		

The following are some of the highlights of Duquesne's collections performance in 1991. These are based on collections data that Duquesne has provided to the Bureau.

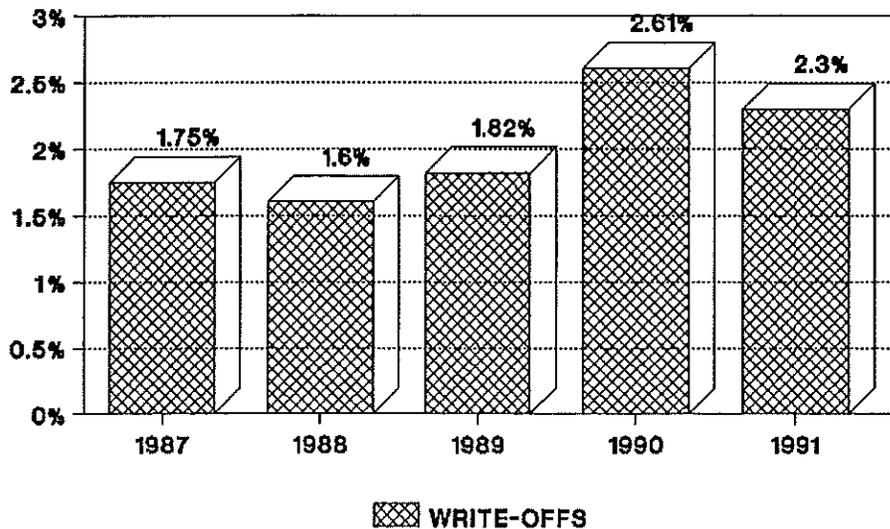
Collections

The total residential customer debt for Duquesne increased by 135% from 1987 to 1991. Meanwhile, gross residential write-offs have continued at a high rate, 2.3% in 1991. Duquesne should focus its attention on these areas in 1992.

DUQUESNE TOTAL DEBT



DUQUESNE GROSS RESIDENTIAL WRITE-OFFS



METROPOLITAN EDISON COMPANY

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Met. Ed.'s performance is better than average in the electric industry. In the first measure, consumer complaints, Met. Ed.'s performance was one of the three best in the industry. In the second measure, which focuses on mediation requests, Met. Ed.'s performance was worse than average. The third measure reflects residential collections and it shows Met. Ed. to be significantly better than average.

The following table lists Met. Ed.'s performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: MET. ED.

MEASURES	RANK	TREND
Consumer Complaints	1	Improving
Mediation Requests	5	Stable
Collections	2	Stable
Scale: Rank: 1 = Best 8 = Worst		

The following are some of the highlights of Met. Ed.'s performance in 1991. These are based both on the analysis of complaints the Bureau has received from Met. Ed. customers and on collections data that Met. Ed. has provided to the Bureau.

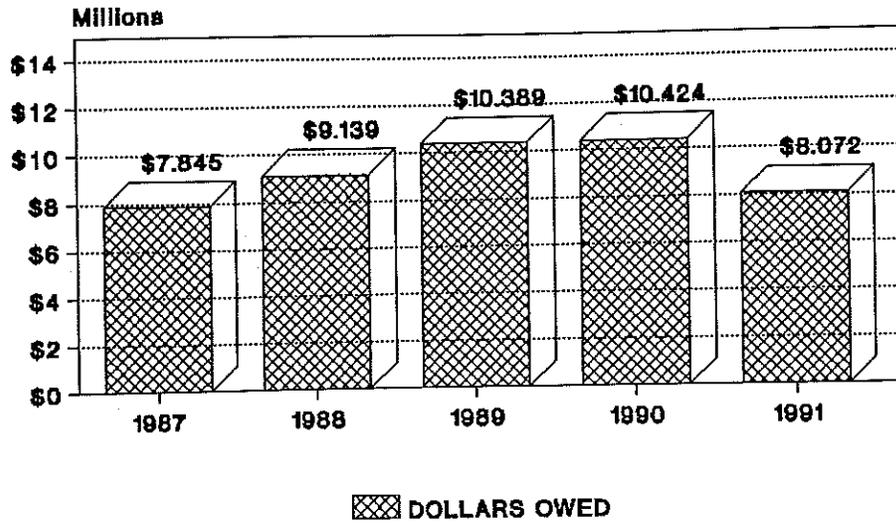
Mediation Requests

Met. Ed. negotiated payment arrangements significantly less effectively in 1991 than in 1990. Not only did the volume of mediation requests increase (105%), but the percentage of the mediations which were justified also rose (from 35% in 1990 to 52% in 1991).

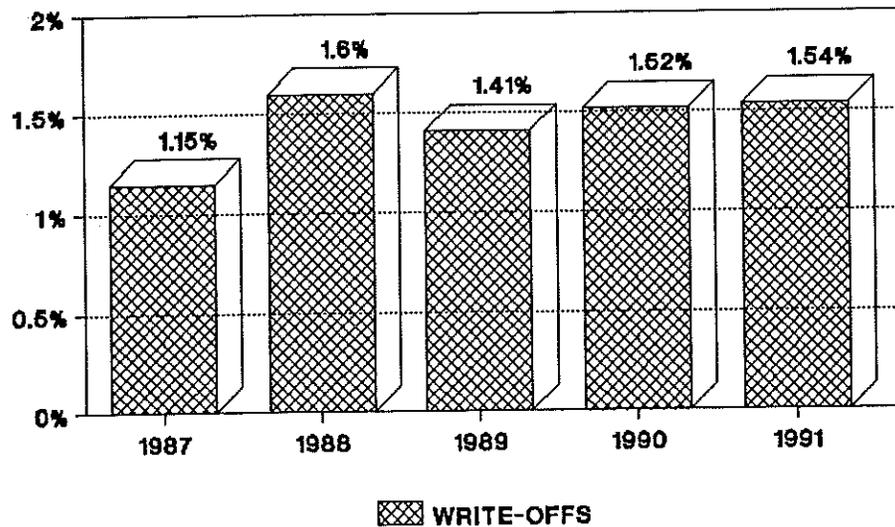
Collections

Met. Ed.'s collections performance is one of the best in the electric industry. Met. Ed. appears to have stabilized gross residential write-offs while reducing the total residential debt. The Bureau is encouraged by these results.

MET.ED. TOTAL DEBT



MET.ED. GROSS RESIDENTIAL WRITE-OFFS



PENNSYLVANIA ELECTRIC

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Penelec's performance is one the three best in the electric industry. In the first measure, consumer complaints, Penelec's performance was the average. In the second measure, which focuses on mediation requests, Penelec's performance was significantly better than average. The third measure reflects residential collections and it shows Penelec to be better than average.

The following table lists Penelec's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PENELEC

MEASURES	RANK	TREND
Consumer Complaints	5	Stable
Mediation Requests	2	Deteriorating
Collections	3	Improving

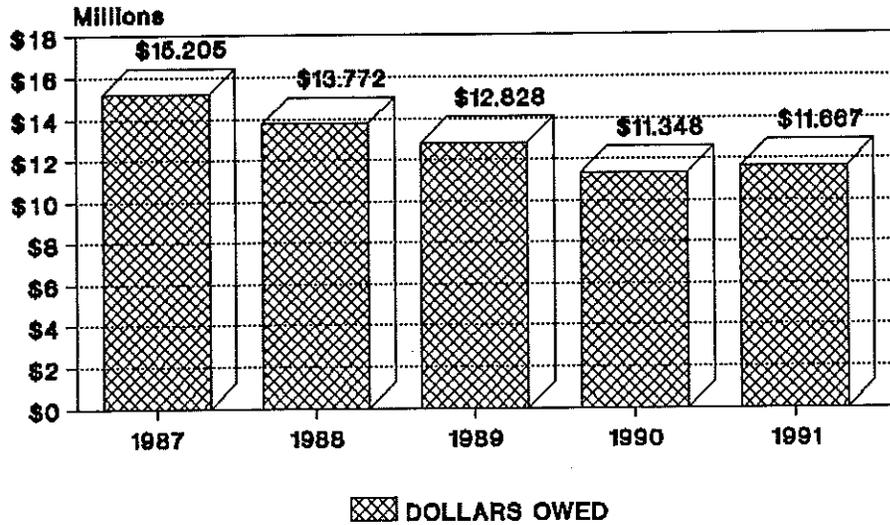
Scale: Rank: 1 = Best 8 = Worst

The following are some of the highlights of Penelec's performance in 1991. These are based on collections data that Penelec has provided to the Bureau.

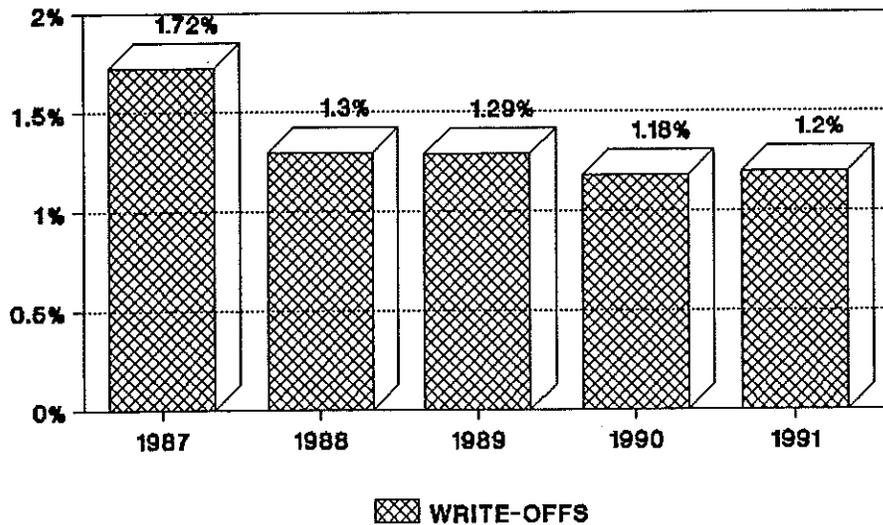
Collections

Penelec is the only major electric or gas company to show improvement in collections from 1989 to 1991. A long-term review of Penelec's performance reveals a 23% decline in residential debt from 1987 to 1991 while gross residential write-offs decreased by 30%. The Bureau cites Penelec for its positive efforts. Penelec serves as an example of how to develop and implement effective collection strategies.

PENELEC TOTAL DEBT



PENELEC GROSS RESIDENTIAL WRITE-OFFS



PENN POWER

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Penn Power's performance is better than average in the electric industry. In the first measure, consumer complaints, Penn Power's performance was average. In the second measure, which focuses on mediation requests, Penn Power's performance was significantly better than average. The third measure reflects residential collections and it shows Penn Power to be better than average.

The following table lists Penn Power's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PENN POWER

MEASURES	RANK	TREND
Consumer Complaints	6	Stable
Mediation Requests	3	Stable
Collections	4	Deteriorating

Scale: Rank: 1 = Best 8 = Worst

PP&L

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, PP&L's performance is worse than average in the electric industry. In the first measure, consumer complaints, PP&L's performance was significantly better than average. In the second measure, which focuses on mediation requests, PP&L's performance was the worst in the industry. The third measure reflects residential collections and it shows PP&L to be worse than average.

The following table lists PP&L's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PP&L

MEASURES	RANK	TREND
Consumer Complaints	3	Stable
Mediation Requests	8	Deteriorating
Collections	6	Stable
Scale: Rank: 1 = Best 8 = Worst		

The following are some of the highlights of PP&L's performance in 1991. These are based both on the analysis of complaints the Bureau has received from PP&L and on collections data that PP&L has provided to the Bureau.

Mediation Requests

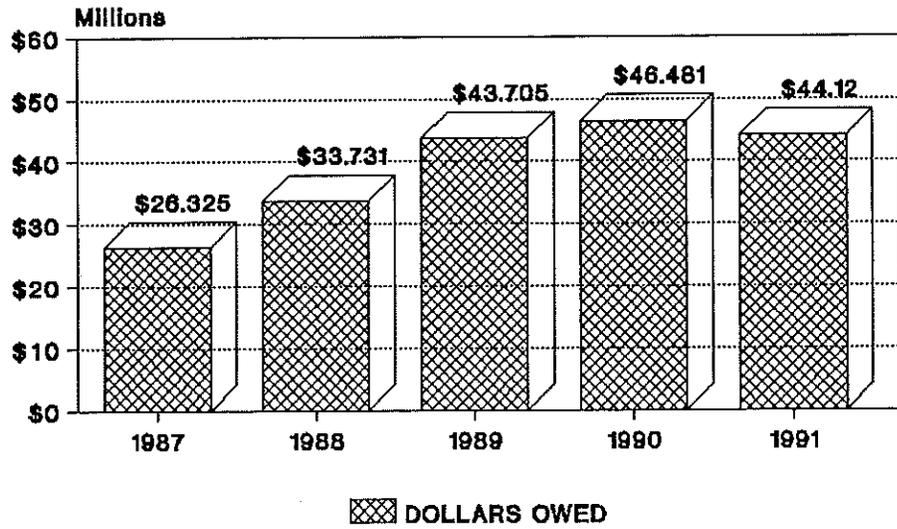
PP&L's justified mediation rate was the electric industry's worst in 1991 and, as such, indicated that PP&L was the least effective company at negotiating payment arrangements.

PP&L's mediation response time of 11.8 days in 1991 was unacceptable since it significantly exceeds the Bureau's informal standard of five days.

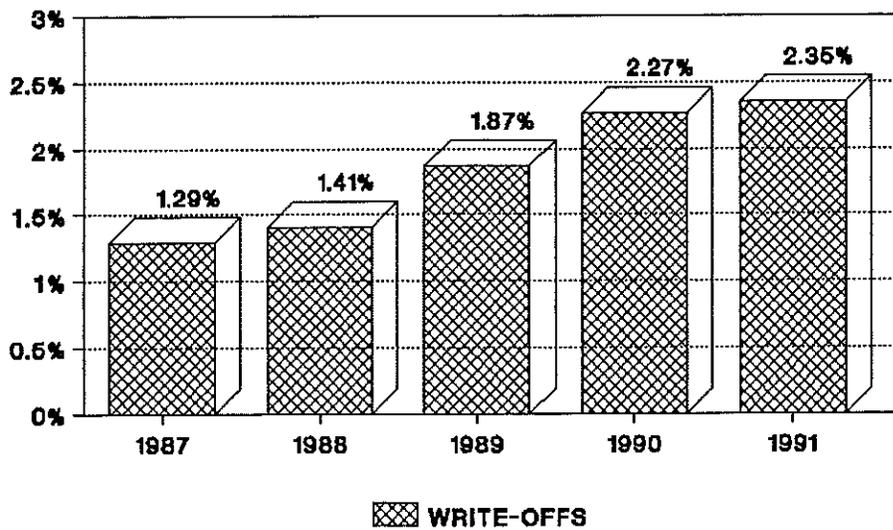
Collections

PP&L's long term collections performance has deteriorated as indicated by significant increases in residential debt and gross residential write-offs. However, it appears as though the growth in residential debt has peaked, and if this is indeed true, gross residential write-offs should decline in 1992.

PP&L TOTAL DEBT



PP&L GROSS RESIDENTIAL WRITE-OFFS



PHILADELPHIA ELECTRIC

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, PECO's performance is the worst in the electric industry. In the first measure, consumer complaints, PECO's performance was the worst in the industry. In the second measure, which focuses on mediation requests, PECO's performance was significantly worse than average. The third measure reflects residential collections and it also shows PECO to be the worst in the industry.

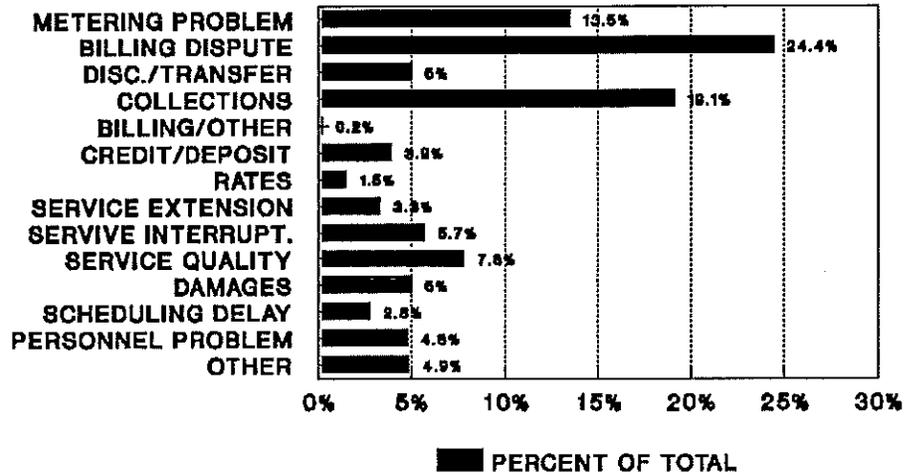
The following table lists Philadelphia Electric's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PHILADELPHIA ELECTRIC

MEASURES	RANK	TREND
Consumer Complaints	8	Stable
Mediation Requests	7	Deteriorating
Collections	8	Deteriorating
Scale: Rank: 1 = Best 8 = Worst		

The following are some of the highlights of PECO's performance in 1991. These are based both on the analysis of complaints the Bureau has received from PECO customers and on collections data that PECO has provided to the Bureau. The first table provides a breakdown of 1991 consumer complaints into a number of generic problem categories.

PECO CONSUMER COMPLAINTS 1991



Consumer Complaints

PECO's consumer complaint justified rate was the electric industry's worst in 1991. The Bureau's diagnostic review of PECO's complaints reveals a high number of billing disputes, collections problems, and metering problems. In addition, PECO did not effectively handle problems in the areas of collections, service interruptions, and service delays.

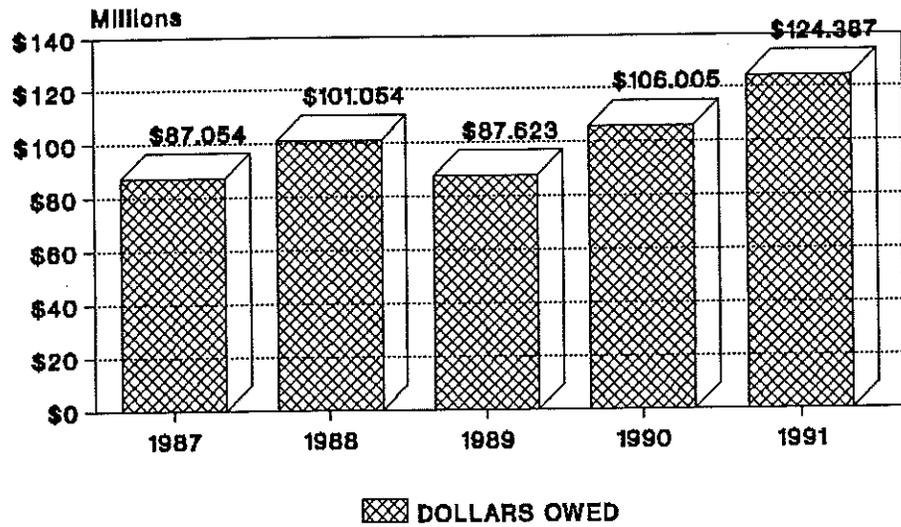
Mediation Requests

PECO's mediation response time was unacceptable in 1991 and the Bureau encourages PECO to target this area for improvement in 1992.

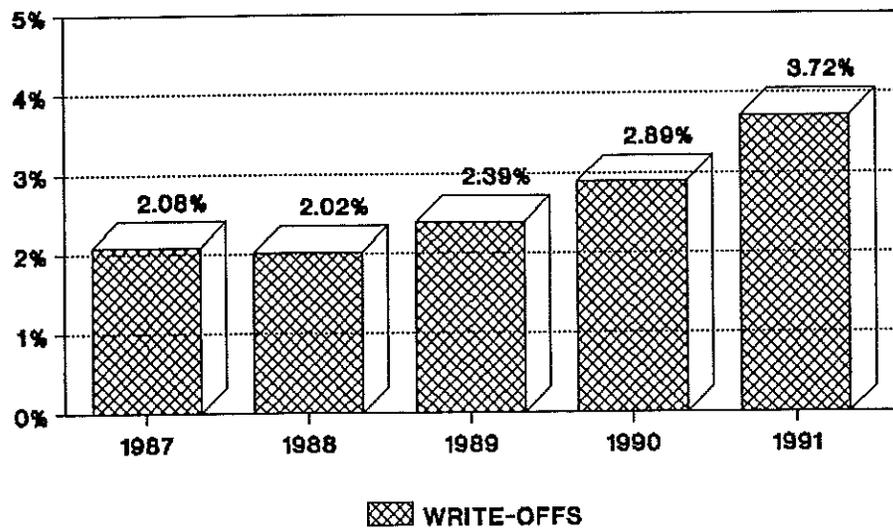
Collections

The following tables highlight the growing residential customer debt that PECO is facing. PECO's residential debt rose from \$87 million in 1989 to \$124 million in 1991. This collections problem is compounded by the significant increase in gross residential write-offs during this time, from 2.4% to 3.7% of gross residential revenues. In short, PECO has a serious collections problem that is getting worse.

PECO TOTAL DEBT



PECO GROSS RESIDENTIAL WRITE-OFFS



UGI - LUZERNE

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, UGI's performance is worse than average in the electric industry. In the first measure, consumer complaints, UGI's performance was significantly worse than average. In the second measure, which focuses on mediation requests, UGI's performance was also significantly worse than average. The third measure reflects residential collections and it shows UGI to be the best in the industry.

The following table lists UGI's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: UGI-LUZERNE

MEASURES	RANK	TREND
Consumer Complaints	7	Improving
Mediation Requests	6	Stable
Collections	1	Stable
Scale: Rank: 1 = Best 8 = Worst		

The following are some of the highlights of UGI's performance in 1991. These are based both on the analysis of complaints the Bureau has received from UGI-Luzerne customers and on collections data that UGI has provided to the Bureau.

Consumer Complaints

UGI-Luzerne's 1991 consumer complaint response time of four weeks is unacceptable. This is particularly disturbing because a review of UGI's data shows that the company is slow to respond to all different types of customer problems.

Mediation Requests

UGI-Luzerne's 1991 mediation response time of nearly 16 days far exceeds the Bureau's informal standard of five days. The Bureau encourages UGI to target this area for improvement in 1992.

Collections

Overall, UGI-Luzerne's collections performance has been among the electric's industry's best according to the Bureau's standards.

WEST PENN

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 15 separate statistics in the report. In terms of these measures, West Penn's performance is one of the three best in the electric industry. In the first measure, consumer complaints, West Penn's performance was better than average. In the second measure, which focuses on mediation requests, West Penn's performance was the best in the industry. The third measure reflects residential collections and it shows West Penn to be better than average.

The following table lists West Penn's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table. In addition, a compliance highlight is presented below.

CUSTOMER SERVICES PERFORMANCE: WEST PENN

MEASURES	RANK	TREND
Consumer Complaints	4	Improving
Mediation Requests	1	Stable
Collections	5	Deteriorating

Scale: Rank: 1 = Best 8 = Worst

Compliance

As a result of an informal investigation in March 1990, a proposed settlement agreement was filed on May 9, 1991 between West Penn Power Company and Commission Staff at Docket No. M-910282. The agreement, in part, would require payment of a civil penalty in the amount of \$25,000 and a contribution of \$75,000 to the Dollar Energy Fund. Exceptions were filed in the matter which delayed the approval of the settlement agreement by the Commission until January 30, 1992.

COLUMBIA GAS

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Columbia's performance is worse than average in the gas industry. In the first measure, consumer complaints, Columbia's performance was significantly better than average. In the second measure, which focuses on mediation requests, Columbia's performance was the worst in the industry. The third measure reflects residential collections and it also shows Columbia to be average.

The following table lists Columbia's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: COLUMBIA GAS

MEASURES	RANK	TREND
Consumer Complaints	2	Stable
Mediation Requests	6	Deteriorating
Collections	4	Stable
Scale: Rank: 1 = Best 6 = Worst		

The following are some of the highlights of Columbia's performance in 1991. These are based on the analysis of complaints the Bureau has received from Columbia's customers.

Mediation Requests

Columbia experienced a 213% increase in mediation requests from 1990 to 1991. In addition, Columbia's percent of mediations which were justified rose from 10% in 1990 to 40% in 1991. Consequently, both of these factors contributed to Columbia having the industry's worst justified mediation rate in 1991.

EQUITABLE GAS

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Equitable's performance is the worst in the gas industry. In the first measure, consumer complaints, Equitable's performance was the worst in the industry. In the second measure, which focuses on mediation requests, Equitable's performance was significantly worse than average. The third measure reflects residential collections and it also shows Equitable to be the worst in the industry.

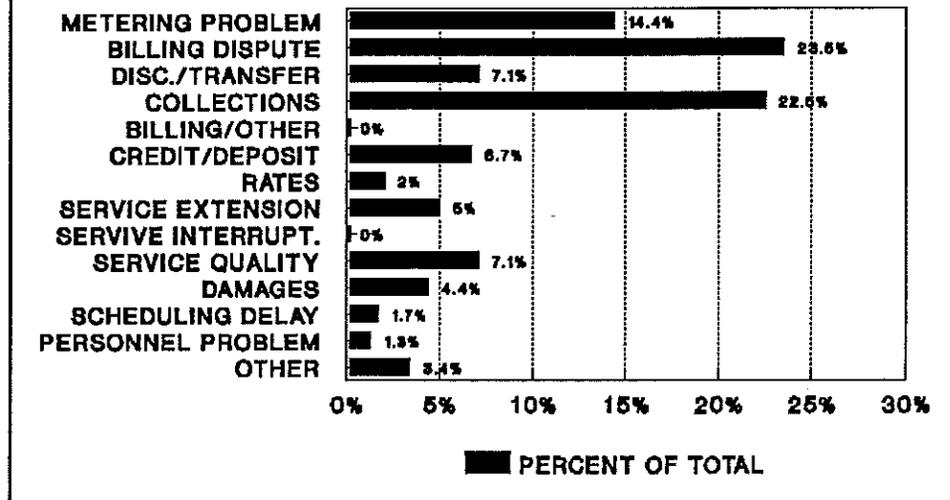
The following table lists Equitable's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: EQUITABLE

MEASURES	RANK	TREND
Consumer Complaints	6	Improving
Mediation Requests	5	Improving
Collections	6	Stable
Scale: Rank: 1 = Best 6 = Worst		

The following are some of the highlights of Equitable's performance in 1991. These are based both on the analysis of complaints the Bureau has received from Equitable customers and on collections data that Equitable has provided to the Bureau. The first table provides a breakdown of 1991 consumer complaints into a number of generic problem categories.

EQUITABLE CONSUMER COMPLAINTS 1991



Consumer Complaints

Despite significant improvements in both consumer complaint justified rate and consumer complaint response time, Equitable remained the industry's worst according to these two measures.

Equitable's high justified consumer complaint rate is caused by a high volume of complaints, in particular, metering problems, collections and billing disputes.

Equitable's slow response time is largely caused by inefficient handling of metering problems, billing disputes, service quality and damage complaints.

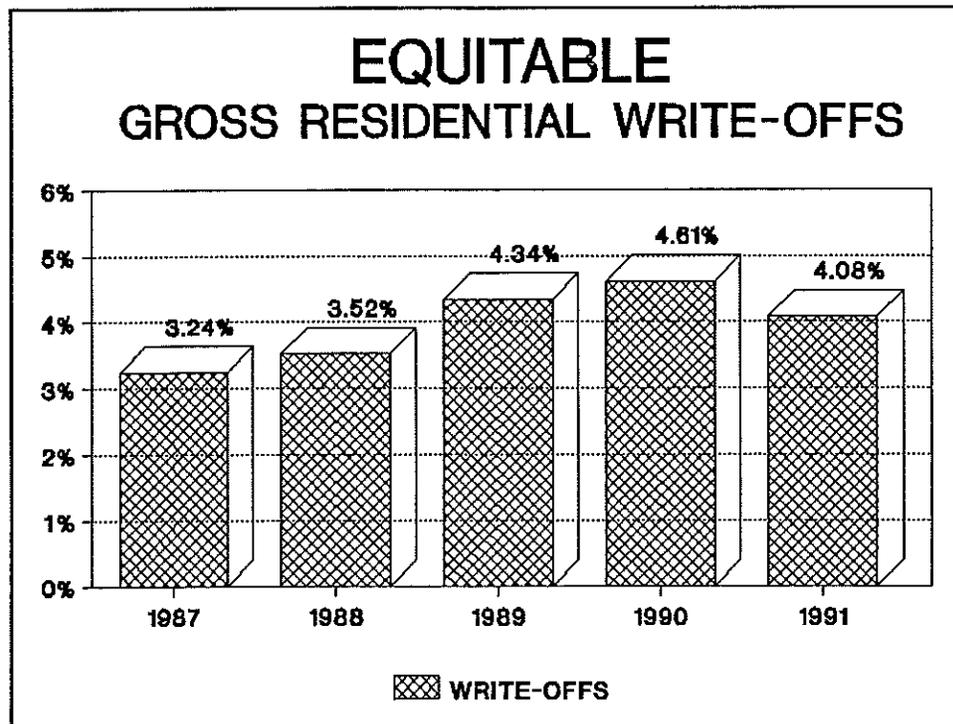
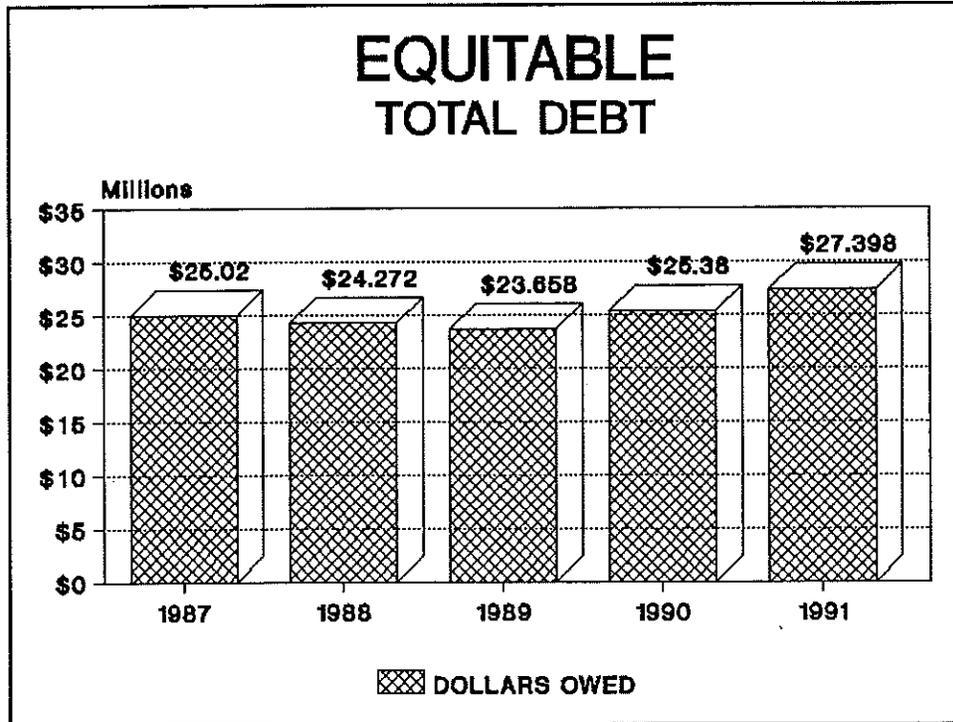
Mediation Requests

Equitable made dramatic improvement in its justified mediation rate from 1990 to 1991. During this time, Equitable went from three times worse than the industry average to somewhat better than average. The Bureau is encouraged by this improvement.

Despite improving its responsiveness to BCS mediations by nearly 13 days from 1990 to 1991, Equitable remained the slowest in the industry. However, the Bureau recognizes Equitable's positive efforts.

Collections

Equitable is faced with a serious collections task. Equitable's overdue population is growing along with the residential customer debt while gross residential write-offs remain extremely high, more than 4% in each of the last three years. Overall, the Bureau is concerned with Equitable's collections problems.



NATIONAL FUEL GAS

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, NFG's performance is average in the gas industry. In the first measure, consumer complaints, NFG's performance was average. In the second measure, which focuses on mediation requests, NFG's performance was better than average. The third measure reflects residential collections and it shows NFG to be average.

The following table lists NFG's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: NATIONAL FUEL GAS

MEASURES	RANK	TREND
Consumer Complaints	3	Stable
Mediation Requests	3	Stable
Collections	5	Stable
Scale: Rank: 1 = Best 6 = Worst		

The following are some of the highlights of NFG's performance in 1991. These are based on the analysis of complaints the Bureau has received from NFG's customers.

Mediation Requests

NFG's justified mediation rate went from significantly better than average in 1990 to slightly better than average in 1991. This concerns BCS because the mediation volume increased by 81% and the percent of mediations which are justified increased from 30% in 1990 to 57% in 1991.

PENNSYLVANIA GAS & WATER COMPANY - GAS

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Pennsylvania Gas & Water Company's (PG&W) performance is tied for the best in the gas industry. In the first measure, consumer complaints, PG&W's performance was average. In the second measure, which focuses on mediation requests, PG&W's performance was the best in the industry. The third measure reflects residential collections and it shows PG&W to be significantly better than average.

The following table lists PG&W's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PG&W

MEASURES	RANK	TREND
Consumer Complaints	4	Stable
Mediation Requests	1	Stable
Collections	3	Stable

Scale: Rank: 1 = Best 6 = Worst

PEOPLES GAS

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, Peoples' performance is tied for the best in the gas industry. In the first measure, consumer complaints, Peoples' performance was the best in the industry. In the second measure, which focuses on mediation requests, Peoples' performance was better than average. The third measure reflects residential collections and it shows Peoples Gas to be the best in the industry.

The following table lists Peoples' performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PEOPLES GAS

MEASURES	RANK	TREND
Consumer Complaints	1	Stable
Mediation Requests	2	Stable
Collections	1	Stable
Scale: Rank: 1 = Best 6 = Worst		

UGI - GAS

The Bureau's comprehensive evaluation of a company's performance is summarized in three measures which reflect 13 separate statistics in the report. In terms of these measures, UGI's performance is average in the gas industry. In the first measure, consumer complaints, UGI's performance was average. In the second measure, which focuses on mediation requests, UGI's performance was also average. The third measure reflects residential collections and it shows UGI - Gas to be significantly better than average.

The following table lists UGI's performance according to each of the three measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: UGI - GAS

MEASURES	RANK	TREND
Consumer Complaints	5	Improving
Mediation Requests	4	Deteriorating
Collections	2	Stable
Scale: Rank: 1 = Best 6 = Worst		

PENNSYLVANIA-AMERICAN WATER (PAWC)

The Bureau's comprehensive evaluation of a company's performance is summarized in two measures which reflect eight separate statistics in the report. In terms of these measures, PAWC's performance is significantly better than average in the water industry. In the first measure, consumer complaints, PAWC's performance was significantly better than average. In the second measure, which focuses on mediation requests, PAWC's performance was average.

The following table lists PAWC's performance according to each of the two measures. The industry ranking and the trend for each measure are included in this table. In addition, a compliance highlight is presented.

CUSTOMER SERVICES PERFORMANCE: PAWC

MEASURES	ASSESSMENT	TREND
Consumer Complaints	Significantly better than average	Stable
Mediation Requests	Average	Deteriorating

Compliance

BCS staff continued to monitor actions in 1991 to assure compliance with the regulations and with the settlement agreement which was approved by the Commission in June, 1990. The settlement agreement remains in effect for two years. In 1990 PAWC paid the initial fine and made the contribution to the Dollar Energy Fund. To date, PAWC has made assistance contributions totalling \$3,000 (\$1,000 in 1990 and \$2,000 in 1991) for violating specific sections of the regulations which were defined in the Settlement Agreement.

PG&W - WATER

The Bureau's comprehensive evaluation of a company's performance is summarized in two measures which reflect eight separate statistics in the report. In terms of these measures, PG&W's performance is average in the water industry. In the first measure, consumer complaints, PG&W's performance was significantly worse than average. In the second measure, which focuses on mediation requests, PG&W's performance was significantly better than average.

The following table lists PG&W's performance according to each of the two measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PG&W-WATER

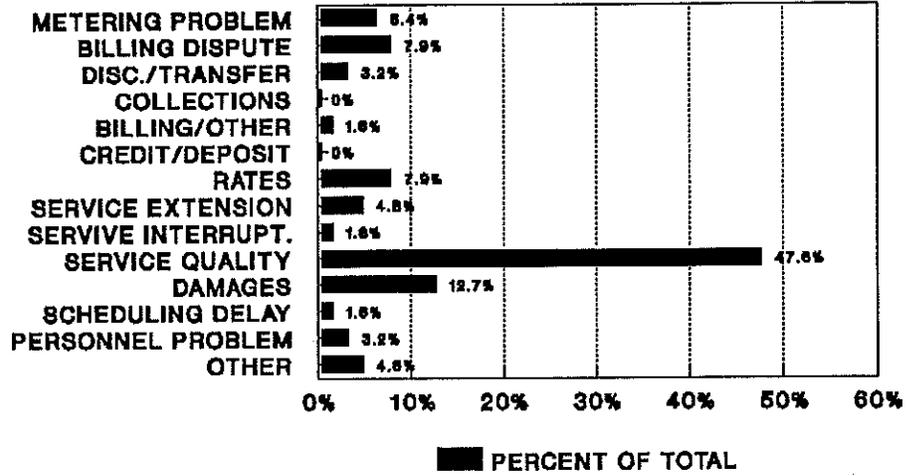
MEASURES	ASSESSMENT	TREND
Consumer Complaints	Significantly worse than average	Stable
Mediation Requests	Significantly better than average	Stable

The following are some of the highlights of PG&W's performance in 1991. These are based on the analysis of complaints the Bureau has received from PG&W customers. The table below provides an analysis of 1991 consumer complaints into a number of generic problem categories.

Consumer Complaints

PG&W-Water had the water industry's highest justified consumer complaint rate in 1991, largely due to a high number of service quality complaints.

PG&W-WATER CONSUMER COMPLAINTS 1991



PHILADELPHIA SUBURBAN WATER

The Bureau's comprehensive evaluation of a company's performance is summarized in two measures which reflect eight separate statistics in the report. In terms of these measures, Philadelphia Suburban's performance is better than average in the water industry. In the first measure, consumer complaints, Philadelphia Suburban's performance was better than average. In the second measure, which focuses on mediation requests, Philadelphia Suburban's performance was also better than average.

The following table lists Philadelphia Suburban's performance according to each of the two measures. The industry ranking and the trend for each measure are included in this table.

CUSTOMER SERVICES PERFORMANCE: PHILA. SUBURBAN

MEASURES	ASSESSMENT	TREND
Consumer Complaints	Better than average	Stable
Mediation Requests	Better than average	Deteriorating

The following are some of the highlights of Philadelphia Suburban's performance in 1991. These are based on the analysis of complaints the Bureau has received from Philadelphia Suburban customers.

Mediation Requests

Philadelphia Suburban's 1991 mediation response time of 15 days is unacceptable. The Bureau encourages the company to target this area for improvement in 1992.

IV. CONSUMER COMPLAINTS AND MEDIATIONS AMONG MAJOR COMPANIES

The remainder of this report focuses on the customer services performance of the major electric, gas and water utilities that are regulated by the Pennsylvania Public Utility Commission. This chapter presents statistics on the relative number of consumer complaints and mediation requests brought to the attention of the BCS by customers of the various utilities. Subsequent chapters will address individual utility performance regarding the timeliness and adequacy of complaint handling, collections performance and compliance with the Commission's customer service regulations.

This report presents several measures which evaluate different aspects of utility performance as they relate to consumer complaints and mediation requests. All of the measures are based on assessments of utility consumer complaints or mediation requests which were presented to the Bureau of Consumer Services by individual customers. Given the condition that in almost all cases presented to the Bureau, the customer has already contacted the utility about the problem, the Bureau takes the opportunity to review the utility's record as to how the case was handled when the customer contacted the company. Several assessments and classifications are included in the review. The data from these assessments form the basis of the measures presented in this report.

In this and subsequent chapters each utility will receive several comparative ratings on consumer complaints and mediation requests. Comparisons of the volume of BCS cases will be made using the consumer complaint rate and the mediation rate. The effectiveness of a utility's consumer complaint or mediation handling will be measured using the percent of cases which are justified. A third set of measures, the justified consumer complaint rate and the justified mediation rate combine the quantitative measure of consumer complaint rate or mediation rate with the qualitative measure of effectiveness reflected in the justified percent. Finally, the measure of response time is presented.

The meaning of each of these measures is discussed in a narrative that precedes the presentation of the statistics. What may not be readily apparent from the discussion of the consumer complaint and mediation rates, the percent of justified cases and the justified rate is their interrelationship and relative importance to the Bureau. Because the justified consumer complaint rate and justified mediation rate are a function of two other measures (complaint/mediation rates and justified percent), they are the most comprehensive and important to the Bureau. The Bureau's perspective is that a utility's performance will not be viewed as deficient because the Bureau receives a moderate number of consumer complaints or mediation requests from the utility's customers as long as the vast majority of these cases are not justified.

Consumer Complaints

Consumer complaints include all complaints regarding billings, rates, deposits and service. The Commission has established a process in which the companies play the primary role in handling consumer complaints until negotiations between the customer and the company fail. Thus, a high rate of complaints to the Bureau may indicate that a company is unable to effectively resolve consumer problems. In addition, significant decreases in the frequency of problems over time may indicate that a company is improving.

The wide variation in the number of residential customers served by the major utilities makes comparisons which use raw numbers of complaints insupportable. The need to compare and contrast individual company performance has led to the calculation of uniform measures based on the rate of cases per thousand residential customers (see Appendix F for the number of residential customers for the major electric, gas and water companies). Unusually high mediation and consumer complaint rates¹ often indicate situations which require investigation. Thus, information on consumer complaint rates and mediation rates is used to reveal patterns and trends which help to focus BCS research and compliance activities. Table 2 reports consumer complaint volume and consumer complaint rates for the major companies for 1990 and 1991.

¹ Formulas for Mediation and Complaint Rates

$$\text{Mediation Rate} = \frac{\text{Total Number of Mediation Cases}/12}{\text{Monthly Average Number of Overdue Residential Customers}/1000}$$

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

TABLE 2

RESIDENTIAL CONSUMER COMPLAINTS					
Company	1990		1991		1990-1991
	No.	Complaint Rate	No.	Complaint Rate	Percent Change in Number
Duquesne	235	.46	180	.35	-23%
Met. Ed.	100	.26	79	.21	-21%
Penelec	165	.35	148	.31	-10%
Penn Power	60	.51	62	.52	3%
PP&L	257	.25	205	.20	-20%
PECO	601	.47	566	.44	-6%
UGI-Luzerne	53	1.02	30	.57	-43%
West Penn	240	.44	205	.37	-15%
Major Electric	1,711	.47	1,475	.37	-14%
Columbia	119	.38	119	.38	No Change
Equitable	422	1.87	342	1.51	-19%
NFG	103	.55	87	.46	-16%
PG&W-Gas	64	.54	52	.44	-19%
Peoples	204	.66	114	.37	-44%
UGI-Gas	151	.76	134	.66	-11%
Major Gas	1,063	.79	848	.64	-20%
PG&W-Water	98	.82	68	.57	-31%
Phila. Suburban	38	.17	30	.13	-21%
PA-American	230	.69	127	.38	-45%
Other Class "A"	60	.62	29	.30	-52%
Major Water	426	.58	254	.35	-40%

*Pennsylvania-American = PAWC

Mediation Requests

The Commission's service termination procedures protect utility customers' rights. The Bureau normally intervenes at the customer's request only after direct negotiations between the customer and the company have failed. In 1990, the Bureau continues to focus on having companies improve payment negotiations.

As with consumer complaints, differences in the number of customers served by each utility make comparisons between utilities based on raw numbers of mediations invalid. In order to account for these differences, the Bureau uses the number of mediation requests per 1,000 overdue residential customers - the mediation rate - to permit comparisons among companies. The mediation rate can be used as a preliminary evaluation of companies' effectiveness in making payment arrangements. Unusually high or low rates, or sizeable changes in rates can reflect company performance. The Bureau views significant increases in the number of justified mediation cases or high justified mediation rates as error signals. Table 3 shows the mediation volume and mediation rates for the major companies for 1990 and 1991.

Several companies have recently escalated the use of soft dunning techniques in the collection of overdue bills. This is a departure from past collection practices which primarily involved the issuance of termination notices. This new approach has resulted in a number of informal complaints to the Bureau. Because these complaints are collection related, they are classified by BCS as mediation requests, even though the company did not send a termination notice. The number of these complaints for each major company for 1989, 1990 and 1991 is shown in Appendix I.

TABLE 3

RESIDENTIAL MEDIATION REQUESTS					
Company	1990		1991		1990-1991
	No.	Mediation Rate	No.	Mediation Rate	Percent Change in Number
Duquesne	1,255	1.32	1,072	1.13	-15%
Met. Ed.	321	.63	658	1.25	-105%
Penelec	461	.60	467	.65	1%
Penn Power	258	.98	344	1.21	33%
PP&L	687	.41	1,937	1.17	182%
PECO	2,530	.79	3,438	1.05	36%
UGI-Luz.	79	1.03	59	.77	-25%
West Penn	529	.46	269	.22	-49%
Major Electric	6,120	.78	8,244	.93	35%
Columbia	298	.80	932	3.39	213%
Equitable	1,890	5.50	843	2.38	-55%
NFG	186	.64	337	1.25	81%
PG&W-Gas	214	1.16	170	.93	-21%
Peoples	1,076	2.38	929	2.05	-14%
UGI-Gas	500	1.70	545	1.83	9%
Major Gas	4,164	2.03	3,756	1.97	-10%
PG&W-Water	56	.47	53	.44	-5%
Phila. Suburban	69	.31	89	.40	29%
PA-American	221	.66	251	.75	14%
All Other "Class A"	85	.88	70	.73	-18%
Major Water	431	.58	463	.58	7%

V. CASE OUTCOME - JUSTIFIED PERCENT - JUSTIFIED RATE

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

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

Consumer Complaint Justified Percent

Historically, substantially more consumer complaints than mediation cases were found to be "justified". There are several reasons for this. First, consumer complaints are very different from mediation requests in that they involve a number of very diverse problems and their resolution requires considerable expertise. In contrast, mediation cases involve a portion of the regulations which is procedurally less complex. However, current BCS data indicates that the electric, gas and water companies have successfully made improvements in consumer complaint handling. In fact, the 1991 statistics indicate that these companies are now more effective in consumer complaint handling than in payment negotiations. See Table 4 for justified consumer complaints in 1990 and 1991.

TABLE 4

JUSTIFIED CONSUMER COMPLAINTS			
Company	Justified Percent		Net Change 1990 to 1991
	1990	1991	
Duquesne	18%	19%	1%
Met. Ed.	17%	18%	1%
Penelec	25%	26%	1%
Penn Power	22%	18%	-4%
PP&L	25%	30%	5%
PECO	34%	39%	5%
UGI-Luzerne	28%	17%	-11%
West Penn	30%	22%	-8%
Major Electric	25%	24%	-1%
Columbia	20%	21%	1%
Equitable	26%	22%	-4%
NFG	28%	35%	7%
PG&W-Gas	31%	39%	8%
Peoples	17%	20%	3%
UGI-Gas	31%	23%	-8%
Major Gas	26%	27%	1%
PG&W-Water	30%	36%	6%
Philadelphia Suburban	32%	41%	9%
PA-American	26%	30%	4%
All Other "Class A"	22%	29%	7%
Major Water	28%	34%	6%

Mediation Justified Percent

Company effectiveness at negotiating payment arrangements when service termination is threatened is a major concern of the Bureau. In monitoring utility performance, the Bureau uses the percent of mediation cases that are "justified" to measure a company's effectiveness in negotiating with its customers. When a company's negotiations prior to a customer's appeal to BCS are found to have failed to conform to long-standing regulatory requirements, the case is said to be "justified". The following analysis focuses on the effectiveness of the major electric, gas and water companies in this area.

TABLE 5

JUSTIFIED MEDIATION REQUESTS			
Company	Justified Percent		Net Change 1990 to 1991
	1990	1991	
Duquesne	30%	30%	No Change
Met. Ed.	35%	52%	17%
Penelec	24%	34%	10%
Penn Power	23%	27%	4%
PP&L	49%	67%	18%
PECO	46%	60%	14%
UGI-Luzerne	45%	54%	9%
West Penn	43%	39%	-4%
Major Electric	37%	45%	8%
Columbia	10%	40%	30%
Equitable	38%	29%	-9%
NFG	30%	57%	27%
PG&W-Gas	25%	32%	7%
Peoples	22%	29%	7%
UGI-Gas	41%	45%	4%
Major Gas	28%	39%	11%
PG&W-Water	29%	38%	9%
Philadelphia Suburban	46%	46%	No Change
PA-American	25%	36%	11%
All Other "Class A"	59%	46%	-13%
Major Water	40%	42%	2%

Summary

Case outcome, measured in terms of the percentage of cases "justified", is the central measure of the quality of program services. Justified cases represent company failures at complying with the Commission regulations and rules or with Commonwealth statutes. When the Bureau encounters company case handling performance which is significantly worse than average, then there is reason to suspect that any customer who contacts the company is at risk of improper dispute handling by the company.

Justified Rate - An Improved Measure

In the past, the Bureau has presented two measures of company performance in both consumer complaints and mediation cases. Comparisons of the volume of BCS cases are made using the consumer complaint and mediation rates. The effectiveness of a utility's complaint handling or payment negotiations is measured using the percent of cases which are justified. Each of these indicators supports meaningful analysis of company performance. However, both indicators can be affected by changes in company policy. In practice, it is possible for a company to improve in just one of the measures and draw praise from the Bureau. Thus, the Bureau's current separation and independent analysis of these two measures does not provide the most accurate picture of a company's overall performance.

In response to this problem, a performance measure called "justified rate", which reflects both the volume and percent of cases justified, is presented in this report. (See Appendices J and K for an historical comparison of justified mediation and consumer complaint rates). Justified rates are applicable to both mediation requests and consumer complaints. The formulas for justified rates are:

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

$$\text{Justified Mediation Rate} = \frac{\text{Mediation Rate}}{\text{Mediation Justified Percent}}$$

These evaluative measures combine the quantitative measure of consumer complaint rate or mediation rate with the qualitative measure of justified percent. The Bureau perceives this to be a bottom line measure of performance that evaluates either company complaint handling or payment negotiations as a whole, and as such, allows for general comparisons to be made among companies and across time. See Tables 6, 7 and 8 for justified consumer complaint rates while Tables 9, 10 and 11 report justified mediation rates.

Justified Consumer Complaint Rate

TABLE 6

JUSTIFIED CONSUMER COMPLAINT RATE MAJOR ELECTRIC COMPANIES (1990-1991)			
			Net Change 1990 to 1991
Company	1990	1991	
Duquesne	.08	.07	-.01
Met. Ed.	.04	.04	No Change
Penelec	.09	.08	-.01
Penn Power	.11	.09	-.02
PP&L	.06	.06	No Change
PECO	.16	.17	.01
UGI-Luzerne	.29	.10	-.19
West Penn	.13	.08	-.05
Major Electric	.12	.09	-.03

Among the highlights of Table 6:

- * The electric industry was more effective at consumer complaint handling in 1991 than in 1990. The long term trend analysis shows a slight improvement for the industry.
- * Despite maintaining a relatively stable performance in recent years, PECO was the least effective major electric company at consumer complaint handling in 1991.
- * In 1991, Met. Ed. continued a long term pattern of being the most effective major electric company at consumer complaint handling. The Bureau is encouraged by Met Ed's consistently positive performance in this area.

TABLE 7

JUSTIFIED CONSUMER COMPLAINT RATE MAJOR GAS COMPANIES (1990-1991)			
Company	1990	1991	Net Change 1990 to 1991
Columbia	.08	.08	No Change
Equitable	.49	.33	-.16
NFG	.15	.16	.01
PG&W-Gas	.17	.17	No Change
Peoples	.11	.07	-.04
UGI-Gas	.24	.15	-.09
Major Gas	.21	.16	-.05

Among the highlights of Table 7:

- * Overall, the major gas companies were more effective at handling consumer complaints in 1991 than in 1990. Although the gas industry remains less effective than the electric industry, the gap between the two industries is closing.
- * Despite considerable improvement from 1990 to 1991, Equitable continued to be the least effective major gas company at consumer complaint handling. Equitable's justified consumer complaint rate remained nearly twice as high as the next highest company.
- * Peoples and Columbia were the most effective major gas companies at consumer complaint handling in 1991. This makes the second year in a row that these two companies have been leading the gas industry.

TABLE 8

JUSTIFIED CONSUMER COMPLAINT RATE MAJOR WATER COMPANIES (1990-1991)			
Company	1990	1991	Net Change 1990 to 1991
PG&W-Water	.25	.21	-.04
Philadelphia Suburban	.05	.05	No Change
Pennsylvania-American	.18	.11	-.07
All Other "Class A"	.14	.09	-.05
Major Water	.16	.12	-.04

Among the highlights of Table 8:

- * The water industry has shown improvement in every year since 1987 in its effectiveness at consumer complaint handling. In 1991 the water industry's performance was comparable to that of the gas industry and slightly less effective than the electric industry.
- * PG&W - Water was the least effective major water company for the second year in a row. However, the Bureau recognizes the steady improvements that the company has made in recent years and encourages them to continue to improve.
- * Philadelphia Suburban was the most effective major water company at consumer complaint handling in 1991. In fact, the company has maintained exemplary performance since BCS began reporting this measure in 1986.

Justified Mediation Rate

TABLE 9

JUSTIFIED MEDIATION RATE MAJOR ELECTRIC COMPANIES (1990-1991)			
			Net Change 1990 to 1991
Company	1990	1991	
Duquesne	.40	.34	-.06
Met. Ed.	.22	.65	.43
Penelec	.14	.22	.08
Penn Power	.23	.33	.10
PP&L	.20	.78	.58
PECO	.36	.63	.27
UGI-Luzerne	.46	.42	-.04
West Penn	.20	.09	-.11
Major Electric	.28	.43	.15

Among the highlights of Table 9:

- * The electric industry became significantly less effective at payment negotiations from 1990 to 1991. This marks the second consecutive annual deterioration in performance and is a source of concern to the Bureau.
- * PP&L, Met. Ed. and PECO were the least effective major electric companies at payment negotiations in 1991. Each of these companies showed a significant deterioration in performance from 1990 to 1991.
- * West Penn was the most effective major electric company at payment negotiations in 1991 as the company showed significant improvement from 1990 to 1991.

TABLE 10

JUSTIFIED MEDIATION RATE MAJOR GAS COMPANIES (1990-1991)			
Company	1990	1991	Net Change 1990 to 1991
Columbia	.08	1.36	1.28
Equitable	2.09	.69	-1.40
NFG	.19	.71	.52
PG&W-Gas	.29	.30	.01
Peoples	.52	.59	.07
UGI-Gas	.70	.82	.12
Major Gas	.65	.75	.10

Among the highlights of Table 10:

- * Overall, the major gas companies became less effective at payment negotiations in 1991 than in 1990. The Bureau is concerned because five out of the six major gas companies were less effective in 1991 than in 1990. The major gas companies are once again encouraged to target this area for improvement in 1992.
- * Columbia went from the most effective major gas company at payment negotiations in 1990 to the least effective in 1991. This drastic reversal concerns the Bureau. Columbia needs to assess this problematic performance quickly and take remedial efforts aimed at improvement in this area.
- * PG&W's performance at effective payment negotiations remained stable from 1990 to 1991. Meanwhile, those companies that were more effective than PG&W in 1990 showed significant deterioration in 1991. Consequently, PG&W has become the most effective major gas company at payment negotiations.

TABLE 11

JUSTIFIED MEDIATION RATE²			
MAJOR WATER COMPANIES			
(1990-1991)			
			Net Change 1990 to 1991
Company	1990	1991	
PG&W-Water	.14	.17	.03
Philadelphia Suburban	.14	.18	.04
Pennsylvania-American	.17	.27	.10
All Other "Class A"	.52	.34	-.18
Major Water	.24	.24	No Change

Among the highlights of Table 11:

- * The water industry has shown a relatively stable pattern of payment negotiations from 1987 to 1991. PG&W-Water and Philadelphia Suburban have similar performance while the deterioration in effectiveness for PAWC from 1990 to 1991 has left the company in need of improvement in 1992 if it is to close the gap on the other two major water companies.

² Water companies are not required to provide the Commission with their number of overdue customers. As a result, their mediation rates are calculated in the same manner as their consumer complaint rates. Because of this, the water companies' justified mediation rates are calculated differently from electric and gas companies and cannot be compared to those industries.

Summary

Justified rates combine the quantitative measures of consumer complaint or mediation rate and the qualitative measure justified percent. The Bureau hopes that this combined measure will cause companies to focus on how effectively they are handling consumer complaints and mediation requests. The Bureau believes that it is difficult for companies to control the volume of complaints coming to the Commission. However, companies can control the number of complaints that BCS evaluates as justified; that is, the company did not follow proper procedures, rules and regulations. Overall, the effectiveness of consumer complaint handling showed improvement from 1990 to 1991. However, electric and gas companies negotiated payment arrangements less effectively in 1991 than in 1990. This is a source of concern to the Bureau in light of the current study into uncollectible accounts. The investigation encourages more aggressive collection practices. However, companies are reminded to stay in compliance with regulations, Commission rules and policies. The Bureau expects companies to target this area for improvement in 1992.

VI. 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 the information needed to resolve the complaint. Response time quantifies the speed of a utility's response ("responsiveness") in BCS informal complaints. In this report, response time is presented as the mean number of days for each company. Mediation requests and consumer complaints are reviewed separately.

Response time is important for two reasons. First, a short response time means that a company has moved quickly to supply BCS with the required information to address the customer's problem. Second, a short response time is a clear indication that a company maintains adequate records. These records are required by Commission regulations and their routine presence indicates that companies generally have the resources on hand which are necessary to resolve a dispute before it becomes necessary for the Bureau to become involved. For these reasons, significant improvements or declines in response time performance, as well as failure to improve on conspicuously bad performance, are the focus of the analysis here.

Consumer Complaint Response Time

Slow response to complaints registered with BCS is an indication of inadequate complaint handling procedures. If a company is unresponsive to a BCS complaint, there is an indication that it is also unresponsive in handling the large majority of customer disputes which never reach the Bureau. Detailed investigations have verified the existence of the relationship between poor response time to the Bureau and unresponsiveness to customers. Responsiveness is thus an important index of the quality of utility complaint handling. See Table 12 for the consumer complaint response times for the major electric, gas and water companies for 1990 and 1991.

TABLE 12

RESPONSE TIME CONSUMER COMPLAINTS			
Company	Average Time in Days		Change in Days 1990 to 1991
	1990	1991	
Duquesne	14.6	9.5	-5.1
Met. Ed.	17.4	12.3	-5.1
Penelec	8.8	13.1	4.3
Penn Power	8.3	10.8	2.5
PP&L	14.2	13.5	-0.7
PECO	15.8	12.5	-3.3
UGI-Luzerne	27.1	28.3	1.2
West Penn	10.1	8.1	-2.0
Major Electric	14.5	13.5	-1.0
Columbia	9.7	6.9	-2.8
Equitable	20.4	12.2	-8.2
NFG	6.7	6.3	-0.4
PG&W-Gas	11.9	6.4	-5.5
Peoples	8.8	5.6	-3.2
UGI-Gas	10.4	9.2	-1.2
Major Gas	11.3	7.8	-3.5
PG&W-Water	21.2	11.2	-10.0
Philadelphia Suburban	20.4	19.9	-0.5
Pennsylvania-American	6.1	3.8	-2.3
All Other "Class A"	17.0	18.1	1.1
Major Water	16.2	13.3	-2.9

Among the highlights:

- * Overall, consumer complaint response time for the electric, gas and water industries improved from 1990 to 1991. Those companies which continue to respond slower than the Bureau's informal ten day standard should target this area for improvement in 1992.
- * UGI-Luzerne and Philadelphia Suburban had unacceptable consumer complaint response times in 1991. The Bureau is concerned because this poor performance has persisted over several years.
- * West Penn, Peoples and Pennsylvania-American were the most responsive companies in their respective industries to consumer complaints in 1991. Each of these companies showed improvement from 1990 to 1991 and their positive performance should serve notice to the other companies that better performance is possible.

Mediation Response Time

For every day that a mediation case remains open and unresolved the customer may continue to accumulate a larger debt to the company. As a result, there is a strong inherent economic incentive for the company to process mediation requests expeditiously so that a final disposition of the complaint can be determined. The statistics below seem to reflect this logic for gas and water companies as performance has improved and converged over time. However, electric company performance deteriorated from 1990 to 1991.

TABLE 13

RESPONSE TIME MEDIATION REQUESTS			
Company	Average Time in Days		Change in Days 1990 to 1991
	1990	1991	
Duquesne	2.2	1.8	-0.4
Met. Ed.	4.6	3.2	-1.4
Penelec	3.9	5.0	1.1
Penn Power	2.8	2.1	-0.7
PP&L	2.2	11.8	9.6
PECO	1.9	12.5	10.6
UGI-Luzerne	9.8	15.8	6.0
West Penn	2.7	3.3	0.6
Major Electric	3.8	6.9	3.1
Columbia	4.0	3.9	-0.1
Equitable	19.8	6.8	-13.0
NFG	4.4	2.9	-1.5
PG&W-Gas	3.9	1.6	-2.3
Peoples	4.0	3.3	-0.7
UGI-Gas	3.3	3.6	0.3
Major Gas	6.6	3.7	-2.9
PG&W-Water	7.7	3.0	-4.7
Philadelphia Suburban	14.2	15.4	1.2
Pennsylvania-American	1.6	1.9	0.3
All Other "Class A"	11.9	13.4	1.5
Major Water	8.9	8.4	0.5

Among the highlights:

- * Generally, mediation response time is not a source of concern for the Bureau. Overall, the improvement made by the gas industry was offset by the deterioration of the electric industry. Meanwhile, the water industry's performance was stable from 1990 to 1991.
- * Four companies, PP&L, PECO, UGI-Luzerne and Philadelphia Suburban, had unacceptable mediation response times in 1991. The Bureau is particularly alarmed because each company responded slower in 1991 than in 1990. Each of these companies will be monitored closely in 1992.

Summary

Response time is an important indicator of a company's responsiveness at handling disputes. A quick response time indicates that a company generally has the resources on hand which are necessary to resolve a dispute before it becomes necessary for BCS involvement. Overall, mediation response time remained stable as the improvement in the gas industry was offset by the deterioration in the electric industry. Meanwhile, consumer complaint response time improved from 1990 to 1991. Each industry showed improvement while on an individual company basis, Equitable and PG&W - Water showed the most improvement.

VII. COLLECTIONS

The status of utility collections is measured by the Bureau through statistics on the number of customers who owe utilities money, the amounts owed, how long the money has been owed, and finally, amounts owed that have been written off by the companies. The primary indicators of collection performance are the amounts owed and the amounts that have been written off as uncollectible.

The Bureau has historically tracked money owed to utilities through arrearages. An arrearage is an unpaid balance which is not covered by a payment agreement. The longer a customer goes without paying and the greater the amount owed, the greater the pressure the company applies to secure payment. Initial payment reminder notices are followed by collections letters and, if these fail, by a threat of service termination. Most delinquent customers succumb to this pressure and either pay their bill or make arrangements to pay over time. Once a customer makes a payment agreement with the company, and as long as scheduled payments are made, the amount owed is removed from the "arrearage" category. However, the primary distinction between money that is owed as arrearages and money that is owed in payment agreements is no longer made by BCS as these are now presented as a combined figure.

In order to accurately portray the total amount of money owed to utilities, arrearages as well as money owed in payment arrangements must be considered. In the past, the Bureau had not always obtained information from utilities about the amount of money owed in payment arrangements. This situation was rectified in 1986 and the material below is the fourth analysis of collections which includes the amount owed to utilities by customers on payment agreements.

Overview

The significant variations among companies in the amount of debt in arrearages and agreements appears to be reflective of different collections policies. The Bureau is aware of these variations and is currently proposing collections policies to be implemented by the major gas and electric utilities. These policies emphasize more timely collections practices.

From the Commission's perspective, one of the keys to effective collections is identifying whether the customers who owe the utility money are low-income. The debt owed by non low-income customers may be less at risk because middle and upper income customers are more likely to have the income and/or assets to pay off their utility debt. Additionally, the cost to the utility for carrying this debt may be offset by the assessment and collection of late payment charges.

On the other hand, the debt owed by low-income customers may be at more risk because of income levels or assets that are too inadequate to address the debt. In these cases, the assessment of late payment charges may further threaten the utility's ability to recover billings.

If a utility is in a position of knowing which customers that owe money are low-income (through application information, the receipt of energy assistance or income reporting related to payment agreements), the utility can pursue collections and make referrals to assistance programs before the debt reaches an unmanageable level.

Percent of Residential Customers Who Owe Money

In past reports, the statistic Percent of Customers Overdue has been used in order to make direct comparisons among companies. Having shown that overdue customers represent only part of the problem, it is more accurate to substitute the combined percentage of customers who are either in arrears or have an agreement. This data is presented in Table 14. In addition, the number of customers in debt is reported in Appendix L.

TABLE 14

PERCENT OF CUSTOMERS IN DEBT				
Company	1989	1990	1991	Percent Change From 1989 to 1991
Duquesne	18.9%	19.2%	19.9%	5%
Met. Ed.	16.2%	13.3%	12.5%	-23%
Penelec	18.9%	16.6%	16.0%	-15%
Penn Power	18.2%	21.1%	23.0%	26%
PP&L	16.2%	17.0%	17.8%	10%
PECO	28.0%	27.6%	28.4%	1%
UGI-Luzerne	13.3%	13.0%	12.9%	-3%
West Penn	18.0%	18.8%	21.1%	17%
Electric-Avg.	18.5%	18.3%	19.0%	2%
Columbia	12.5%	14.2%	11.2%	-10%
Equitable	18.4%	20.3%	21.6%	17%
NFG	17.2%	16.9%	15.8%	-8%
PG&W-Gas	15.8%	15.9%	15.5%	-2%
Peoples	15.0%#	16.2%#	13.4%	-11%
UGI-Gas	13.7%	14.1%	14.2%	4%
Gas - Avg.	15.4%	16.3%	15.3%	-1%

Overstated - Includes delinquent finaled accounts.

Among the highlights from Table 14:

- * Overall, nearly one out of every five residential customers was overdue in paying utility bills in 1991. This represents a slight increase from 1990.
- * PECO, Penn Power, West Penn and Equitable face the highest levels of customer accounts at risk and, as such, have a larger collections task than the other major electric and gas companies.

Amount of Money at Risk

The percent of customers in debt reflects the general state of collections. However, the risk of loss is better determined through a review of the amount and aging of the money involved. Table 15 shows a combined total of the money that is owed by customers in arrears and by those with agreements. The total amount of money owed by customers is the most important collections figure reported herein.

TABLE 15

RESIDENTIAL CUSTOMER DEBT				
Company	1989 (\$000) Total Debt	1990 (\$000) Total Debt	1991 (\$000) Total Debt	Percent Change in Total 1989-1991
Duquesne	\$ 27,720	\$ 32,738	\$ 40,595	46%
Met. Ed.	10,389	10,424	8,072	-22%
Penelec	12,828	11,348	11,667	-9%
Penn Power	2,134	2,898	3,956	85%
PP&L	43,705	46,481	44,120	1%
PECO	87,623	106,005	124,387	42%
UGI-Luzerne	661	700	741	12%
West Penn	8,722	10,254	15,648	79%
Electric-Total	\$193,782	\$220,848	\$249,186	29%
Columbia	11,066	10,988	9,769	-12%
Equitable	23,658	25,380	27,398	16%
NFG	6,442	7,098	5,965	-7%
PG&W - Gas	3,997	3,535	3,098	-22%
Peoples	11,017#	14,137#	8,893	-19%
UGI - Gas	2,863	3,319	3,389	18%
Gas - Total	\$59,043	\$64,457	\$58,512	-1%
TOTAL	\$252,825	\$285,305	\$307,698	22%

Overstated - Includes delinquent finaled accounts.

Among the highlights from Table 15:

- * Residential customer debt grew by 22% from \$252 million in 1989 to \$307 million in 1991. In view of a relatively stable overdue customer population, it appears that the arrearage for a typical overdue customer was significantly higher in 1991 than in 1989. The Bureau is concerned about this worsening collections problem.
- * Met Ed and PG&W-Gas showed the largest reduction in residential customer debt in their respective industries from 1989 to 1991.

Weighted Measures - A Tool For Comparison

Notwithstanding the divergent collections performance as presented above, some comparisons between companies based on either arrearages or agreements can be misleading because of differences in bills. For this reason, a weighted statistic is calculated so that the effect of different average bills is taken into consideration.

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

TABLE 16

WEIGHTED STATISTICS FOR ARREARAGES AND AGREEMENTS			
Company	1989 Weighted Total Score	1990 Weighted Total Score	1991 Weighted Total Score
Duquesne	4.3	5.5	5.6
Met. Ed.	3.0	2.4	2.6
Penelec	3.0	3.0	3.0
Penn Power	1.6	1.6	1.7
PP&L	4.2	4.1	3.5
PECO	3.4	4.2	4.3
UGI-Luzerne	1.9	2.1	2.1
West Penn	2.1	2.3	2.8
Electric-Avg.	3.0	3.2	3.2
Columbia	4.9	4.4	5.0
Equitable	8.2	7.9	7.4
NFG	3.1	3.5	3.3
PG&W-Gas	3.2	3.4	2.9
Peoples	3.6#	4.5#	3.5
UGI-Gas	2.4	2.8	2.6
Gas-Avg.	4.2	4.4	4.1
OVERALL - AVG.	3.9	4.3	4.0

Overstated - Includes delinquent finaled accounts.

Among the highlights of Table 16:

- * The interpretation of these scores is straightforward. Higher scores represent greater risk, and therefore, indicate less effective overall management of accounts. Companies with the highest total scores, such as Equitable and Duquesne, raise concerns about their long term ability to keep collections costs under control.

Termination of Service

Service termination is expensive in many regards. It costs a great deal to make pre-termination contacts, to terminate service, and to then attempt to collect the final bill. Further, the social costs of termination are difficult to quantify, but are obviously important. Alternately, the cost of not terminating customers who are delinquent in their payments can also be very significant.

Given the rise in the amount of debt owed by residential customers and the possible relationship of these costs to collections strategies, including termination, the Commission and utilities need to reexamine the value of termination as a collection tool. This assessment should include consideration of the appropriateness and value of termination for willful nonpayment, as well as provisions for maintaining utility service for those customers who, despite their best efforts at paying their bills, fall short in the ability to cover the entire cost of their utility service. Towards this end, the Bureau is no longer viewing termination as a negative performance indicator. Termination will be stressed as an acceptable outcome for customers who do not negotiate in good faith with the companies.

TABLE 17

NUMBER OF RESIDENTIAL SERVICE TERMINATIONS				
Company	1989	1990	1991	Percent Change 1989-1991
Duquesne	1,370	3,003	3,454	152%
Met. Ed.	519	1,251	1,794	246%
Penelec	3,802	3,492	3,508	-8%
Penn Power	933	883	1,125	21%
PP&L	2,871	4,372	6,683	133%
PECO#	22,014	12,318	18,778	-15%
UGI-Luzerne	735	345	743	1%
West Penn	5,372	4,568	3,941	-27%
Electric - Total	37,616	30,232	40,026	6%
Columbia	1,944	2,864	1,487	-24%
Equitable	3,300	4,314	4,371	32%
NFG	2,945	3,597	4,444	51%
PG&W - Gas	1,339	1,182	1,733	29%
Peoples	4,296	3,138	4,502	5%
UGI - Gas	4,515	3,902	4,657	3%
Gas - Total	18,339	18,997	21,194	16%
TOTAL	55,955	49,229	61,220	
PERCENT CHANGE				9%

Combined electric and gas

Uncollectible Accounts

The most commonly used long-term measure of collections system performance is the proportion of revenues written off as uncollectible, the "write-offs ratio". In order to report a statistic that is easier to comprehend and compare, BCS changes the ratio of write-offs to revenues to the percentage of residential billings written off as uncollectible. The statistics in Table 18 use residential gross write-offs. Write-offs and revenues can be traced to both residential and non-residential service. With the focus of this report being residential accounts, a percentage of residential billings written off as uncollectible is used as the best available measure of performance in collecting bills. (Appendix H provides a listing of net total write-offs as a percentage of total revenues from 1989 to 1991).

TABLE 18

PERCENTAGE OF GROSS RESIDENTIAL BILLINGS WRITTEN OFF AS UNCOLLECTIBLE				
Company	1989	1990	1991	Percent Change 1989-1991
Duquesne	1.82%	2.61%	2.30%	26%
Met. Ed.	1.41%	1.52%	1.54%	9%
Penelec	1.29%	1.18%	1.20%	-7%
Penn Power	0.58%	0.67%	1.08%	86%
PP&L	1.87%	2.27%	2.35%	26%
PECO	2.39%	2.89%	3.72%	56%
UGI-Luzerne	0.64%	0.80%	0.86%	34%
West Penn	0.69%	0.80%	0.89%	29%
Electric - Total	1.34%	1.59%	1.74%	30%
Columbia	2.13%	2.47%	2.80%	31%
Equitable	4.34%	4.61%	4.08%	-6%
NFG	1.17%	2.31%	2.66%	127%
PG&W - Gas	1.31%	1.51%	1.65%	26%
Peoples	1.11%	1.32%	1.40%	26%
UGI - Gas	1.72%	1.98%	2.01%	17%
Gas - Total	1.96%	2.37%	2.43%	24%

Among the highlights of Table 18:

- * Overall, both the electric and gas industries wrote off a significantly higher percentage of residential billings in 1991 than in 1989. The companies with the worst write-offs in 1991 were PECO and Equitable. Other companies with poor performance were Duquesne, PP&L, Columbia and NFG. The Bureau is concerned about both the high write-off levels and the rapid growth in write-offs.

Summary

Some of the material presented above represents a significant departure from the analytical perspective taken in past Bureau reports. The availability of a more complete range of data necessitates this expanded view of collections. As still more data is accumulated it will be possible to enhance the statistical strength of the analyses offered above. Also, the conclusions to which the new analyses point will be based on firmer ground as increasingly accurate data comes to reflect the details of actual company operations.

The state of residential collections has deteriorated somewhat from 1989 to 1991. The number of residential customers in debt and the aging of this debt appears to have stabilized. However, for those customers owing the companies, the size of the debts has increased. As these accounts become more difficult to manage, it is expected to cause the gross residential write-offs to increase to even higher levels. Payment problems have clearly become more serious in recent years and both the Commission and the utilities have a major task ahead of them in trying to offer solutions to this problem. The BCS report on the investigation into uncollectible accounts emphasized more timely collections practices.

The overall goals reflected in the Bureau's recommendations are to achieve a balance between protecting health and safety and limiting utility collection costs. The recommendations seek to enable needy low income households to maintain utility service through affordable payments and cost effective CAP programs. For those customers who have the resources to pay their bills, the Bureau recommends minimizing utility costs through aggressive collections.

VIII. COMPLIANCE

The activities of the Bureau of Consumer Services include efforts to insure that public utilities' customer services conform with the standards of conduct codified in the Commission's regulations. The focus here is on the Chapter 56 residential utility service regulations. These regulations, adopted in June 1978, govern residential electric, gas, water, steam heat, and sewage service. The purpose of Chapter 56, as stated in Section 56.1, is to ". . . establish and enforce uniform, fair, and equitable residential utility service standards governing eligibility criteria, credit and deposit practices, and account billing, termination, and customer complaint procedures".³

The Bureau of Consumer Services has developed three complementary methods to secure utility compliance with Chapter 56 regulations. These methods are 1) the informal compliance notification process; 2) the consumer services review program; and 3) formal complaints. Both the consumer services review program and formal complaints are used as needed to focus on a specific utility. Alternately, the informal notification process, in conjunction with the automated compliance tracking system, serves to guide the Bureau in the selection of companies for the review program and formal complaints.

The informal compliance notification process is the keystone of the Bureau's compliance efforts. The process provides utilities with specific examples of apparent violations of Chapter 56 so that they can use the information to pinpoint and voluntarily correct deficiencies in their customer service operations. The informal compliance notification process uses consumer complaints to identify, document, and notify utilities of apparent violations. A utility which receives notification of an apparent violation has an opportunity to refute the facts which support the allegation of a violation. Failing a satisfactory refutation, appropriate corrective action is to be taken to prevent further occurrences. Corrective actions generally entail modifying a computer program; revising the text of a notice, bill, letter or company procedure; or providing additional staff training to insure the proper implementation of a sound procedure. The notification process also affords utilities the opportunity to receive written clarifications of Chapter 56 provisions and Commission and Bureau policies.

During 1989, 1990, and 1991 the Bureau determined that there were 2,634 informally verified violations of Chapter 56 by the fixed utilities under the PUC's jurisdiction. The significance of these violations is frequently underscored by the fact that many of the informal violations represent systematic errors which 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 notification process is specifically

³ Violations of the Chapter 64 residential telephone standards are not presented in this report. A separate BCS report will include evaluations of telephone company compliance activity.

designed to identify systematic errors and press utilities to investigate the scope of the problem and then take corrective action.

Utilities that wish to avoid BCS compliance actions have several options. First, they may take advantage of the Bureau's informal notification process. They can also develop their own complaint/compliance information systems to identify compliance problems 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 complaints and treating them as potential error signals, utilities can pinpoint problematic procedures and employee errors which give rise to violations and complaints. Company operations can then be improved to the satisfaction of the PUC, utility customers, and the utility management. A more detailed description of the Bureau's compliance activities can be found in the BCS report of August 1987, entitled Consumer Services Compliance Report 1985-1986.

Informal Compliance Findings

The data analyzed in this section have been gleaned from the informal complaints filed with the PUC by residential customers during 1989, 1990, and 1991. The violation statistics for the major electric, gas and water companies are presented by company and year in Tables 19-21.

The data in Table 22 indicate the sections of Chapter 56 which are most commonly violated by the fixed utilities based on compliance findings for the past three years.

Opposing viewpoints regarding the meaning of the aggregate figures for informally verified violations have been expressed at various times in the past. Some utilities view the data as reflecting an extremely small number of errors given the massive number of customer contacts routinely handled by utilities. They suggest that BCS' informally verified violations represent no more than the occasional mistakes that are inevitable in an operation the size of a public utility. Instead of viewing the aggregate violation data as indicative of poor compliance performance, some companies suggest that the statistics actually demonstrate utilities' good faith efforts to comply with these residential service regulations. They argue that, if this were not the case, the violation data would be much higher.

The Bureau of Consumer Services views the informal violation figures quite differently. The Bureau's perspective is that each informally verified violation is an error signal. A single infraction can be indicative of a system-wide misapplication of a particular section of the regulations. Because consumers are reluctant to complain, and because the PUC gets involved with only a small fraction of the total number of complaints to utilities, there is sufficient reason to believe that there are numerous violations occurring which will go undetected by the PUC. Therefore, the violations which do come to the attention of the Bureau warrant careful analysis and consideration by the target utility. The informal notification process is intended to assist utilities in their process analysis and consideration. Additionally, findings from the other two

methods used by BCS to effect compliance with Chapter 56 support the perspective that informally verified violations often represent larger compliance problems.

Several considerations are important to keep in mind when viewing the aggregate informal violation figures. First, the data pertaining to the number of violations do not take into consideration the causes of the individual violations. Some violations may be more serious because of their systematic nature, and therefore may be indicative of ongoing or repetitive violations. Other violations may be more serious because they involve threats to the health and safety of utility customers,

Another set of considerations to keep in mind when viewing aggregate violation measures is that, as a performance measure, they are most important because they indicate infractions of PUC regulations. Therefore, while a utility may take note of a significant decrease in an aggregate figure, it should be kept in mind that the criterion for good performance is zero violations.

For these reasons, the aggregate figures presented in Tables 19-21 are considered by BCS along with other information which is case specific. The value of the aggregate figures is in depicting apparent gross trends over time and pointing out extreme deviations.

TABLE 19

INFORMAL VIOLATIONS OF CHAPTER 56 MAJOR ELECTRIC COMPANIES					
Company	1989	1990	1991 Total*	1991 Total Verified	1991 Total Pending
Duquesne	61	40	13	12	1
Met. Ed.	14	9	9	8	1
Penelec	17	23	15	11	4
Penn Power	5	4	13	12	1
PP&L	52	65	79	79	0
PECO	281	179	191	164	27
UGI-Luz.	9	28	8	8	0
West Penn	46	82	22	22	0
TOTAL	485	430	350	316	34

* The total number of violations for 1991 (column 3) is comprised mostly of verified violations (column 4) and in some cases, a smaller proportion of pending violations (column 5). The total number of violations for 1991 may increase as new violations are discovered and cited from customer complaints which originated in 1991 but are still under investigation by the Bureau. In most instances, the actual total number of violations for 1991 will be equal to or greater than the number reported in column 3. This note also applies to Tables 20 and 21.

BCS is encouraged by the decrease in aggregate informal violation figures over the past three years. Duquesne, West Penn, Equitable, UGI-Gas, and PA-American Water show significant reductions in aggregate data. As stated previously, however, several considerations are important to keep in mind when viewing the aggregate informal violation figures. The BCS also considers cause, seriousness, and other information which is case specific. On a case-by-case basis, these considerations are thoroughly reviewed with utilities through the informal compliance notification process. Thus, while the aggregate violation data trend points toward improving compliance, companies are advised to thoroughly review case specific information to determine the true level of improvement. Upon request, the BCS will supply companies with a breakdown of their apparent violations by specific sections of Chapter 56. BCS will also continue to meet with companies to discuss correction of systematic errors that come to light as a result of BCS informal compliance notifications.

TABLE 20

INFORMAL VIOLATIONS OF CHAPTER 56 MAJOR GAS COMPANIES					
Company	1989	1990	1991 Total*	1991 Total Verified	1991 Total Pending
Columbia	36	25	30	27	3
Equitable	64	57	39	34	5
NFG	25	37	25	23	2
PG&W-Gas	30	14	10	7	3
Peoples	22	36	20	18	2
UGI - Gas	60	46	25	24	1
TOTAL	237	215	149	133	16

TABLE 21

INFORMAL VIOLATIONS OF CHAPTER 56 MAJOR WATER COMPANIES					
Company	1989	1990	1991 Total*	1991 Total Verified	1991 Total Pending
PA-American	112	75	39	33	6
PG&W-Water	23	17	11	11	0
Philadelphia Suburban	16	31	34	31	3
All Other "Class A" Companies	24	43	7	7	0
TOTAL	175	166	91	82	9

TABLE 22

MOST COMMONLY VIOLATED AREAS OF CHAPTER 56 MAJOR ELECTRIC, GAS AND WATER COMPANIES						
Sections	1989		1990		1991	
	No.	%	No.	%	No.	%
56.11 Billing Frequency	27	3	10	1	8	2
56.12 Meter Reading	145	16	124	15	61	12
56.14 Make-up Bill	68	8	41	5	18	3
56.16 Transfer of Accounts	49	5	32	4	20	4
56.32-37 Credit Standards	20	2	19	2	12	2
56.81-83 Termination Grounds	70	8	53	6	44	8
56.91-97 Termination Procedures	49	5	98	12	73	14
56.121-126 Landlord-Ratepayer Termination Procedures	38	4	37	5	32	6
56-141-152 Dispute Handling	247	28	272	34	155	29
56.163 Informal Complaint	35	4	38	5	38	7
All Other Sections	149	17	87	11	70	13
TOTAL	897	100	811	100	531	100

The most common compliance problem over the past three years is failure by utilities to treat customer complaints in full accord with the explicit standards of conduct set forth in the Chapter 56 dispute handling provisions (Section 56.141 - Section 56.152). This is troubling since these provisions are intended to insure basic due process rights to consumers.

Failure by companies to obtain appropriate meter readings within prescribed periods constitutes the overwhelming majority of informally verified violations of Section 56.12. However, obtaining meter readings through telephone lines and the installation of remote meters attributed to the reduction in violations of this section in 1991.

Informally verified violations of the Chapter 56 provisions relating to termination of service (Section 56.81 through Section 56.126) account for 22% of the apparent violations by the major utilities over the past three years. The fact that one of five violations involved these important Chapter 56 standards indicates that utilities have not established and/or properly implemented procedures which insure day-to-day compliance with these provisions.

Compliance with the Chapter 56 "make-up" bill provision (Section 56.14) continues to improve.

Overall, the number of informally verified violations gleaned by BCS investigators from informal complaints has decreased 35% from 1990 to 1991. Although this drop is very encouraging, it is tempered by the fact that the criterion for good performance is zero violations. Moreover, Chapter 56 has been in effect for many years. Utilities have had ample time to adjust their operations to comply with these residential service standards. Thus, the 2,239 apparent violations by the major electric, gas and water companies, which BCS gathered over the past three years, indicate utilities have not fully incorporated Chapter 56 into their daily customer service operations.

IX. CONCLUSION

The discussion above has fulfilled the Bureau's responsibility to make assessments of utility customer services performance generally available. This report provides an overview and a general analysis of BCS handling of complaints against electric, gas and water companies during 1991. The consumer complaint and mediation rates used here are quantitative problem indicators related to utility company performance in various customer services areas. Response time, percent of complaints "justified", and justified rate are qualitative performance measures which reflect a company's responsiveness and effectiveness in handling customer complaints. These measures support the Bureau's emphasis on improvement in all areas of complaint handling. In addition, the analysis of collections statistics provides a basis for comparing company performance at managing unpaid accounts. Finally, a review of compliance statistics shows which companies are least successful at operating in conformity with Commission regulations.

Most importantly, effectiveness in consumer complaint and mediation handling is measured through justified rates. This evaluative measure combines the quantitative measure of consumer complaint or mediation rate with the qualitative measure justified percent. The Bureau perceives this to be a bottom line measure of performance that evaluates either company complaint handling or payment negotiations as a whole and, as such, allows for general comparisons to be made among companies and across time. Overall, electric, gas and water companies have shown improvement at consumer complaint handling from 1990 to 1991. Nevertheless, the worst companies in each industry will be closely monitored by the Bureau in 1992. In contrast, the effectiveness of the electric and gas industries at payment negotiations showed deterioration from 1990 to 1991. Again, the companies which show evidence of poor negotiations will be targeted for close scrutiny in 1992. The Bureau continues to urge ineffective companies to study their own problems and to identify ways to address these problems.

Responsiveness to Bureau cases is measured by response time. From 1990 to 1991, 11 out of the 17 major companies became more responsive to BCS consumer complaints. Once again, the gas industry maintained its position as the most responsive industry. Also, mediation response time improved for the gas companies, remained stable for water companies, and deteriorated significantly for electric companies. Overall, the gas industry responded significantly faster than the electric industry and more than two times faster than the water industry to mediations.

The utility collections picture in Pennsylvania has deteriorated somewhat from 1989 to 1991. Stability or minor improvements in some collections statistics were not significant enough to offset the deteriorations in other areas. On the positive side in 1991, slightly fewer customers owe money. On the negative side, total debt and the percentage of residential billings written off as uncollectible increased. Thus, fewer customers owe more money and the potential financial risk they pose has increased. The Bureau is concerned about the collections performance of some major gas and electric companies in 1991 and urges companies to carefully study their collections policies so that improvements can be made in 1992.

The BCS, as part of the Commission's investigation of uncollectible balances, will be putting renewed emphasis on collections. The Bureau will request all companies to perform a thorough review of their collection policies and practices. In addition, BCS will recommend that companies be required to justify noncompliance with past Commission secretarial letters from the 1985 payment troubled customers' proceeding; particularly, the requirement that companies identify low income accounts as part of tacking and referral and monthly collections. This identification is a core requirement for utilities to implement the tailored collection systems the Commission has previously ordered.

In this report, the Bureau continues to recommend that utilities implement tailored, aggressive collection systems. Seriously delinquent non low income accounts should be aggressively pursued and, if payment is not made, termination may be the only recourse. Low income accounts should also be pursued in a timely manner. For low income customers who have an ability to pay their utility bills, good faith payment negotiations should be pursued. If these efforts fail to produce customer payments, then termination may be a reasonable recourse. However, utilities must also recognize that some low income customers have a negative ability to pay and that CAP programs are the option of choice for maximizing customer payments and minimizing collection related expenses.

The report finds a wide disparity in performance in collections. More importantly, the trend shows an overall deterioration. However, a number of utilities have demonstrated that collection performance can be maintained and the case of Penelec shows that improvements can be made over time. Utility management should not accept collections deterioration as an unavoidable part of doing business.

Utility compliance with the Commission's regulations continues to improve. This continuing improvement is largely due to the higher priority placed on compliance with Chapter 56 by the major companies. The BCS is particularly pleased to see some major companies taking corrective action not only from feedback provided through the informal compliance process, but also as a result of the companies' internal systems designed to track compliance activity.

Throughout this report there are numerous examples of results which point to opportunities for companies to make significant improvements in customer services. Individual company performance varied greatly in 1991. Some companies have done a better job of effectively managing and running their customer services operations. These companies include West Penn, Penelec, Met. Ed., PG&W, Peoples and Pennsylvania-American Water. The efforts of the better companies warrant careful study by those companies which did not perform well. At the same time, no company came close to being the best in all areas. Thus, even the better companies can resolve to improve their performance with a reasonable expectation of success. On the other hand, the Bureau is very concerned about those companies which the statistics reported here show have generally ineffective customer services. These companies are PECO and Equitable. Once again, the Bureau will be closely monitoring these companies in the current year and requests that these companies target their own individual problem areas for improvement in 1992.

There is ample evidence to show that companies which make a sincere effort to improve complaint handling have been successful. To foster this approach, the Bureau attempts to assist company efforts at self-monitoring. In addition to periodic reviews of company procedures, the Bureau provides most of the data used in the preparation of this report to companies on a quarterly basis. Companies which seek to improve performance and confront problems can determine causes for problems and respond appropriately long before BCS becomes involved. The Bureau will continue to criticize those companies which show declines in the measures of customer services performance that are presented in this report. The objective of the criticism is to encourage companies to undertake efforts which will insure that customers with problems or complaints receive the best possible response.

APPENDICES

APPENDIX A

DISTRIBUTION OF COMMERCIAL CASES				
	1990		1991	
Company	Mediations	Consumer Complaints	Mediations	Consumer Complaints
Duquesne	44	30	47	31
Met. Ed.	74	11	80	15
Penelec	24	30	32	34
Penn Power	3	8	1	8
PP&L	46	31	82	18
PECO	87	54	142	60
UGI-Luzerne	1	2	1	1
West Penn	41	31	18	16
Columbia	3	11	13	9
Equitable	9	23	9	21
NFG	2	7	2	8
PG&W-Gas	2	4	1	4
Peoples	6	11	4	8
UGI-Gas	9	9	11	11
PA-American	2	24	9	16
PG&W-Water	2	2	0	4
Phila. Suburban	1	2	1	6

APPENDIX B

BCS COMPLAINTS - 1991 RESIDENTIAL - COMMERCIAL					
MEDIATIONS					
Industry	Total Mediations	Residential Mediations	Percent Residential Mediations	Commercial Mediations	Percent Commercial Mediations
Electric	8,658	8,255	95%	403	5%
Gas	4,020	3,971	99%	49	1%
Water	530	515	97%	15	3%
Other	13	11	85%	2	15%
TOTAL	13,221	12,752	96%	469	4%
CONSUMER COMPLAINTS					
Industry	Total C.C.	Residential C.C.	Percent Residential	Commercial C.C.	Percent Commercial
Electric	1,671	1,485	89%	186	11%
Gas	981	912	93%	69	7%
Telephone	4,225	3,671	87%	554	13%
Water	599	557	93%	42	7%
Other	46	41	89%	5	11%
TOTAL	7,522	6,666	89%	856	11%

APPENDIX C

Table 1

MONTHLY VOLUME						
Company	Mediation Requests			Consumer Complaints		
	1989	1990	1991	1989	1990	1991
January	280	223	360	831	762	714
February	243	276	285	700	641	601
March	326	451	611	760	797	633
April	666	1,215	1,582	537	656	535
May	748	1,296	1,813	585	810	600
June	835	1,234	1,489	691	773	603
July	891	1,102	1,509	684	830	790
August	1,174	1,382	1,430	790	888	734
September	1,047	1,085	1,258	604	690	563
October	969	1,140	1,528	542	676	631
November	812	765	1,053	619	730	539
December	299	247	303	635	639	579
TOTAL	8,290	10,416	13,221	7,978	8,892	7,522

APPENDIX C

Table 2

BCS ACTIVITY				
Year	Mediations	Consumer Complaints	Inquiries	Total
1978	11,749	11,441	7,095	30,285
1979	14,976	10,207	42,000*	67,183
1980	15,006	7,454	15,229	37,689
1981	16,599	6,762	20,636	43,997
1982	19,603	7,084	23,553	50,240
1983	15,896	6,563	20,128	42,587
1984	16,014	6,603	18,808	41,425
1985	14,272	6,738	26,144	47,154
1986	10,181	5,896	14,663	30,740
1987	8,782	6,433	11,187	26,402
1988	6,913	7,478	10,581	24,972
1989	8,290	7,978	9,784	26,052
1990	10,416	8,892	8,820	28,128
1991	13,221	7,522	5,198	25,941
TOTAL	181,918	107,051	233,826	522,795
Avg.	12,994	7,647	16,702	37,343

* Includes 27,000 TMI Protests

APPENDIX D

MAJOR PROBLEM CATEGORIES FOR INQUIRIES AND OPINIONS 1991		
Category	Number	%
Referral to Company	1,305	25%
Referral to Other BCS/Other Bureau	610	12%
Referral to Other Agency	1,537	29%
Specific Information Request	1,019	20%
Rate Protest and Opinion	484	9%
Opinion - General	140	3%
Other	103	2%
TOTAL	5,198	100%

APPENDIX E

TYPE OF INDUSTRY				
Industry	Mediation Requests		Consumer Complaints	
	1990	1991	1990	1991
Electric	56%	66%	25%	22%
Gas	39%	30%	16%	13%
Telephone	---	---	48%	56%
Water	5%	4%	10%	8%
Other	0%	0%	1%	1%

* Sum does not equal 100% due to rounding error

APPENDIX F

MONTHLY AVERAGE NUMBER OF RESIDENTIAL CUSTOMERS - 1991	
Duquesne	511,271
Met. Ed.	384,429
Penelec	478,303
Penn Power	119,418
PP&L	1,028,193
PECO	1,298,674
UGI-Luzerne	52,278
West Penn	551,371
Major Electric - Total	4,423,937
Columbia	316,313
Equitable	226,399
NFG	189,817
PG&W - Gas	119,190
Peoples	310,581
UGI - Gas	202,357
Major Gas - Total	1,364,657
Pennsylvania-American	336,693
PG&W - Water	119,271
Philadelphia Suburban	223,635
All Other "Class A" Companies	96,276
"Class A" Water - Total	775,875

APPENDIX G

TABLE 1

HEATING CUSTOMERS* IN 1991			
Company	Monthly Averages		Cost Per Unit (\$/KWH or MCF)
	Usage	Bills	
Duquesne	1027 KWH	\$101.33	.0987
Met. Ed.	1295 KWH	102.23	.0789
Penelec	1225 KWH	90.25	.0737
Penn Power	1407 KWH	121.81	.0866
PP&L	1387 KWH	106.23	.0766
PECO-Electric	1280 KWH	139.00	.1086
UGI-Luzerne	1546 KWH	99.66	.0645
West Penn	1454 KWH	80.48	.0554
Columbia	9.3 MCF	57.10	6.14
Equitable	9.5 MCF	76.94	8.10
NFG	10.2 MCF	60.53	5.93
PG&W - Gas	11.5 MCF	65.65	5.71
Peoples	10.3 MCF	63.04	6.12
PECO - Gas	8.5 MCF	62.00	7.29
UGI - Gas	8.2 MCF	58.68	7.16

* Source: Data reported by companies - Figures used are for average bills and usage for each company, not typical bills.

APPENDIX G

TABLE 2

NON-HEATING CUSTOMERS* IN 1991			
Company	Monthly Averages		Cost Per Unit (\$/KWH or MCF)
	Usage	Bills	
Duquesne	504 KWH	\$69.56	.1380
Met. Ed.	632 KWH	55.12	.0872
Penelec	546 KWH	45.57	.0835
Penn Power	693 KWH	80.37	.1160
PP&L	615 KWH	52.57	.0855
PECO-Electric	563 KWH	78.00	.1385
UGI-Luzerne	488 KWH	41.54	.0851
West Penn	714 KWH	42.45	.0595
Columbia	1.9 MCF	19.08	10.04
Equitable	1.7 MCF	19.60	11.53
NFG	4.8 MCF	34.49	7.19
PG&W - Gas	1.6 MCF	13.65	8.53
Peoples	2.2 MCF	20.79	9.45
PECO - Gas	2.3 MCF	23.00	10.00
UGI - Gas	1.6 MCF	17.04	10.65

* Source: Data reported by companies - Figures used are for average bills and usage for each company, not typical bills.

APPENDIX H

NET TOTAL WRITE-OFFS AS A PERCENTAGE OF TOTAL REVENUES*				
Company	1989	1990	1991	Percent Change 1989-1991
Duquesne	0.66%	0.99%	0.93%	41%
Met. Ed.	0.49%	0.62%	0.62%	27%
Penelec	0.39%	0.38%	0.39%	No Change
Penn Power	0.20%	0.28%	0.74%	270%
PP&L	0.75%	0.95%	1.03%	37%
PECO#	0.99%	1.19%	1.68%	70%
UGI-Luzerne	0.36%	0.39%	0.48%	33%
West Penn	0.22%	0.27%	0.32%	45%
Electric-Avg.	0.51%	0.63%	0.77%	51%
Columbia	1.24%	1.52%	1.80%	45%
Equitable	2.64%	2.68%	2.60%	-2%
NFG	0.76%	1.63%	1.91%	151%
PG&W - Gas	0.86%	0.96%	1.04%	21%
Peoples	0.77%	0.99%	1.13%	47%
UGI - Gas	0.71%	0.94%	0.86%	21%
Gas - Avg.	1.16%	1.45%	1.56%	34%
Overall Avg.	0.80%	0.98%	1.19%	
Overall Change				49%

* Source: Company reported data

Electric and gas combined

APPENDIX I

NUMBER OF NON-TERMINATION COLLECTIONS RELATED MEDIATION REQUESTS			
Company	1989	1990	1991
Duquesne	119	192	99
Met. Ed.	18	25	52
Penelec	27	33	29
Penn Power	7	10	10
PP&L	32	51	71
PECO	93	338	331
UGI - Luzerne	1	2	1
West Penn	15	13	10
Columbia	19	28	26
Equitable	150	216	80
NFG	3	11	4
PG&W - Gas	7	5	6
Peoples	19	40	31
UGI - Gas	19	29	19
PA American	16	9	11
PG&W - Water	0	5	0
Phila. Suburban	3	0	3
Other "A"	0	0	0
TOTAL	548	1,007	783

APPENDIX J

JUSTIFIED CONSUMER COMPLAINT RATE			
Company	1989	1990	1991
Duquesne	0.20	.08	.07
Met. Ed.	0.06	.04	.04
Penelec	0.07	.09	.08
Penn Power	0.11	.11	.09
PP&L	0.07	.06	.06
PECO	0.15	.16	.17
UGI - Luzerne	0.11	.29	.10
West Penn	0.14	.13	.08
Major Electric	0.11	.12	.09
Columbia	0.12	.08	.08
Equitable	0.75	.49	.33
NFG	0.11	.15	.16
PG&W - Gas	0.15	.17	.17
Peoples	0.12	.11	.07
UGI - Gas	0.29	.24	.15
Major Gas	0.26	.21	.16
PA American	0.31	.18	.11
PG&W - Water	0.30	.25	.21
Phila. Suburban	0.05	.05	.05
Other "A"	0.17	.14	.09
Major Water	0.21	.16	.12

APPENDIX K

JUSTIFIED MEDIATION RATE			
Company	1989	1990	1991
Duquesne	0.33	.40	.34
Met. Ed.	0.15	.22	.65
Penelec	0.07	.14	.22
Penn Power	0.24	.23	.33
PP&L	0.07	.20	.78
PECO	0.17	.36	.63
UGI - Luzerne	0.37	.46	.42
West Penn	0.22	.20	.09
Major Electric	0.20	.28	.43
Columbia	0.09	.08	1.36
Equitable	1.75	2.09	.69
NFG	0.11	.19	.71
PG&W - Gas	0.36	.29	.30
Peoples	0.49	.52	.59
UGI - Gas	0.58	.70	.82
Major Gas	0.56	.65	.75
PA American	0.36	.17	.27
PG&W - Water	0.09	.14	.17
Phila. Suburban	0.12	.14	.18
Other "A"	0.21	.52	.34
Major Water	0.20	.24	.24

APPENDIX L

NUMBER OF RESIDENTIAL CUSTOMERS IN DEBT			
Company	1989 Total	1990 Total	1991 Total
Duquesne	95,995	97,601	101,569
Met. Ed.	60,105	50,361	48,198
Penelec	89,168	78,917	76,353
Penn Power	21,279	24,926	27,470
PP&L	161,734	172,659	182,800
PECO	358,018	356,420	368,482
UGI-Luzerne	6,857	6,725	6,763
West Penn	97,539	102,594	116,103
Electric - Total	890,695	890,203	927,738
Columbia	38,734	44,472	35,517
Equitable	41,462	45,870	48,843
NFG	32,007	31,652	30,040
PG&W - Gas	18,023	18,611	18,519
Peoples	45,796	49,767	41,450
UGI - Gas	26,667	27,944	28,736
Gas - Total	202,689	218,316	203,105
TOTAL	1,093,384	1,108,519	1,130,843