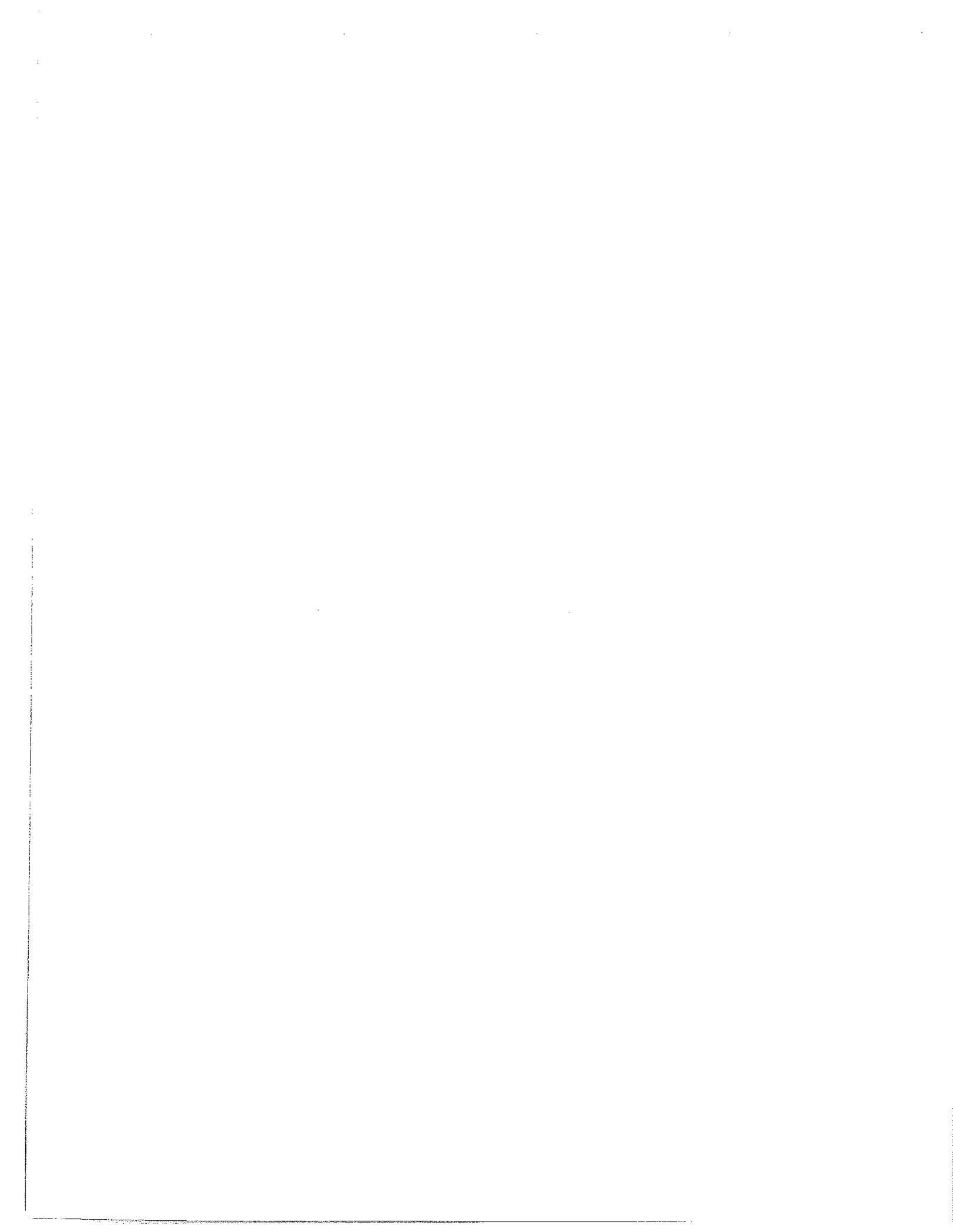


**Consumer Services  
Activity Report**

**Telephone  
Utilities  
1992**

**Pennsylvania Public Utility Commission  
Bureau of Consumer Services**



**Consumer Services**  
**Telephone Activity Report: 1992**

**July 1993**

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

***Any opinions or conclusions reached  
are those of the Bureau of Consumer  
Services and do not necessarily reflect  
the opinion of the Pennsylvania Public  
Utility Commission.***

*with the assistance of*

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

**(June 1993)**

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# I. INTRODUCTION

This report highlights the Pennsylvania Public Utility Commission's Bureau of Consumer Services complaint activity related to the telephone industry. It provides an overview of the performance of the six major telephone companies: Alltel, Bell, Commonwealth, Contel, GTE and United. Prior to 1988, all telephone complaint handling activity was presented as part of the annual "Consumer Services Activity Report". However, the Bureau believes that it is best to present telephone information in a separate report because of the uniqueness of the regulations governing the telephone industry and the vastly changed regulatory environment. The telephone complaint information presented here can be used by the Commission to assess the effectiveness of telephone regulations and to set future telecommunications policy.

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

A number of studies have found that only a minority, often a small minority, of dissatisfied persons complain about unsatisfactory products or services. The Bureau's experience reflects this fact as it has frequently found that a seemingly small number of individual complaints from utility customers may represent management failures or other systemic problems in utility operations. Support for evaluating utilities is secured by aggregating data from thousands of complaints to provide information about how effectively utilities meet consumers' needs and whether their activities comply with Commission standards. The 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 that have taken advantage of this information have been able to resolve problems and improve service. However, companies that have failed to act responsibly to resolve problems have been subjected to fines and rate case adjustments of expenses and revenues.

This report provides a comprehensive analysis of telephone company data for the year 1992. In addition, 1991 data is provided as a basis for trend analysis. The data analyzed in this report consist of complaint statistics from the Bureau's Consumer Services Information System (CSIS) and the Bureau's §64.201 Reporting System, a data system based on the collection statistics reported annually by telephone companies as required by Chapter 64. Data collected through the §64.201 Reporting System provide a valuable resource for measuring changes in telephone company collection performance.

The performance measures in this report are the same as those used in the "Consumer Services Activity Report". The first measure, consumer complaint rate, shows the relative rate of consumer complaints and is a basic quantitative problem indicator. The two qualitative measures included in this report are response time and justified percent. In addition to these three measures, a fourth measure of justified complaint rate is presented in this report. Justified complaint rate is an evaluative measure which combines complaint rate and justified percent. An explanation of this measure is included in Chapter VII.

The Bureau provides feedback to major telephone companies on these same complaint handling measures in the form of Quarterly Automated Report Formats (ARFS). Because of this quarterly feedback, all of the companies reviewed in this report are well acquainted with the complaint handling measures used here, with the Bureau's approach to interpreting these measures, and with their performance on these measures in 1992. An explanation of these measures is included (in Chapters V, VI, VII, VIII) for readers who encounter them for the first time.

Chapter X of this report focuses on telephone company failures at complying with the Commission's regulations. Here, the informal compliance process is explained and highlights of the 1992 compliance activity is discussed.

Because this report focuses exclusively on the six major telephone companies, those complaints directed at either non-major companies or interexchange companies are eliminated from the performance measures and analyses presented below in Tables 1 through 3. Furthermore, another treatment of telephone case data involves the purging of telephone cases which do not involve residential service since the Bureau's regulatory authority in Chapter 64 is confined to residential accounts. Thus, all cases that involve commercial accounts are deleted from all performance measures and analysis. Non-evaluative cases in which the customer did not contact the company prior to registering a complaint to the Commission are excluded from analysis in Table 2 and Graph 1. Residential customer contacts which did not require investigation by BCS, such as problems over which the Commission has no jurisdiction, rate protests and routine information requests, are also excluded from Table 2 and Graph 1. This latter classification of non-investigatory contacts are called inquiries by BCS. Also, all informal complaints involving the Bell Sales Practices case have been deleted from this report as

agreed to in the settlement of the case. In addition, telephone cases are divided into three groups: Chapters 64 complaints, Non-Chapter 64 complaints and Chapter 64 suspensions (these distinctions are fully explained in Chapter IV). Finally, Major Company Profiles have been provided to highlight individual company performance.

## **II. POLICY ISSUES**

The Bureau is often involved not only with handling consumer complaints but also with addressing policy issues that affect residential telephone customers. Because consumer complaints are the primary way the Bureau is made aware of such policy issues, the Bureau carefully monitors all complaint activity and identifies potential problem areas. Many problems expressed by consumers in their complaints to the Bureau are the basis for the policy issues presented here.

### **Coin Telephone Complaints**

The Bureau of Consumer Services received 513 complaints concerning coin telephones in 1992. The majority of these complaints basically fell into two categories: 1) customers wanted coin telephones converted to one-way outgoing service because they believed these phones were used for illegal activity, e.g. prostitution or drug trafficking, and 2) customers wanted labeling on the phones that would tell them the price of a call and how to resolve a problem or obtain a refund. The latter complaints were generally from customers using a coin telephone who reached an Operator Service Provider whose charges far exceeded that of the customer's usual carrier. This often occurs because the pay phone provider has failed to post the phone's location usage charge as required by Pennsylvania regulations.

Based on the responses of the owners of the public telephones, virtually every pay phone complaint received by the Bureau of Consumer Services was justified in coming to the Commission. The Bureau of Consumer Services is concerned that these problems regarding the provisions of public coin telephone service and the rates charged for this service are more widespread than indicated by the number of complaints. Accordingly, the Bureau took steps to concentrate on the enforcement of the coin telephone regulations in 1992.

### **COCOT Enforcement**

In 1992 staff from the BCS and the Law Bureau launched an informal investigation into customer owned coin operated telephone service. The investigation was begun as a result of an increasing number of pay phone complaints from consumers and a request from a Pennsylvania Turnpike Commission representative regarding complaints travelers were making about the pay phones at various service plazas along the turnpike.

Commission staff visited over 200 pay phone locations throughout Pennsylvania and found that the private pay phone industry was generally ignoring Commission regulations aimed at providing price gouging protection to consumers. To date, enforcement action resulting from this investigation has included orders to show cause

filed against several long distance resellers, new consumer information postings affixed to private pay phones, a 50% reduction in the location surcharge along the Pennsylvania Turnpike, the provision of free local directory assistance from private pay phones throughout the state and the establishment of a self enforcement program by the private pay phone industry. It has been estimated that these actions have saved and will continue to save Pennsylvania consumers millions of dollars. In 1993, the BCS intends to do another series of statewide checks to insure that the improvements continue and to find and correct any pay phones not in compliance with the regulations.

## **Revisions to Coin Phone Regulations**

As a result of the Commission's investigation into the provision of coin telephone service in Pennsylvania, staff recommended and on December 17, 1992 the Commission approved revisions to the existing coin telephone regulations. These revisions were published in the Pennsylvania Bulletin on April 3, 1993. The Commission views the revisions as being in the public interest and as necessary adaptations to changes that have occurred in the coin telephone industry.

Under the proposed revisions, the regulations would require local exchange carriers (LECs) to file tariff provisions which establish charges for local directory assistance to COCOTs at the actual cost of the service to the LEC. Further, the section includes a provision permitting both LECs and COCOTs to pass through this cost to customers using the service. Recently, the Commission received comments to this provision from the state's Independent Regulatory Review Commission (IRRC) which recommends that the PUC delete the requirement that private pay phones pay LECs a directory assistance charge. The BCS intends to recommend that the Commission adopt the IRRC comment which will result in local directory assistance continuing to be provided free to the public from all pay phones. Additionally, this revision would create a more competitive playing field between the private pay phone providers and the LECs.

The proposed modifications would also require LECs to post refund instructions on LEC coin telephones. Another of the proposed amendments provides for a COCOT self-enforcement program in which the industry will assist the Commission in the enforcement of the coin telephone regulations.

Finally, the proposed amendments prohibit LECs from charging COCOTs for unpublished public coin telephone listings and require LECs to offer certain services to COCOTs on an unbundled basis when technologically feasible for a given LEC.

The Bureau believes that the proposed amendments will benefit the calling public by providing higher quality service at decreased rates.

## **New Resellers Regulations**

The PUC regulations governing resellers in Pennsylvania became effective on April 4, 1992. A reseller of telephone service acquires interexchange telephone service capacity and sells telecommunications service to residential or nonresidential consumers. Frequently the consumer is a business or institution such as a hotel, hospital or university that enters a contractual agreement with the reseller. Under the contract, the reseller provides service and pays the business or institution a commission based on the use of its service. The regulations require each reseller that provides service in Pennsylvania to file a certificate of public convenience with the PUC. The reseller must also file a tariff outlining its rates and comply with the rate caps set by the PUC. One of the goals of the new regulations is to control and eventually eliminate price gouging by resellers as this has been a frequent complaint from consumers to the Commission. More than 100 resellers now have certificates on file with the PUC.

In 1992 consumers continued to complain to the Commission that they were charged unreasonable rates for intrastate toll calls they made from phones serviced by resellers. PUC staff frequently found that reseller rates could be as much as three times the amount charged by AT&T. Based on these findings, staff from the Law Bureau and the BCS carried out an informal field investigation to determine the status of resellers' compliance with established rate caps. The field visits resulted in formal orders to show cause against nine resellers operating in Pennsylvania. Subsequent field visits conducted in December showed that the reseller industry's compliance with the rate caps has improved.

## **Telecommunications Trust Fund**

The Telecommunications Education Fund was established in 1991 to provide grants to community based organizations that would provide consumer education to residential telephone consumers on telecommunications issues. The Fund has five Board members which include the Public Utility Commission, the Office of Consumer Advocate, Bell of Pennsylvania and two consumer representatives.

In February 1993, the Telecommunications Education Fund awarded twenty-four grants, totaling \$920,000, to various community based organizations throughout Pennsylvania. Grants were given to not-for-profit organizations to educate consumers about budgeting telephone dollars and to make the public aware of consumer protection issues and low income programs. The list of grantees includes the following: Tri-County Opportunities Industrialization of Harrisburg, Indiana County Community Action Program, Center on Deafness at the West Pennsylvania School for the Deaf, YWCA of McKean County, Montgomery County Emergency Service, Speaking for Ourselves of Plymouth Meeting, Homewood-Brushton Revitalization and Development Corporation, Korean Community Development Services of Philadelphia, Northampton County Government,

Commission on Economic Opportunity of Luzerne County, Central Intermediate Unit, 10 Development Center of Adults - Centre County Vo-Tech School, The Mount Pleasant Hispanic American Center/PROC of Harrisburg, American Association of Retired Persons (AARP) - Allegheny County, Mercer County Community Action Program, Southwestern PA Area Agency on Aging, Inc., South Oakland Citizens Council, Inc. of Pittsburgh, Northern Cambria Community Development Corp. (NORCAM), Energy Coordinating Agency of Philadelphia, Inc., Center for Community and Professional Services at the PA School for the Deaf of Philadelphia, Emergency Fuel Group of Philadelphia, Action Alliance Research and Education Program of Philadelphia, Parents Against Drugs of Philadelphia, Haven Ministry, Inc. of Sunbury, and Citizens Fund.

In September and October, grant applicants attended one of a series of workshops conducted across the state. Those chosen for grants will attend a training conference and will receive ongoing technical support throughout the one-year grant period. Additional grants are expected to be given in each of the next three years.

### **Informal Investigation of GTE North Incorporated Sales Practices**

During 1989 and 1990, the Bureau of Consumer Services received complaints from customers of GTE alleging unfair or misleading sales efforts by GTE in marketing its custom calling or optional services. In March 1990, consistent with Section 506 of the Public Utility Code, 66 Pa. C.S. §506 and 52 Pa. Code 3.113, the BCS and the Law Bureau began an informal investigation of GTE's residential sales practices.

After interviewing GTE employees, reviewing numerous documents, and analyzing company sales practices and procedures, the staff concluded that GTE, in marketing optional services packages, failed to fully conform with its tariff and PUC residential telephone regulations.

The PUC's Law Bureau, the Bureau of Consumer Services and GTE were able to reach a settlement which received final approval from the Commission on May 17, 1991. Under the settlement, GTE agreed to pay a fine of up to \$300,000 and make refunds to residential customers allegedly billed improperly for optional phone services.

GTE completed the refund portion of the settlement agreement in October 1991 with refunds or credits totalling \$119,630. The initial payment of \$150,000 of the fine was made in July 1991. The company's request for waiver of the first \$75,000 payment was denied and that payment was made in July 1992. GTE's request for waiver of the second \$75,000 payment due in July 1993 is presently under consideration.

## **Pennsylvania Telecommunications Relay Services**

In 1990, the Commission ordered the implementation of Pennsylvania's Telecommunications Relay Service (TRS). The TRS enables people with hearing disabilities and/or speech disabilities to communicate with others by phone. With the implementation of the TRS, the Commission also ordered the establishment of an advisory board for the TRS on which the Bureau is an active participant. The total volume of calls made through the relay service increased 28% from 1991 to 1992. AT&T, the provider of TRS, reported that the company handled over 700,000 relay calls in 1992. Part of this increase was due to the availability of interstate relay service. Approximately 67,000 calls handled through the relay service in 1992 were interstate calls.

### **Revision of Chapter §64.201 Reporting Requirements**

Under Chapter §64.201 reporting requirements, all local telephone companies must provide the Commission with account information related to residential billing and collection. The §64.201 reporting requirements were drafted prior to divestiture. Thus, changes in the telecommunications environment that occurred after divestiture are not reflected in these reporting requirements. The Bureau has found that the §64.201 requirements are inadequate in view of the current status of telephone customer service activities relative to these areas. For example, the reporting requirements do not reflect the use of multiple balances for billing basic, nonbasic, and toll services. This problem is further compounded by the fact that current reporting by local exchange carriers does not distinguish between amounts owed and written off for LEC provided services from the amounts owed and written off as a result of services provided by interexchange carriers, but billed by arrangement by the LEC's. The result of these reporting deficiencies is that the Bureau cannot assess the true financial risk of the local exchange carriers. In addition, the Bureau is unable to determine the sources contributing to the risk (basic, nonbasic or toll services). Thus, the Bureau is unable to evaluate important aspects of the telephone industry's collections practices because the data does not reflect the use of multiple balance billing.

The Commission directed BCS staff to draft regulations to institute a rulemaking which will require local exchange companies to categorize their uncollectible accounts by multiple balance billing. However, the Bureau of Consumer Services and the Law Bureau recommended that the reporting requirements be revised to accomplish this directive and to correct other reporting deficiencies. At a public meeting on January 21, 1993, the Commission approved an order which opened a rulemaking to amend §64.201 reporting requirements. The proposed rulemaking will revise §64.201 to reflect changes in the telephone industry that have occurred such as multiple balance billing, reflect jurisdictional distinctions, clarify existing wording, make reporting more uniform and increase the frequency of collection reportings so as to enable the Commission to better monitor customer service. With the Commission's approval, the proposed rulemaking

was published in the Pennsylvania Bulletin April 3, 1993 for regulatory review and public comment. The Bureau is presently reviewing comments to the proposed regulations and will be making recommendations for the final form regulations to the Commission in this calendar year.

## **Merger of GTE and Contel**

In 1990, the Commission approved the merger and acquisition of Contel Corporation by GTE North Incorporated. As a result of this merger, the former Contel of Pennsylvania (Contel) became a wholly owned subsidiary of GTE North Incorporated (GTE). Contel was also added to a previous affiliated interest agreement which permitted the company to jointly share GTE corporate services. Consequently, the former Contel was integrated into GTE's customer billing system and customer service operations. GTE notified former Contel customers that the company's new name was GTE. From the former Contel customers' point of view, GTE was the new company and Contel no longer existed. Even so, Contel and GTE remained separate entities in the eyes of the Commission because the Commission had not approved an application to merge the companies into one legal entity.

On June 30, 1992, GTE North Incorporated, Contel North, Inc., and Contel filed a joint application for the Commission's approval to merge these companies into one legal entity. At a public meeting on November 24, 1992, the Commission approved the joint application. Accordingly, this order was entered by the Commission on December 2, 1992 and the merger became effective December 31, 1992. Therefore, as of January 1, 1993, GTE and Contel were no longer viewed as separate entities by the Commission. For this 1992 activity report, Contel and GTE will be treated as separate companies since the legal entity application was approved by the Commission at the end of 1992. The 1993 telephone activity report's complaint, collection and compliance analyses will present GTE and Contel as one company.

## **Optional Toll Calling Plan Settlement**

On November 13, 1992, the Commission approved a settlement under which Bell of Pennsylvania will make refunds to residential customers who were charged for optional toll calling plans when they were unable to utilize toll services. The settlement stems from an informal investigation by PUC staff and will cost Bell a minimum of \$1 million. If the refunds amount to less than \$1 million, the company will contribute the difference to the Telecommunications Education Fund. The contribution will be used primarily to educate customers regarding long distance service and applicable state and federal regulations. Bell admits in the settlement that it improperly continued to bill the monthly charge for the optional toll calling plans (from Bell, AT&T, MCI and Sprint) to customers whose toll service had been disconnected upon request or for failure to pay.

The Bureau of Consumer Services is monitoring both the refund process and compliance to ensure that Bell is no longer billing any optional toll calling plans to customers without toll service.

### **Coin Telephone Settlement**

A settlement agreement, approved in November 1992, resolved a PUC informal investigation into Bell of Pennsylvania's failure to convert some of its pay phones to two-way service after expiration of a waiver that permitted one-way outgoing service.

The informal investigation of one-way only coin phones started in April 1992 when the Bureau of Consumer Services learned that some of Bell's coin phones were not providing the required two-way service. The Commission had previously granted six-month waivers of its two-way service requirement for the phones. Bell failed to convert 218 phones to two-way service or request removal of one-way service authorization. Bell asserted that these failures were "inadvertent and unintentional" and pointed out that it has acted to bring the phones into compliance with the regulations. The Commission does allow the blocking of incoming calls to specific pay phones in instances where two-way service clearly is not in the public interest because of its use for illegal purposes such as drug dealing. Requests for the blocking must be made to the PUC, which then decides if the phone should be one-way.

As part of the settlement, Bell agreed to prepare a booklet and videotape to educate the public on the use of coin phones. Bell also agreed to donate television/VCR equipment to at least 20 consumer groups for showing the tape to consumers. The consumer booklet, "What You Should Know About Coin Telephone Service," will be available in July 1993.

### **Termination of Utility Services to Health Care Facilities**

In December 1992, the Commission approved new regulations regarding the termination of utility services at health care facilities. PUC staff developed the proposed regulations after consultation with the Pennsylvania Departments of Health, Aging and Public Welfare and representatives from the electric, gas, water and telephone utilities. The regulations will require utilities to provide advance notice of pending service termination to health facilities as well as to agencies that regulate the affected health care facilities. The regulations were published for comment in the April 3, 1993 Pennsylvania Bulletin.

### III. COMPANY PROFILES

*This section 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.*

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# Alltel

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The following profile highlights several noteworthy findings regarding Alltel's 1992 customer service performance:

Although it appears that Alltel was more effective at handling consumer complaints in 1992 than in 1991, this improvement was primarily due to a decline in the number of complaints filed by Alltel customers. The Bureau is concerned that Alltel did not follow the proper dispute notification procedures, thus fewer customers were made aware of their right to file complaints with the Bureau.

Alltel had the second largest increase (31%) in recorded disputes from 1991 to 1992. This increase, while encouraging, still leaves the company with a relatively low dispute rate which could be an indication that Alltel may not be properly identifying disputes and advising all customers of their right to appeal to the Commission.

<i>Measure</i>	<i>1991</i>	<i>1992</i>	<i>Industry Average 1992</i>
<i>Justified Complaint Rate</i>	<i>.21</i>	<i>.20</i>	<i>.31</i>
<i>Dispute Rate</i>	<i>.71</i>	<i>.92</i>	<i>5.45</i>
<i>Weighted Arrearage</i>	<i>3.26</i>	<i>3.29</i>	<i>2.14</i>
<i>Violation Rate</i>	<i>1.65</i>	<i>.90</i>	<i>4.13</i>

Alltel's weighted arrearage score was the worst in the industry for the last four years. In fact, Alltel's weighted arrearage score of 3.29 shows that the company's average overdue bill represents over three months of average bills, which is of major concern to the Bureau.

Alltel's violation rate of .90, besides being the lowest of the major companies' in 1992, represents the first time since 1989 that one of the major companies had a violation rate of less than 1.0 per 10,000 customers.

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# Bell

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*The following profile highlights several noteworthy findings regarding Bell's 1992 customer service performance:*

*Bell had the worst justified complaint rate in the industry in 1992, thus making the company the least effective at complaint handling for the second consecutive year. The Bureau is disappointed by this decline in Bell's effectiveness.*

*Although Bell's response time remained stable from 1991 to 1992, the company's response time of 12 days was the worst in the industry in 1992.*

<i>Measure</i>	<i>1991</i>	<i>1992</i>	<i>Industry Average 1992</i>
<i>Justified Complaint Rate</i>	<i>.47</i>	<i>.55</i>	<i>.31</i>
<i>Response Time</i>	<i>12</i>	<i>12</i>	<i>9</i>
<i>Percentage of Revenues Written-Off</i>	<i>3.15%</i>	<i>3.48%</i>	<i>2.78%</i>
<i>Violation Rate</i>	<i>2.32</i>	<i>4.57</i>	<i>4.13</i>

*Compared to 1991, Bell experienced a substantial increase (10%) in residential revenues written off as uncollectible in 1992 and had next to the highest percentage of revenues written off (3.48%).*

*A total of 581 systematic violations of one specific provision of Chapter 64, involving incorrect wording on a suspension notice, was part of the reason for an upswing in Bell's violation rate as well as in the industry average. Even if these 581 violations were counted as only 1, Bell's violation rate would still be higher than the industry average, and would rank second or possibly third worst after all pending violations have been reviewed. As it stands, Bell had the second worst violation rate.*

---

# Commonwealth

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*The following profile highlights several noteworthy findings regarding Commonwealth's 1992 customer service performance:*

*Commonwealth's effectiveness at handling consumer complaints deteriorated from 1991 to 1992. Despite this, Commonwealth had the best justified complaint rate among the major companies in 1992. Commonwealth maintains its ranking as the most effective company for the fourth year in a row.*

*Commonwealth managed to reduce its response time by three days, which was the most improved response time among the major companies from 1991 to 1992.*

*Commonwealth's weighted arrearage score remained stable from 1991 to 1992.*

<i>Measure</i>	<i>1991</i>	<i>1992</i>	<i>Industry Average 1992</i>
<i>Justified Complaint Rate</i>	<i>.15</i>	<i>.18</i>	<i>.31</i>
<i>Response Time</i>	<i>12</i>	<i>9</i>	<i>9</i>
<i>Weighted Arrearage</i>	<i>1.88</i>	<i>1.88</i>	<i>2.14</i>
<i>Violation Rate</i>	<i>1.50</i>	<i>3.25</i>	<i>4.13</i>

*Commonwealth's compliance performance calls into question its effectiveness at handling consumer complaints. Although below the industry average, its violation rate significantly increased from 1991 and is its highest in 4 years.*

---

# Contel

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*The following profile highlights several noteworthy findings regarding Contel's 1992 customer service performance:*

*Contel's 1992 justified complaint rate is next to the worst in the industry. This poor ranking comes after Contel was ranked as the second most effective in 1991. The Bureau is discouraged by this apparent decline in the company's performance.*

*Contel had the largest increase in weighted arrearage, a 16% increase from 1991 to 1992. Even so, Contel had the second best weighted arrearage score in 1992.*

<i>Measure</i>	<i>1991</i>	<i>1992</i>	<i>Industry Average 1992</i>
<i>Justified Complaint Rate</i>	<i>.16</i>	<i>.42</i>	<i>.31</i>
<i>Termination Rate</i>	<i>1.03%</i>	<i>.47%</i>	<i>2.06%</i>
<i>Weighted Arrearage</i>	<i>1.57</i>	<i>1.81</i>	<i>2.14</i>
<i>Violation Rate</i>	<i>2.97</i>	<i>4.66</i>	<i>4.13</i>

*Less than one percent of Contel's customers had their service terminated in 1992. Contel had the lowest termination rate (.47%) in 1992 and the lowest termination rate in the industry for the third consecutive year.*

*Contel, for three years in a row, had the worst violation rate of the six major companies.*

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# GTE

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*The following profile highlights several noteworthy findings regarding GTE's 1992 customer service performance:*

*GTE's effectiveness at handling consumer complaints improved from 1991 to 1992. This leaves GTE with a justified complaint rate that is slightly better than the industry average.*

<i>Measure</i>	<i>1991</i>	<i>1992</i>	<i>Industry Average 1992</i>
<i>Justified Complaint Rate</i>	<i>.38</i>	<i>.29</i>	<i>.31</i>
<i>Weighted Arrearage</i>	<i>2.46</i>	<i>2.20</i>	<i>2.14</i>
<i>Percentage of Revenues Written-Off</i>	<i>3.70%</i>	<i>4.88%</i>	<i>2.78%</i>
<i>Violation Rate</i>	<i>2.15</i>	<i>2.22</i>	<i>4.13</i>

*Despite a 10% decrease in weighted arrearage from 1991 to 1992, GTE had next to the worst weighted arrearage score (2.20) in the industry. This means that GTE's weighted arrearage score was next to the worst for four years in a row.*

*GTE's percentage of revenues written-off as uncollectible went from 3.70% in 1991 to 4.88% in 1992, the highest percentage of revenues written-off among major companies in 1992.*

*Although GTE's violation rate is slightly higher than last year's, it is the second best in the industry.*

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# United

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*The following profile highlights several noteworthy findings regarding United's 1992 customer service performance:*

*United was less effective at handling consumer complaints in 1992 than in 1991. Even so, United's justified complaint rate is better than the industry average.*

<i>Measure</i>	<i>1991</i>	<i>1992</i>	<i>Industry Average 1992</i>
<i>Justified Complaint Rate</i>	<i>.16</i>	<i>.24</i>	<i>.31</i>
<i>Percentage of Revenues Written-Off</i>	<i>1.50%</i>	<i>1.27%</i>	<i>2.78%</i>
<i>Weighted Arrearage</i>	<i>1.80</i>	<i>1.61</i>	<i>2.14</i>
<i>Violation Rate</i>	<i>1.90</i>	<i>2.45</i>	<i>4.13</i>

*United is the only company that experienced a substantial decrease (15%) in the percentage of revenues written off as uncollectible from 1991 to 1992. As a result, United had the lowest percentage of revenues written-off as uncollectible.*

*United had the best weighted arrearage score in 1992. United's 1992 weighted arrearage score represents a little more than one and a half average bills.*

*United's compliance performance deteriorated substantially from 1991 to 1992. The fact that it still remains one of the better companies in regard to the number of verified violations per 10,000 customers is a telling comment on this year's sad state of compliance for the industry as a whole.*

## **IV. OVERALL COMPLAINT ACTIVITY**

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

### **Consumer Complaints**

During 1992, the Bureau handled 4,337 complaints from consumers about problems they had with their local telephone companies as compared to 3,676 complaints in 1991. Of these 4,337 consumer complaints, 4,171 were against the six major telephone companies. In 416 of these cases regarding telephone companies, the Bureau saved customers a total of \$101,580 through billing adjustments. In addition to complaining to the Bureau about local telephone companies, consumers also complained about the problems they had with other entities that provide telephone service. Generally, the problems consumers encounter with other entities are part of an informal complaint filed against either a local company or a long distance company.

### **Consumer Complaint Handling**

The handling of consumer complaints against utilities is the foundation for a number of Bureau programs. The complaint process provides an avenue through which consumers can gain redress for errors and improper treatment by utilities. The Bureau's Field Services Division receives and investigates consumer complaints. Telephone complaints about billing, service, credit, deposits, rates and company operations are handled in the Division's Telecommunications Complaint Unit. This unit is also responsible for enforcing the Coin Telephone Regulations and the New Reseller Regulations.

Commission regulations require that customers seek to resolve problems directly with their utilities prior to registering a complaint with the Commission. In view of this, the Bureau seeks to foster improvements in utility complaint handling operations so that complaints will be properly handled by utilities, and customers will not find it necessary to appeal to the Commission. Since the Bureau receives complaints from only a fraction of dissatisfied customers, this effort has benefits which go far beyond reducing the Bureau's work load. First, customer complaints to the Bureau may be the result of systemic or recurring problems a utility can address without the Bureau's intervention. The Bureau encourages companies to identify and address these problems before their customers seek the Bureau's assistance. This can benefit many customers and thus

reduce the number of customers who are dissatisfied and contact companies to register disputes. Second, improvements in complaint handling save utility resources because customers will not find it necessary to appeal to the Commission. Thus, companies can both expend less of their resources on answering Commission complaints and improve their overall customer relations.

## **Telephone Complaint Analysis**

Telephone complaint handling is evaluated by analyzing telephone complaint statistics that are available through the Bureau's Consumer Services Information System (CSIS). Each telephone case is coded for many variables before it is entered into the CSIS. The coding system enables the Bureau to aggregate cases for selected companies, specific problem areas and so on. As previously mentioned, this report focuses on the Bureau's complaint handling activities relative to the six major telephone companies.

When a case is initially presented to the Bureau by a customer, it is considered to be "open". At this time the BCS codes initial information about the type of problem and the utility involved. From this initial information, the Bureau calculates complaint rates as presented in Table 1.

A case is considered closed once the Bureau has completed its investigation and presented its findings. Because there is more information available on cases that are closed, closed cases are used to identify specific problem areas and evaluate telephone company performance relative to these problems. The complaint analysis presented after Table 1 is based on telephone complaints that have been opened and closed by the BCS.

## **Specific Problems**

In order to evaluate how major companies handle specific telephone problems, closed cases were aggregated into three groups: Chapter 64 complaints, Non-Chapter 64 complaints, and Chapter 64 suspensions. Again, this complaint information is based on closed cases rather than open cases. Therefore, all of the cases that are presented in Table 1 are not reflected in Chart 1 because all cases in Table 1 were not closed at the time this data was aggregated.

### ***Chapter 64 Complaints***

The Commission implemented 52 PA Code Chapter 64, the "Standards and Billing Practices for Residential Telephone Service" in 1985. Chapter 64 requires companies to provide residential telephone service based on a uniform set of standards and procedures. These regulations govern how companies handle residential account billing,

payments, credit, security deposits, suspension, termination, collection, and customer complaints.

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

In 1992, telephone customers filed 464 Chapter 64 informal complaints with the Commission. Of course, these informal complaints represent only a fraction of Chapter 64 disputes that customers registered directly with the major telephone companies. Although companies are required to report the total number of disputes handled, it is evident that the dispute statistics reported by companies over the last seven years are inaccurate. These inaccurate dispute statistics combined with documented instances of noncompliance with the dispute notification procedures themselves, leads the Bureau to believe that the number of complaints filed is lower than it would be if both the dispute and reporting procedures were followed correctly. In other words, the Bureau believes that the companies' failure to advise all customers of their due process appeal rights may have kept some customers from complaining to the Commission.

### ***Non-Chapter 64 Complaints***

Primarily, informal complaints that deal with matters not covered under Chapter 64 concern problems related to the delivery of telephone service. Many of these complaints deal with matters that are covered under Chapter 63, the "Quality of Service Standards for Telephone," which went into effect July 30, 1988. Chapter 63 establishes uniform service standards and service objectives for local telephone companies. Some of the items covered under these regulations are service installations, local dial service, operator handled calls, and Automatic Dialing Announcing Devices (ADADs). Other problems are not addressed by either the Chapter 63 or Chapter 64 regulations, yet are the subject of informal complaints. Some of these complaints involve problems dealing with the yellow pages, the conduct of company personnel, unsatisfactory telephone numbers and the lack of equal access to long distance carriers. The Bureau, through the Consumer Services Information System (CSIS), has been tracking complaints related to service problems for the last fourteen years. In 1992, customers filed 435 non-Chapter 64 complaints against the major companies.

## **Chapter 64 Suspensions**

In Chapter 64, suspension is defined as a temporary cessation of service without the consent of the customer. Termination of service, according to Chapter 64, is the permanent cessation of service after a suspension without the consent of the customer. Most informal complaints relating to the cessation of telephone service are registered during the suspension phase. The Bureau's Consumer Services Information System (CSIS) separates informal complaints involving suspension of telephone services from informal complaints involving termination of telephone services. The data is kept separate for use in certain sections of this report such as analysis of collections. However, where appropriate, in Complaints Analyses for example, the data for both suspensions and terminations are combined.

Under Chapter 64, a customer contact in response to a suspension notice is a dispute, as the term is defined in 64.2, only if the contact includes a disagreement with respect to the application of a provision of Chapter 64. Where informal complaints involving telephone service suspension are concerned, failure to negotiate a payment arrangement does not in itself mean that a dispute exists. Consequently, in this report, informal telephone complaints to the Commission that are a result of failed payment negotiations have been separated from informal telephone complaints that represent an appeal of a dispute.

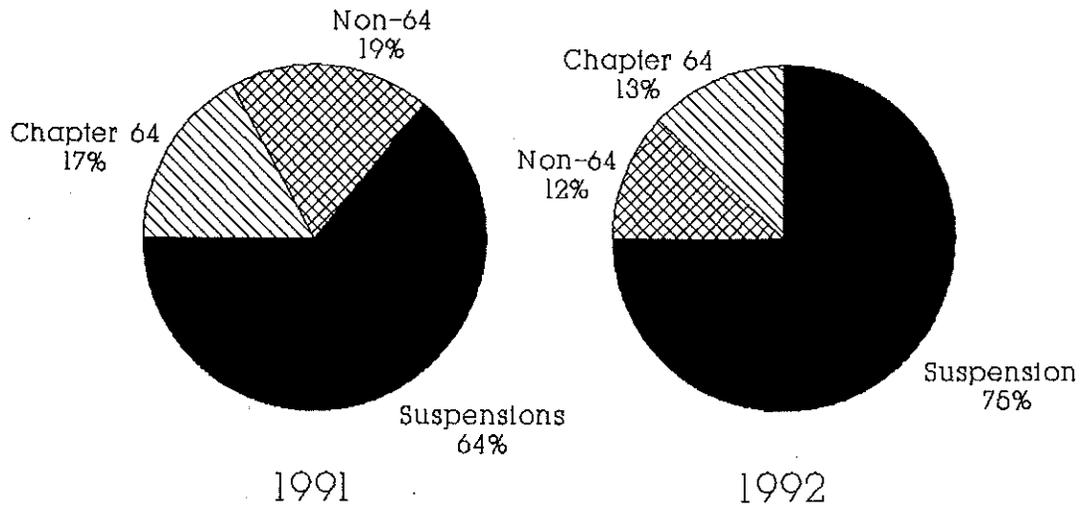
Finally, Chapter 64 does not require local exchange carriers to include the Bureau of Consumer Services' phone number on the suspension or termination notice, whereas Chapter 56 does require the other utilities to do so. It is possible that because the phone number for the PUC is not included on the telephone company notices, some customers with informal complaints regarding cessation of their telephone service do not attempt to contact the Bureau. Nevertheless, in 1992, customers facing suspension or termination of one, or any combination of their telephone services -- basic, toll and nonbasic -- filed 2,741 informal complaints against the major telephone companies.

### **Summary**

The chart on the following page presents a comparison of the three groups of complaints for 1991 and 1992. The most common problems are related to suspension of service. The number of suspension cases increased from 1,925 in 1991 to 2,741 in 1992, an 11% increase. The Bureau handled fewer Chapter 64 billing complaints in 1992, 464 as compared to 516 in 1991. This represents a 4% decrease. At the same time the number of non Chapter 64 service complaints decreased 7%, from 554 in 1991 to 435 in 1992. A more detailed account of these complaints can be found in Appendix D.

CHART 1

# Telephone Complaints Specific Problems 1991-1992



## V. TELEPHONE COMPLAINTS

Wide differences in the number of residential customers served by the major telephone companies make comparisons of these companies, based on raw numbers of complaints, difficult. The need to compare company performance has led to the calculation of a uniform measure, the number of complaints per thousand residential customers, termed the "complaint rate" (see Appendix B for the number of residential customers). Complaint rate data are derived from the number of residential consumer complaints opened by BCS against companies. High complaint rates<sup>1</sup> often indicate situations which require investigation. Thus, information on complaint rates is used to reveal patterns and trends which help to focus BCS research and compliance activities. The discussion below provides an overview of Bureau activity relative to major telephone company complaint rates along with some preliminary findings.

Telephone complaints include all complaints regarding billing, rates/tariffs, credit/deposits, service, and suspension. 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, high rates of complaints to the Bureau can indicate that a company is unable to effectively resolve consumer problems. Alternately, significant decreases in the frequency of problems over time may indicate that a company is improving, assuming utility compliance with Chapter 64 regulations. However, a high number of complaints is not necessarily bad if the percentage of justified complaints is low. That is why the Bureau uses justified complaint rate as the primary measure of utility complaint handling effectiveness.

### 1992 Residential Complaints

The total number of complaints against major telephone companies increased 30% from 1991 to 1992. While there were 3,205 complaints in 1991, the Bureau received 4,171 complaints in 1992 (see Table 1). Bell is primarily responsible for this large number of complaints. Part of this growing trend in high numbers of complaints appears to be a result of continued poor complaint handling by major companies. Also, part of this trend may be due to companies advising more, but not necessarily all, of their dissatisfied customers of the right to appeal to the Bureau.

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<sup>1</sup> Complaint Rate = Total Number of Consumer Complaints/(Monthly Average Number of Residential Customers/1000)

**Table 1**  
**Residential Consumer Complaints**  
**Major Telephone Companies**  
**(1991-1992)**

Company	1991		1992		1991-1992
	N	Complaint Rate	N	Complaint Rate	Percent Change in N
Alltel	46	.42	42	.38	-9%
Bell	2,802	.79	3,746	1.04	34%
Commonwealth	43	.27	37	.23	-14%
Contel	22	.33	36	.51	64%
GTE	208	.59	175	.49	-16%
United	84	.34	135	.53	61%
<b>TOTAL</b>	<b>3,205</b>		<b>4,171</b>		<b>30%</b>
<b>AVERAGE</b>		<b>.46</b>		<b>.53</b>	

***Among the highlights from Table 1:***

- \* The overall number of complaints against major companies jumped 30% from 1991 to 1992.
- \* Contel experienced the largest percentage increase (64%) in complaints from 1991 to 1992. In contrast, the company experienced the largest decrease in complaints from 1990 to 1991.
- \* United experienced next to the largest increase (61%) in complaints from 1991 to 1992.
- \* The number of complaints against GTE fell 16% from 1991 to 1992, the largest percentage decrease among major companies.
- \* Bell had the highest complaint rate (1.04) in the industry in 1992.
- \* Commonwealth had the lowest complaint rate (.23) among the major companies for the fourth consecutive year.

## Summary

As a result of the increased volume of complaints filed against Bell, the overall number of complaints against the major telephone companies increased 30% from 1991 to 1992. Consequently, the average complaint rate for the telephone industry as a whole climbed from .46 to .53 during this period as three of the six major companies experienced dramatic increases in the number of complaints filed against them. In fact, two of the major companies, Contel and United, experienced percentage increases that were over 60% (see Table 1).

## VI. CASE OUTCOME - JUSTIFIED PERCENT

One of the Bureau's primary goals in regard to telephone companies is to see that companies handle customer disputes effectively before they are brought to the Bureau's attention. This goal is intended to have two positive effects. First, proper dispute handling minimizes customer dissatisfaction, thus preventing unnecessary complaints to the Bureau. Second, proper dispute handling guarantees that most customer complaints to the Bureau will be resolved in the company's favor. Complaint outcome or resolution is measured in terms of consumer complaints which are found to be valid or "justified." Commission regulations require that telephone customers contact their utilities to resolve their complaints prior to seeking PUC intervention. Although exceptions are permitted under certain circumstances such as emergencies, the Bureau's policy is to accept complaints only from customers who indicate that they have been unable to work out their problems with their company. A BCS case which is "justified" is a clear indication that the company did not handle a dispute properly or effectively, or in handling the dispute, the company violated a rule, regulation or law.

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

**Table 2  
Residential  
Justified Percent  
Major Telephone Companies  
(1991-1992)**

Company	Justified Percent 1991	Justified Percent 1992	Net Change 1991-1992
Alltel	49%	53%	4%
Bell	60%	53%	-7%
Commonwealth	54%	78%	24%
Contel	47%	83%	36%
GTE	64%	60%	-4%
United	48%	45%	-3%
<b>AVERAGE</b>	<b>54%</b>	<b>62%</b>	<b>8%</b>

***Among the highlights from Table 2:***

- \* As a group, the major telephone companies had more complaints that were deemed justified in 1992 than in 1991. The proportion of justified complaints against companies increased by 8% from 1991 to 1992.
- \* Contel had the highest increase (36%) in justified complaints from 1991 to 1992. In fact, over 80% of Contel's complaints were deemed justified in 1992.
- \* Commonwealth experienced a 24% increase in the percent of justified complaints from 1991 to 1992, making Commonwealth's percent of justified complaints next to the highest in the industry.
- \* Bell's percent of justified complaints decreased 7% from 1991 to 1992.
- \* United's percent of justified complaints went from 48% in 1991 to 45% in 1992. United had the lowest percent of justified complaints among the major companies in 1992.

## Summary

Justified complaints represent company failures at complying with Chapter 64 or Chapter 63 regulations and other procedures that govern telephone service. Companies that fail to comply with these regulations and/or procedures are likely to handle customer contacts improperly. In light of this, the percent of justified complaints is a qualitative measure of customer service programs. Generally, the quality of the telephone industry's complaint handling, as measured by the percentage of justified complaints, deteriorated slightly from 1991 to 1992. More than half of the complaints filed against companies were not handled properly in 1992. This means that the telephone industry must work harder to insure that all customers are given their rights under the regulations.

## VII. JUSTIFIED COMPLAINT RATE

In the past, the Bureau presented two distinctly different measures of company performance in handling consumer complaints. First, comparisons of the volume of BCS cases were made using the consumer complaint rate. Second, and more importantly, the effectiveness of a utility's complaint handling was measured using the percent of cases which are justified. Each of these two indicators supports meaningful analysis of company performance. However, both indicators can be independently affected by changes in company policy. Thus, the Bureau's concurrent use of these two measures does not always provide a consistent interpretation of a company's overall performance.

In response to this problem, a performance measure called "justified complaint rate" which reflects both volume and effectiveness, is presented in this report. The formula for justified complaint rate is as follows:

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

This evaluative measure combines the quantitative measure of consumer complaint rate with the qualitative measure of effectiveness, the justified percent. The justified complaint rate is a bottom line measure of performance that evaluates company complaint handling as a whole and, as such, allows for general comparisons to be made between companies and across time. Justified complaint rate is the most comprehensive and important performance measure of customer complaint handling.

**Table 3**  
**Justified Complaint Rate**  
**Major Telephone Companies**

Company	Justified Rate 1991	Justified Rate 1992	Net Change 1991-1992
Alltel	.21	.20	-.01
Bell	.47	.55	.08
Commonwealth	.15	.18	.03
Contel	.16	.42	.26
GTE	.38	.29	-.09
United	.16	.24	.08
<b>AVERAGE</b>	<b>.26</b>	<b>.31</b>	<b>.05</b>

***Among the highlights from Table 3:***

- \* Overall, major companies were less effective at handling consumer complaints in 1992 than in 1991.
- \* Bell had the worst justified complaint rate in the industry and therefore ranked as the least effective company at complaint handling in 1992. Moreover, this is the second consecutive year that the company had the worst justified complaint rate. The Bureau is disappointed by this apparent decline in Bell's effectiveness.
- \* Contel's justified complaint rate ranking is next to the worst in the industry in 1992. This poor ranking comes after Contel was ranked next to the most effective in 1991. The Bureau is discouraged by this apparent decline in the company's performance.
- \* GTE's effectiveness at handling consumer complaints improved from 1991 to 1992. This leaves GTE with a justified complaint rate that is slightly better than the industry average.
- \* It appears that Alltel was more effective at handling consumer complaints in 1992 than in 1991. However, this improvement is due to a decline in the number of complaints filed by Alltel customers. The Bureau continues to be concerned that Alltel may not be following proper dispute notification procedures and customers may not be aware of their right to file complaints with the Bureau.
- \* United was less effective at handling consumer complaints in 1992 than in 1991. Even so, United's justified complaint rate is better than the industry average.
- \* Commonwealth's effectiveness at handling consumer complaints deteriorated from 1991 to 1992. Despite this, Commonwealth had the best justified complaint rate among the major companies in 1992. Commonwealth maintains its ranking as the most effective company for the fourth year in a row.

**Summary**

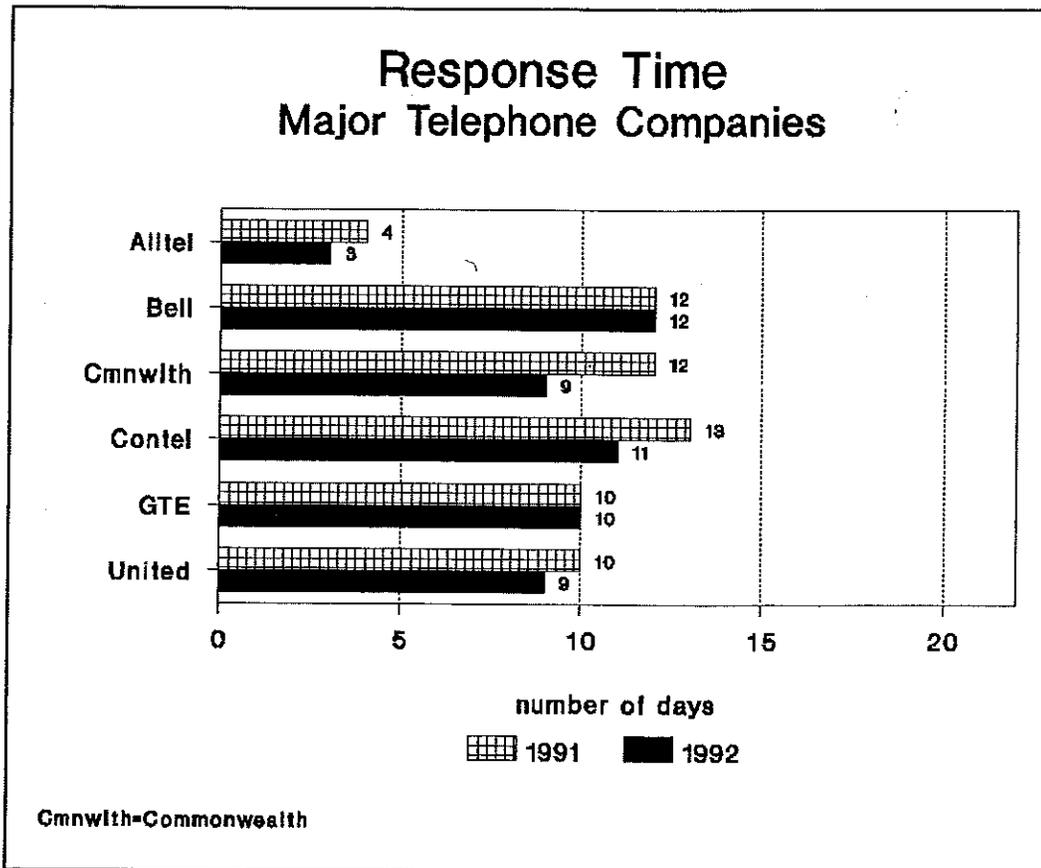
Justified complaint rate is the most important performance measure of customer complaint handling. It is a critical indicator of effectiveness. As a group, the major telephone companies' overall customer service performance declined from 1991 to 1992. Bell's customer service performance deteriorated in 1992 and remained the worst in the industry. The customer service performance of only GTE improved substantially during this period. This is disturbing since all companies should make an effort to improve the effectiveness of their customer service operations. The Bureau encourages all companies to take the appropriate steps so customer problems are handled properly.

## VIII. RESPONSE TIME

Response time is the time span in days from the date of the Bureau's first contact with the company regarding a complaint to the date on which the company provides the Bureau with all of the information needed to resolve the complaint. Response time quantifies the speed of a utility's response ("responsiveness") in resolving BCS complaints. In this report, response time is presented as the mean number of days for each company.

Response time is important because a short response time may indicate that a company has easy access to complete records and is able to present these records to the Bureau in an organized and understandable format. The complaint records are required by Commission regulations and their routine presence indicates that companies may 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.

GRAPH 1



***Among the findings revealed in Graph 1:***

- \* The average industry response time went from 10 days in 1991 to nine days in 1992. This means that the industry's response time to customer complaints registered with the Bureau was a day faster in 1992.
- \* Although Bell's response time remained stable from 1991 to 1992, the company's response time of 12 days was the worst in the industry in 1992.
- \* Contel reduced its response time by two days.
- \* Commonwealth managed to reduce its response time by three days, which was the most improved response time among major companies.
- \* United's response time improved from 1991 to 1992. The company's response time went from 10 days to nine days.
- \* Alltel's response time was one day faster in 1992 and was the best in the industry for the third year in a row.

**Summary**

Overall, it took the major telephone companies less time to respond to consumer complaints in 1992 than in 1991. These findings are encouraging since it appears that companies are beginning to fulfill their regulatory responsibilities. The Bureau hopes that the industry, which has steadily reduced response time over the last three years, will continue to improve in this area.

## IX. COLLECTIONS

For the last eight years, the Bureau has been monitoring the telephone industry's collection activities through its billing and collection statistics. This information is reported by all local telephone companies in response to the reporting requirements outlined in 52 PA Code Chapter 64, the "Standards and Billing Practices for Residential Telephone Service" (see Appendix C). Under these requirements, all local telephone companies must annually provide the Bureau with account information related to residential billing and collections.

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

Over the last three years, the quality of collection information has shown, at best, marginal improvement. However, the overall reliability of this data is poor. This problem is primarily due to deficiencies in the reporting requirements and further compounded by companies providing the Bureau with inaccurate and incomplete data. Although the Bureau has attempted to compensate for these reporting deficiencies through soliciting companies' voluntary compliance with the Bureau's supplemental data requests, the need to correct these deficiencies persists.

As previously mentioned, the Commission at a public meeting held January 21, 1993, adopted an order that would revise the present reporting requirement to: (1) reflect changes in the telephone industry which have occurred such as multiple balance billing, (by basic, nonbasic, and toll); (2) reflect jurisdictional distinctions; (3) clarify existing wording; (4) make reporting more uniform; and (5) increase the frequency of reporting to enable the Commission to better monitor customer service. The Bureau believes that these revisions will correct the current reporting deficiencies and improve the overall quality of telephone collection data.

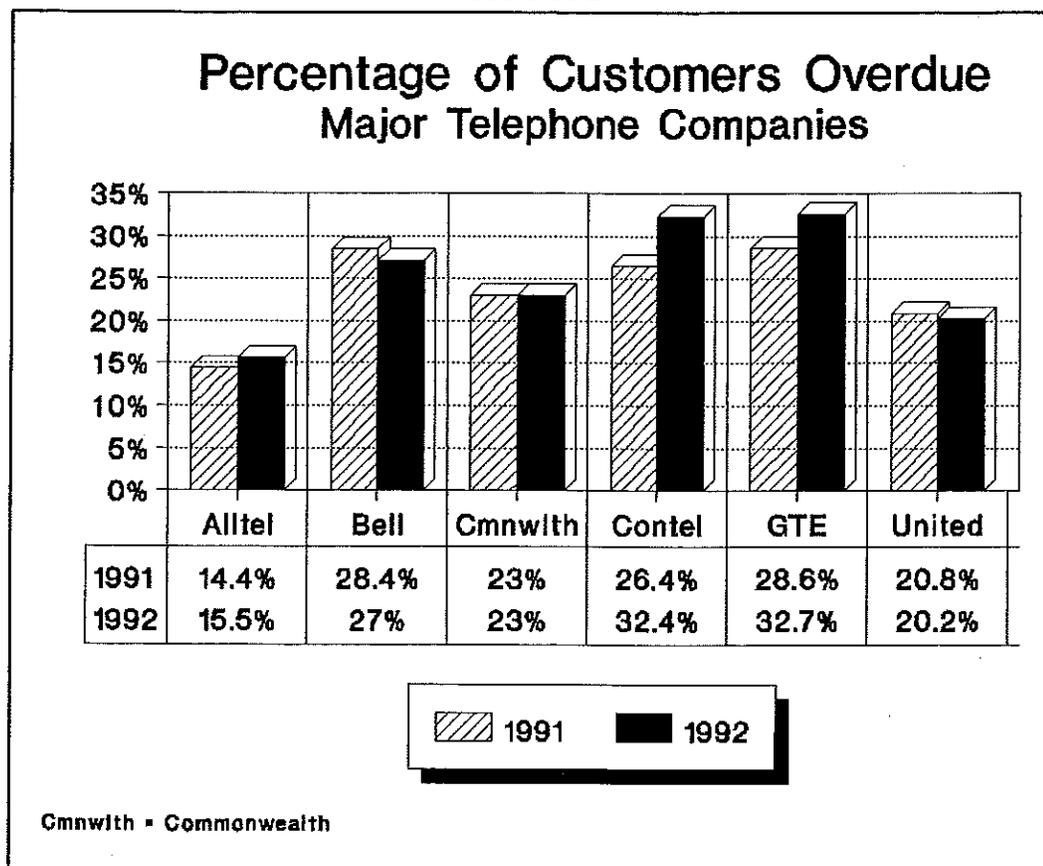
Meanwhile, the Bureau's analysis of companies' collection practices will be limited until reporting deficiencies are corrected and the proposed revisions to the reporting requirements are fully implemented. Even so, the conclusions below regarding overdue accounts, terminations, weighted arrearages, and disputes are generally sound.

Unfortunately, the Bureau cannot provide the Commission with a complete analysis of telephone companies' service suspensions and write-offs until all companies are required to report this information in the multiple balance billing format. The Bureau is hopeful that it will be able to provide the Commission with a thorough assessment of the telephone industry's collection practices once these reporting deficiencies are corrected through the rulemaking process.

## Overdue Customers

In an average month in 1992, there were 1,214,474 telephone customers that were delinquent in paying their telephone bills. Comparisons among companies of the number of telephone customers who are in arrears cannot be made purely on a numerical basis because of substantial differences in company size. Thus, the percentage of customers who are overdue is used to correct for this variation. This statistic can be used to monitor how well telephone companies are managing overdue accounts and to indicate the level of risk that companies face. In practice, the percentage of customers who are overdue reflects a company's relative success at collecting its unpaid bills (see Graph 2).

GRAPH 2



***Among the findings revealed in Graph 2:***

- \* It appears that poor economic conditions continue to have an effect on the percentage of customers who cannot pay their bills on time.
- \* For the second consecutive year, GTE had the highest percentage (32.7%) of customers overdue.
- \* Contel had next to the highest percentage (32.4%) of customers overdue in 1992.
- \* Bell experienced, for the first time in three years, a decrease (4.9%) in the percentage of overdue customers in 1992.
- \* Alltel's percentage of customers overdue was not only the lowest in 1992, but also the lowest among major companies for the last three years.

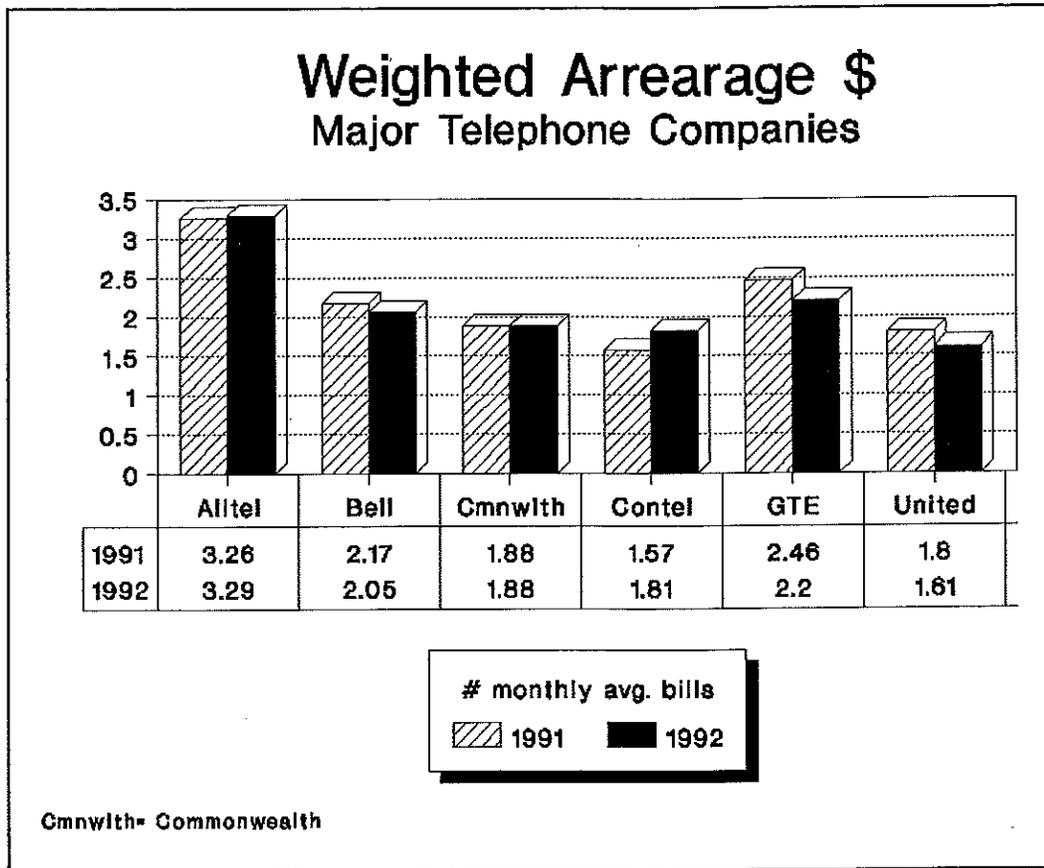
The percentage of customers overdue increased slightly from 1991 to 1992. Even so, one in four residential customers was reported as having an overdue telephone bill during 1992. This level of overdue customers is significant because of the level of potential risk overdue bills present. Only through more effective collection policies can companies reduce the number of overdue customers and eliminate the potential risk of uncollectible bills.

### **Weighted Arrearage**

The amount of money owed by overdue residential customers may indicate the financial risk faced by individual telephone companies. These amounts varied substantially from company to company in 1992. Therefore, the statistic called weighted arrearage is used to make comparisons of the extent of payment problems among companies. The weighted arrearage balances out the differences in arrearages which are due to differences in bill amounts. Weighted arrearage is calculated by dividing the monthly average overdue bill by the monthly average bill. Thus, the effectiveness of telephone company collection activities can be evaluated by identifying the number of average bills in the average overdue bill.

The Bureau's research shows that it is difficult to collect bills which have gone unpaid for a long time. Generally, the older the arrearage, the greater the risk that the account will be written-off. Thus, the lower the weighted arrearage score, the better the collection system performance. Weighted arrearage is used in Graph 3 to compare individual company collection practices and to track individual companies over time.

GRAPH 3



***Among the findings revealed in Graph 3:***

- \* Alltel's weighted arrearage score was the worst in the industry for the last four years. In fact, Alltel's weighted arrearage score of 3.29 shows that the company's average overdue bill represents over three months of average bills, which is of major concern to the Bureau.
- \* Contel had the largest increase in weighted arrearage, a 16% increase from 1991 to 1992.
- \* Commonwealth's weighted arrearage score remained stable from 1991 to 1992.
- \* Despite a 10% decrease in weighted arrearage from 1991 to 1992, GTE had next to the worst weighted arrearage score (2.20) in the industry. This means that GTE's weighted arrearage score was next to the worst for four years in a row.
- \* United had the best weighted arrearage score in 1992. United's 1992 weighted arrearage score represented a little more than one and a half average bills.

Overall, the weighted arrearage scores show that half of the major companies improved in this area. In 1992, the average overdue bill for the telephone industry represented slightly more than two months of average bills. Since it is harder for companies to collect older arrearages, the older the arrearage is, the more likely it will be written-off. It appears from the industry's 1992 weighted arrearage scores that the major companies' collection performance needs improvement.

## **Suspension of Basic Telephone Service**

Suspension is the temporary cessation (i.e., interruption) of telephone service without the customer's consent and is typically due to the customer's failure to pay the telephone bill in a timely manner. Companies must follow proper suspension procedures as outlined in Chapter 64 before a customer's service can be suspended for nonpayment. In addition to the disruption which suspensions cause customers, a significant financial impact occurs to both the customer and the company. First, significant costs are incurred by the company through sending notices, making contacts with customers and carrying out suspension. Second, customers are required to pay substantial fees to secure reconnection of their service. This points to the need for a long-term analysis of suspension statistics and suspension practices. Therefore, it is important to examine suspension statistics which reflect the extent to which suspension is used (see Table 4).

There is little uniformity in how companies report their suspension data. Alltel, Bell, Contel and United can identify how many suspensions of basic service they have in a given month, but GTE and Commonwealth cannot. Therefore, the 1992 service suspension figures for GTE, and Commonwealth are artificially higher than those reported for Alltel, Bell, Contel and United because they include basic, nonbasic and toll suspensions. GTE claims that information regarding the separation of suspension by service categories was not available. Commonwealth is able to report basic service suspensions separately, but since this is not required by Chapter 64, the company opted not to incur the additional expense to report these statistics separately. In order to correct this problem, the Bureau has recommended that companies be required to report basic, nonbasic, and toll service suspensions separately as part of the Commission's proposed revisions to §64.201 reporting requirements.

**Table 4**  
**Number of**  
**Residential Service Suspensions**

Company	1991	1992	Percent Change 1991-1992
Alltel	8,352	9,216	10%
Bell	389,088	384,312	-1%
Commonwealth	19,248	21,588	12%
Contel	2,484	1,800	-28%
GTE	51,000	69,288	36%
United	15,312	13,800	-10%
<b>TOTAL</b>	<b>485,484</b>	<b>500,004</b>	<b>3%</b>

*Among the findings revealed in Table 4:*

- \* GTE's suspensions continued to climb from 1991 to 1992. The company experienced a 36% increase in suspensions during this period, a record number of suspensions for the company.
- \* Contel's suspensions fell 28% from 1991 to 1992, the largest decrease among major companies.
- \* For the first time in eight years, the Bureau can compare United's basic service suspension statistics. United experienced a 10% decrease in the number of basic service suspensions from 1991 to 1992.

The total number of telephone service suspensions by the major companies increased 3% from 1991 to 1992. More customers had some portion of their phone service suspended during 1992 than in 1991. Again, the Bureau cannot tell whether suspensions for basic service increased for all major companies because only four of them report information specifically regarding basic service suspensions. As part of the Commission's overall efforts to correct such reporting deficiencies, the proposed rulemaking will require companies to report separate statistics for basic, nonbasic and toll suspensions.

## Suspension Rate

There were over 500,000 residential suspensions in 1992. As is true with other performance measures, differences in company size make it difficult to compare companies based on raw numbers of suspensions. Thus, a uniform measure is calculated to compare how often companies resort to suspension of residential service. The suspension rate, as shown in Table 5, is calculated by dividing the annual number of suspensions by the monthly average number of residential customers. This rate represents the percentage of residential service suspensions.

**Table 5**  
**Suspension Rate ♦**

Company	1991	1992
Alltel	7.65%	8.28%
Bell	10.94%	10.72%
Commonwealth	12.02%	13.22%
Contel	3.69%	2.54%
GTE	14.42%	19.47%
United	6.17%	5.46%
AVERAGE†	9.15%	9.95%

♦ *Annual suspensions as a percentage of the monthly average number of residential customers*

† *Mean of Scores*

*Please Note: 1992 Suspension rates for Alltel, Bell, Contel and United represent basic service suspensions. Suspension rates for Commonwealth, and GTE suspensions include basic, nonbasic, and toll service suspensions.*

On the whole, the suspension rate for the telephone industry was higher in 1992 than in 1991. The suspension rates of Bell, Contel and United dropped from 1991 to 1992. The three other major companies (Alltel, Commonwealth and GTE) experienced an increase in their suspension rates during this period. GTE had the largest increase among these companies. Unfortunately, the Bureau cannot determine what type of

service suspensions (basic, nonbasic or toll) caused GTE's or Commonwealth's suspension rates to increase in 1992.

## Termination of Service

Termination is the permanent cessation of service that occurs after service has been suspended. Companies have more suspensions than terminations because customers must go through the suspension process before their service is terminated. Many suspended customers pay their bills and avoid termination. Once termination takes place the person ceases to be a customer. If the terminated party wishes to reestablish service he or she must apply for service as a new applicant - under 52 PA Code, Chapter 64 - with rights which are more limited than when the applicant was an established customer. This requirement makes it important to examine both service suspensions and terminations. The major telephone companies terminated 129,240 residential customers in 1992 (see Table 6).

**Table 6**  
**Termination of Service**

Company	1991	1992	Percent Change 1991-1992
Alltel	2,472	2,376	-4%
Bell	116,964	108,384	-7%
Commonwealth	3,156	2,976	-6%
Contel	696	336	-52%
GTE	9,204	9,324	1%
United	6,456	5,844	-9%
<b>TOTAL</b>	<b>138,948</b>	<b>129,240</b>	<b>-7%</b>

***Among the findings revealed in Table 6:***

- \* The overall number of service terminations for the telephone industry decreased 7% from 1991 to 1992 with five of the six major companies registering decreases.
- \* Contel terminated 52% fewer customers in 1992 than in 1991, a dramatic decrease. In 1992 the company attributed this decrease to having a customer base that had not been impacted as severely by the poor economy and the company having a high customer/representative ratio to handle problems in their early stages. It is not clear whether these factors also led to Contel's overwhelming reduction in service terminations in 1992.

## Termination Rate

A uniform measure was calculated to compare how often companies terminate residential service. As with the suspension rate, the termination rate represents the percentage of residential customers whose service was terminated. The termination rate, as shown in Table 7, is calculated by dividing the annual number of terminations by the monthly average number of residential customers. For example, if the termination rate is 4% then it means that the equivalent of 4% of the residential customers have service terminated annually (see Table 7).

**Table 7**  
**Termination Rate◆**

Company	1991	1992
Alltel	2.26%	2.14%
Bell	3.29%	3.02%
Commonwealth	1.97%	1.82%
Contel	1.03%	.47%
GTE	2.60%	2.62%
United	2.65%	2.31%
AVERAGE†	2.30%	2.06%

◆ *Annual terminations as a percentage of the monthly average number of residential customers.*

† *Mean of Scores*

### ***Among the findings revealed in Table 7:***

- \* As with 1991, over two percent of residential telephone customers had their telephone service terminated in 1992.
- \* Bell's termination rate (3.02%) was the highest among the six major companies in 1992.
- \* Less than one percent of Contel's customers had their service terminated in 1992. Contel had the lowest termination rate (.47%) in 1992 and the lowest termination rate in the industry for the third consecutive year.

The major telephone companies decreased service terminations by 7% from 1991 to 1992. The Bureau believes that it is important to determine how suspension practices impact on the number of service terminations. However, the Bureau finds it difficult to determine how many basic service suspensions ended in terminations because of the way companies collect and report their residential suspension data.

## **Residential Billings Written-Off As Uncollectible**

Overdue accounts directly affect the cost of utility service in two ways. First, the cost of collecting hundreds of thousands of unpaid bills is substantial. Second, once an account is terminated, companies may issue a final bill for the amount that is owed. If companies are unable to collect final bills, they may write these amounts off as an uncollectible expense. These expenses are passed through in rates and increase the cost of service for all customers. Toll service accounts for the largest portion of unpaid telephone bills. Major companies reported that 51% of their overdue bills were due to unpaid toll services. Much of that unpaid toll service was service provided by long distance companies and other service providers. Long distance companies and other phone service providers may contract with local phone companies to bill and collect these toll charges. Most major companies have contracts with long distance companies for collecting unpaid toll bills. It is difficult for the Bureau to determine what portion of unpaid toll service is really an uncollectible expense for local companies since companies do not provide a breakdown of bills, revenues, or write-offs by basic, local toll and long distance toll service charges.

Uncollectibles can be presented as either gross write-offs or net write-offs. Gross write-offs are the amount of money in overdue accounts written-off as uncollectible for the entire calendar year. Net write-offs are gross write-offs minus the amount of any previously written-off amount which was recovered by the company during the year. In 1992, telephone companies reported over \$94 million in gross write-offs and \$83 million in net write-offs. Write-offs (within limits) are treated as an expense for rate purposes. This means that these losses may be recovered in the rates that customers pay. Unfortunately, the exact impact of write-offs cannot be reflected here because the statistics necessary for analyzing such an impact are not accurately reported by companies. In addition to providing the necessary statistics, companies should also be required to give the multiple balance breakdowns so the Bureau can assess the impact of uncollectibles.

In order to measure and compare the electric and gas industry collection system performance relative to uncollectible accounts, the Bureau has historically used the statistic, "percentage of revenues written-off as uncollectible." The BCS also uses the percentage of revenues written-off as uncollectible to measure and compare the telephone industry's collection system performance. However, the BCS modifies this statistic by using net write-offs instead of gross write-offs. The percentage of revenues written-off as uncollectible for telephone companies is calculated by dividing net write-offs by gross revenues. Telephone companies' net write-offs are used because they reflect

the amounts actually lost. Thus, with this modification, the BCS can better measure the effectiveness of the telephone industry's ongoing collection activities (see Table 8).

**Table 8**  
**Percentage of Residential Billings**  
**Written-Off As Uncollectible**

Company	1991	1992	Percent Change 1991-1992
Alltel	2.19%	2.10%	-4%
Bell	3.15%	3.48%	10%
Commonwealth	1.44%	1.44%	No Change
Contel	.99%	1.38%	39%
GTE	3.70%	4.88%	32%
United	1.50%	1.27%	-15%
<b>AVERAGE†</b>	<b>2.16%</b>	<b>2.78%</b>	<b>29%</b>

† *Mean of Scores*

***Among the findings revealed in Table 8:***

- \* From 1991 to 1992, the percentage of revenues written off as uncollectible by major telephone companies increased dramatically; the percentage of revenues written off increased nearly 30% during this period. The percentage of revenues written off from 1991 to 1992 went from 2.16% to 2.78%.
- \* GTE's percentage of revenues written off as uncollectible went from 3.7% in 1991 to nearly 5% in 1992, the highest percentage of revenues written-off among major companies in 1992.
- \* Bell experienced a substantial increase (10%) in residential revenues written off as uncollectible from 1991 to 1992 and had next to the highest percentage of revenues written off (3.48%).
- \* Even though Contel experienced a significant increase in the percentage written off from 1991 to 1992, the company's percentage of revenues written off remained well below the industry average during this period.
- \* United is the only company that experienced a substantial decrease (15%) in the percentage of revenues written off as uncollectible from 1991 to 1992. As a result, United had the lowest percentage of revenues written off as uncollectible.

## Chapter 64 Disputes

In addition to requiring that telephone companies report billing and collection statistics, Chapter 64 requires that local telephone companies report the number of disputes they handled each year. Chapter 64 defines a "dispute" as a disagreement between an applicant, a customer, or a customer's designee and a local exchange carrier with respect to the application of this chapter including but not limited to credit determinations, deposit requirements, the accuracy of amounts billed or the proper party to be charged. If a customer indicates dissatisfaction at the conclusion of an initial inquiry, then the company must treat the contact as a dispute and maintain a record of the contact. Companies are also required to inform customers of their right to appeal to the Commission if they are not satisfied with how the company handled their dispute. A customer dispute becomes an informal complaint when the customer contacts the Commission.

Again, there is uncertainty underlying the accuracy of reported dispute statistics. Only recently does it appear that companies are reporting dispute statistics which are more in line with the number of Chapter 64 complaints the Bureau received. As previously mentioned, the 464 Chapter 64 complaints received in 1992 represent only a fraction of disputes registered by customers with major companies. When a company fails to report a number of disputes at least equal to the number of Chapter 64 complaints its customers have registered with the Bureau, then it is obvious that the company has failed to maintain and report accurate dispute statistics. The Bureau believes this is one indication that customers are not being advised of their right to appeal to the Commission. Also, high numbers of disputes may reflect that companies are identifying and documenting disputes properly. Documented instances of noncompliance with the dispute provisions combined with inaccurate dispute statistics reported by companies over the last six years raise the concern that many customers were not advised of their due process appeal rights. This not only reduces the number of informal complaints received by the Bureau, but also casts serious doubts about the accuracy of company dispute data.

### ***Dispute Rate***

According to company data, there were 50,334 disputes handled by the six major companies in 1992. The raw number of disputes does not permit easy comparisons between companies. As is true with other performance measures, differences in company size make it difficult to compare companies based on raw numbers alone. Thus, a uniform measure is calculated to compare how often customers register disputes with a company. The dispute rate, as shown in Table 9, is the number of disputes per thousand residential customers (see Appendix B for the number of residential customers). The "dispute rate" is calculated by dividing the annual number of disputes by the monthly average number of residential customers. A high dispute rate may be a reflection of a company's ability to identify and document disputes; while a low dispute rate may indicate that a company is not properly identifying disputes.

**Table 9**  
**Chapter 64 Disputes**  
**Major Telephone Companies**  
**(1991-1992)**

Company	1991		1992		1991-1992
	N	Dispute Rate	N	Dispute Rate	Percent Change in N
Alltel	78	.71	102	.92	31%
Bell	51,502	14.49	46,179	12.88	-10%
Commonwealth	872	5.44	899	5.51	3%
Contel	216	3.43	331	4.68	53%
GTE	4,227	11.95	2,160	6.07	-49%
United	640	2.09	663	2.62	4%
<b>TOTAL</b>	<b>57,535</b>		<b>50,334</b>		<b>-13%</b>
<b>AVERAGE</b>		<b>6.40</b>		<b>5.45</b>	

***Among the findings revealed in Table 9:***

- \* From 1991 to 1992, four of the six major companies experienced an increase in the number of recorded disputes.
- \* GTE experienced a 49% decrease in the number of recorded disputes from 1991 to 1992, the largest among the major companies. The Bureau believes that GTE should investigate the source of this dramatic decrease in disputes.
- \* Bell had the record number of disputes reported in 1992 even though it had a decrease of 10% from 1991 to 1992. This level of recorded disputes is apparently due to continued improvements in the way the company has been identifying and maintaining dispute records.
- \* Alltel had the second largest increase (31%) in recorded disputes from 1991 to 1992. However, this increase, while encouraging, still leaves the company with a relatively low dispute rate which may indicate that Alltel is not identifying disputes properly and advising all customers of their right to appeal to the Commission.

## Summary

In 1992, the dispute rate for major companies ranged from .92 to 12.88. The vast difference in dispute rates clearly indicates that all companies may not be properly identifying, documenting or reporting disputes. Although companies are required to report the total number of disputes handled, it is evident that the dispute statistics reported by companies over the last seven years are inaccurate. These inaccurate dispute statistics combined with documented instances of noncompliance with the dispute notification procedures themselves, leads the Bureau to believe that the number of complaints filed is lower than it would be if both the dispute and reporting procedures were followed correctly. The Bureau believes that the companies' failure to advise all customers of their due process appeal rights may have kept some customers from complaining to the Commission. In light of this, the Bureau will focus its compliance audits on companies that have reported questionable dispute statistics to ensure that all companies are properly identifying disputes and advising customers of their right to file a complaint with the Commission.

## **X. COMPLIANCE**

The Pennsylvania Public Utility Commission (PUC) has numerous obligations to fulfill and competing interests to balance as it regulates the many different types of public utilities in the Commonwealth. Among the primary obligations of the PUC is protecting the interests of residential utility consumers. Fulfillment of this obligation, as it affects residential telephone customers, was facilitated with the implementation of the Chapter 64 residential telephone service regulations. These regulations, adopted in August 1984, have been in effect since January 1, 1985 and govern the approximately 42 local exchange carriers operating in Pennsylvania. It is, in large part, through the handling of consumer complaints and the enforcement of these residential telephone service regulations that the Commission is able to protect the interests of residential telephone consumers.

The Bureau of Consumer Services (BCS) is the Bureau within the PUC responsible for investigating and reporting on all informal consumer complaints relating to residential fixed utility service. The work of the BCS includes efforts to insure that local exchange carriers are conforming with the standards of conduct codified in the Commission's Chapter 64 telephone regulations. The purpose of Chapter 64, as stated in Section 64.1, is to "...establish and enforce uniform, fair, and equitable residential telephone service standards governing account payment and billing, credit and deposit practices, suspension, termination, and customer complaint procedures."

This portion of the report describes, in general terms, the three methods used by the BCS to effect utility compliance with the Chapter 64 regulations. Additionally, this portion of the report presents the informally verified violation findings which have been gleaned from informal consumer complaints filed with the Commission during the calendar years 1991 and 1992. The information will demonstrate that the compliance process for Chapter 64 parallels the Chapter 56 compliance process and is a forthright and reasonable process that enables the PUC to fulfill its enforcement responsibilities relative to Chapter 64.

### **BCS Compliance Methods**

Approving proposed regulations and ordering their adoption and institution is only part of the process by which the PUC fulfills its function to protect the interests of residential utility consumers. It must also assure that those governed by the regulations adhere to the standards and practices set forth in the regulations. In order to ensure that the local exchange carriers act in accordance with these Chapter 64 standards and adapt their practices to the rules, the BCS uses a demonstrated system of effecting compliance. The three primary methods that the Bureau of Consumer Services uses to monitor and enforce compliance with the Chapter 64 regulations are the same methods that have been successfully used to monitor and enforce compliance with the Chapter 56 regulations. The Bureau of Consumer Services designed these methods to be

straightforward and complementary. As has been demonstrated in the past and documented in previous Consumer Services Compliance reports, these methods have successfully forced public utilities under Chapter 56 to adopt and consistently implement practices which ensure compliance with the service standards found in Chapter 56. Similarly, the Bureau's aim in using these methods for Chapter 64 is to ensure compliance with the uniform, fair, and equitable residential telephone service standards found in Chapter 64.

Because of its ongoing and central nature, the informal compliance notification process is the keystone of the Bureau's compliance efforts. A second method available to the Bureau for compliance enforcement is the consumer services review program. This audit-oriented approach has yet to be used to evaluate a telephone company and analyze its customer services operation. The third means used by the BCS to compel utility compliance with Chapter 64 is to recommend the initiation of a formal complaint against a troublesome utility. The Bureau takes this course of action when the informally verified data show continued poor performance by a particular utility and when BCS records indicate the utility has failed to implement corrective measures. To date, the Commission has initiated just one formal complaint against a telephone company; that was against Bell of Pennsylvania in 1990. As with formal complaints filed against other utilities, this formal complaint reflects the utility's failure to properly address its compliance problems through the BCS' informal compliance notification process. The PUC and Bell reached an agreement to settle the formal complaint. The Commission approved the settlement and the order was entered September 4, 1991.

The Bureau, in conjunction with the Law Bureau, has employed yet another means to enforce compliance with Commission regulations -- the informal investigation. The Commission is authorized by law to conduct informal investigations in appropriate circumstances regarding the condition and management of a public utility. The provisions of 52 Pa. Code §3.113, adopted May 12, 1989, set forth procedures regarding the termination of an informal investigation. These legal constraints legitimize the informal investigation as an effective method of compliance. To date, the BCS, in conjunction with the Law Bureau, has completed three such informal investigations all of which resulted in settlements approved by the Commission. (Refer to Section II of this report regarding Policy Issues for a more detailed explanation of the settlements.)

Informal compliance notifications or letters provide local exchange carriers with specific examples of apparent violations of Chapter 64 so that companies can use the information to pinpoint and voluntarily correct deficiencies in their customer services operations. The informal compliance notification process uses consumer complaints to identify, document and notify utilities of apparent violations. A utility that receives notification of an apparent violation has an opportunity to refute the facts which support the alleged violation of Chapter 64. Failing a satisfactory refutation by the utility, appropriate corrective action is to be taken to prevent further occurrences of the violation. Appropriate corrective action usually involves modifying a computer program, revising the text of a notice, a billing, or a letter; changing a company procedure, or

providing additional staff training to ensure the proper implementation of a sound procedure. Additionally, informal compliance communications provide companies with an opportunity to secure written clarification of any provision of Chapter 64.

On another level, informal violations in the aggregate enable the BCS to:

- (1) identify patterns and trends prior to a Consumer Services Review so that an appropriate list of interview topics can be developed;
- (2) prepare a Formal Complaint against a troublesome local exchange carrier; and
- (3) monitor the effectiveness of corrective action taken by local exchange carriers as a result of the application of any of the BCS compliance methods.

The data obtained through the informal compliance notification process is fundamentally important and demonstrates the complementary nature of the BCS' compliance methods.

### **Informal Compliance Findings**

The data analyzed in this section have been gleaned from the informal complaints filed with the PUC by residential telephone customers during 1991 and 1992. The violation statistics for the major telephone companies are presented by company and year in Table 10 and Graph 4.

The Bureau of Consumer Services views each informally verified violation as an error signal. Using this perspective, a single infraction can be indicative of a system-wide misapplication of a particular section of the regulations. Because of consumers' reluctance to complain, and because the PUC gets involved with only a small fraction of the total number of complaints to companies, there is sufficient reason to believe that there are numerous violations occurring which will go undetected by the PUC.

Several considerations are important to keep in mind when viewing the aggregate figures. First, the data pertaining to the number of violations does not take into consideration the cause of the individual violations. Some violations, because of their systematic nature, are indicative of ongoing or repetitive violations. Other violations may involve threats to the health and safety of telephone customers, thereby increasing their seriousness.

For these reasons, when evaluating a company's compliance performance, the aggregate figures presented in Table 10 may be considered by the 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 deviations in performance within the industry. The value of analyzing individual violations is that one or a few violations may provide an indication of widespread compliance problems that may not be depicted by viewing the aggregate figures.

A final consideration to keep in mind when viewing violation figures is that as a performance measure, they are most important because they indicate infractions of PUC regulations. Therefore, while a company may take note of a significant decrease in the number of its verified violations, it should keep in mind that the criterion for entirely satisfactory compliance performance is zero violations.

**Table 10**  
**Informal Violations of Chapter 64: 1990-1992**  
**Major Telephone Companies**

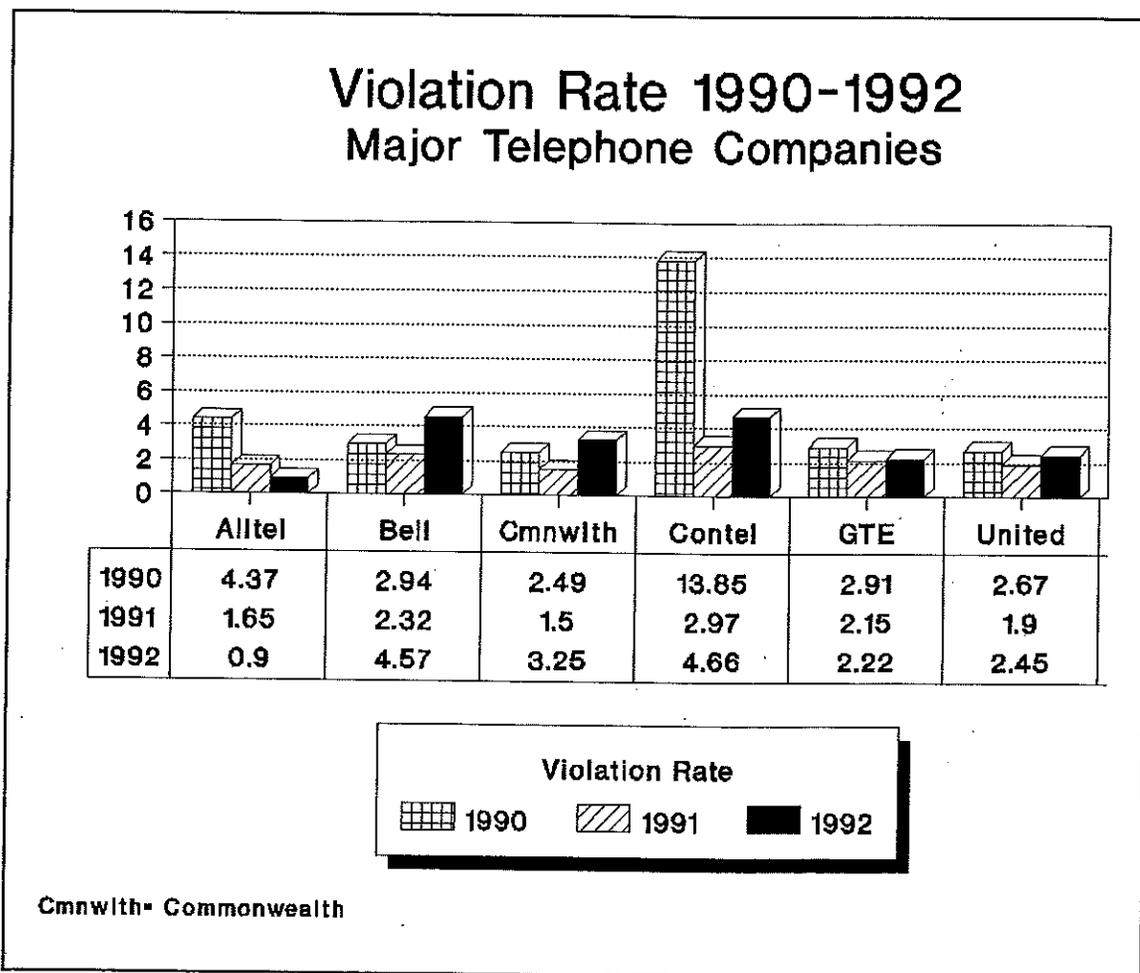
Company	1990	1991	1992 Total Number Verified	1992 Total Number Pending	1992 Total■
Alltel	47	18	10	1	11
Bell	1034	825♦	1638	130	1768
Commonwealth	39	24	53	0	53
Contel	95	20	33	15	48
GTE	101	76	79	0	79
United	65	47	62	10	72
<b>TOTAL</b>	<b>1381</b>	<b>1010♦</b>	<b>1875</b>	<b>156</b>	<b>2031</b>

- *The total number of violations for 1992 (column 5) is comprised mostly of verified violations (column 3) and a smaller number of pending violations (column 4). The total number of violations for 1992 may increase as new violations are discovered and cited from customer complaints which originated in 1992 but are still under investigation.*
- ♦ *These figures do not include over 1,000 violations that were recorded as "alleged" because they occurred prior to September 4, 1991, the date the order was entered settling the Formal Complaint against Bell of Pennsylvania. Although these violations were identified and*

*tracked, they were not treated in the customary manner in regard to the compliance process. They are mentioned here because, had they been treated in the customary manner, a significant portion would have been upheld and recorded as verified.*

The violation rate is the number of verified violations per 10,000 residential customers. Because the violation rate takes into consideration the number of violations in conjunction with the number of customers for each utility, the violation rate is a useful measure for making standard comparisons among utilities of unequal size.

**GRAPH 4**



***The highlights from Table 10 and Graph 4 include the following:***

- \* As presented in Table 10, compliance performance has declined for all but one of the telephone companies.
- \* One of the six major companies, Alltel, showed an improvement. It is the only company to show a consistent improvement, with a decrease in verified violations the last two years.
- \* Contel demonstrated the worst compliance performance in the industry in 1992 as determined by the violation rate. Contel's violation rate of 4.66 was more than five times greater than Alltel's which, at .90 was the lowest of the six major companies.
- \* Alltel's figures show a significant improvement in the number of verified violations; there were 44% fewer violations in 1992 than in 1991. Furthermore, in 1992, Alltel had only one quarter the number of verified violations it had in 1990.
- \* Although Bell had what appears to be a two-fold increase in violations from 1991 to 1992, certain factors should be considered before an accurate analysis can be made. A large number of violations in 1991 (over 1,000) were treated differently due to the settlement of a formal complaint. Had the outcome of these violations been determined in the customary manner, the increase in verified violations from 1991 to 1992 would not have been as great. A more accurate analysis of Bell's performance can be made by comparing the volume of verified violations in 1990 to the volume in 1992. Bell had 58% more verified violations in 1992 than in 1990.
- \* A large percentage of Bell's verified violations in 1992 are violations of one particular provision; namely, §64.72(6). These 581 informally verified violations, 35% of the total number verified, negatively impact on Bell's violation rate. There is a full explanation of these verified violations of §64.72(6) following Table 11. It should be noted that factoring only one of these informally verified violations into the computation of the violation rate, instead of the total 581, would yield a drop in Bell's violation rate to 2.95 violations per 10,000 customers. The reduction, however, would not be enough to significantly alter Bell's standing with the other companies, considering the number of Bell's pending violations. Even omitting 580 of the systematic violations of §64.72(6), Bell would most likely end up with a violation rate of around 3.25 once a final determination is made on the pending violations.
- \* Alltel's violation rate of .90 represents the first time since 1989 that one of the major companies had a violation rate of less than 1.0 per 10,000 customers.

- \* After having the lowest violation rate of the six major companies for three years straight - 1989, 1990 and 1991 - Commonwealth's violation rate for 1992 shot up to 3.25 per 10,000 customers. Commonwealth's is the third highest violation rate in 1992 and is higher than any company had in 1991.
- \* Bell, Commonwealth, GTE, Contel and United all show a roller coaster pattern in their violation rates over the last 4 years; that is, up in 1990, down in 1991, and up again in 1992. Alltel on the other hand went up from 1989 to 1990 then down in 1991 and down again in 1992.
- \* GTE had a 4% increase in the number of verified violations in 1992. This translates into a violation rate of 2.22 per 10,000 customers, GTE's second highest violation rate in the last four years.
- \* United had a 32% increase in the number of verified violations in 1992. United's violation rate of 2.45 per 10,000 customers was also its second highest violation rate in the last four years.
- \* United, praised in last year's report for breaking a pattern of increasing violations over the previous three years, negated the reduction achieved last year by shooting right back up to its 1990 level of verified violations.

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

Tables 11 and 12 show the areas of Chapter 64 where compliance problems are most serious for the six major companies. Because 79% of the telephone customers in Pennsylvania are Bell customers and because more than 87% of the verified violations belong to Bell of Pennsylvania, the 5 other major companies are presented together in a separate table (Table 12). These tables can help the telephone companies focus on those areas of Chapter 64 most in need of company effort and attention.

**Table 11**  
**Most Commonly Violated Areas of Chapter 64**  
**Bell of Pennsylvania**

Section	1991		1992	
	N	%	N	%
§64.14 - Billing Information	26	3%	54	3%
§64.21 - Separate Billing	122	15%	16	--
§64.34 - Written Credit Procedures	8	--	21	1%
§64.63 - Unauthorized Suspension of Service	20	2%	97	6%
§64.71 - Notice Requirement Prior to Suspension	9	1%	30	2%
§64.72 - Suspension Notice Information	324	39%	701	43%
§64.74 - Procedures Prior to Suspension	69	8%	191	12%
§64.123 - Termination Notice Information	28	3%	67	4%
§64.141 - Dispute Procedures - Telephone Company	79	10%	271	17%
§64.142 - Contents of Utility Reports	3	--	18	1%
§64.153 - Commission Informal Complaint Procedures	53	6%	101	6%
§64.181 - Restoration After Suspension	50	6%	8	--
OTHER - Remainder of 1991 violations fall into 12 other sections. Remainder of 1992 violations fall into 20 other sections.	34	4%	63	4%
<b>TOTAL</b>	<b>825</b>		<b>1638</b>	

*The highlights from Table 11 include the following:*

- \* The top four most commonly violated areas of Chapter 64 in 1992 were among the top five in 1990 and 1991. They are: §64.72, §64.141, §64.74 and §64.153.
- \* Bell's corrective action relating to revisions in its termination notices resulted in an 87% decrease in the number of verified violations of the Separate Billing Provision (§64.21) of Chapter 64.

- \* The large number of informally verified violations of the Chapter 64 provisions relating to suspension notice information account for 43% of Bell's verified violations in 1992. Of these 701 violations of §64.74, 581 are systematic violations of §64.72(6) because the notices did not have medical emergency notices that substantially conform to Appendix A. In reviewing the violations of §64.72(6) for 1991 and 1992, it was determined that 854 systematic violations of this provision were cited and upheld because Bell worded the suspension notices in a way that limited the use of a medical emergency certification to the protection of basic service. Instead of "basic service" the notices should have said "telephone service," which by definition includes toll service.

The Bureau has chosen to fully explain this large number of informally verified violations of §64.72(6) so that this one area of noncompliance does not distort other areas. Bell was notified as far back as September 1988 of the Bureau's interpretation of the provisions related to medical emergency. In February 1991, BCS communicated in explicit language why the wording in Bell's termination notice failed to fully comply with Appendix B of Chapter 64. The Medical Emergency Notice in Appendix A is consistent with the Medical Emergency Restoration Notice in Appendix B in that it uses the inclusive term "telephone service" rather than the restrictive "basic service" that Bell was using. The Bureau also discovered, through informal complaints, that Bell was limiting its application of the medical emergency provision to basic service instead of applying the provision to telephone service that included toll service. This demonstrated to BCS that the seemingly minor substitution of one word on a notice actually translated into a practice that effectively denied consumers with a need for toll service in order to reach required health services, the right to obtain a medical emergency certification to protect that needed service.

Bell did take final corrective action in January 1992 to bring its notices into compliance with the BCS position regarding Appendix A and Appendix B. Because the medical emergency rules are directly linked to health and safety, the BCS believes it reasonable to expect utilities to apply these rules correctly in every instance.

- \* The verified violations of §64.153 relating to Commission Informal Complaint Procedures account for 6% of the total verified violations for 1992. That is the same percentage of the total violations as in 1991. However, the raw numbers show almost twice as many verified violations of §64.153 in 1992 as in 1991. Furthermore, 30 of Bell's pending violations are apparent violations of §64.153. When the pending are taken into consideration, the rise in violations of §64.153 in 1992 quickly approaches the 164 violations of this provision recorded in 1990.

Further analysis reveals that in 1992, 85% of the informally verified violations of this provision are violations of §64.153(b) specifically. This section requires that "information and documents requested by Commission staff as part of the review

process shall be provided by the local exchange carrier within 30 days of the request." Bell should work on eliminating these violations by making sure that the utility reports required by BCS after an informal complaint is filed are both timely and accurate.

- \* Bell was warned in last year's report not to be lulled into complacency regarding compliance with dispute procedures. In 1992, informally verified violations of Section 64.141 comprise 17% of the total number of verified violations. Informal compliance indicators show that Bell still has not implemented practices which insure that consumers get their complaints to Bell properly acknowledged and handled. The 271 dispute related violations verified in 1992 attest to this. When telephone employees fail or refuse to recognize disputes, it impacts not only on the treatment accorded the particular customers attempting to register those disputes, but also on the company's dispute figures. Failure to follow the proper dispute procedures is most frequently a result of failure to identify a contact as a dispute, and therefore calls into question the accuracy of the dispute data submitted by the company.

**Table 12**  
**Most Commonly Violated Areas of Chapter 64**  
**Alltel, Commonwealth, Contel, GTE, and United**

Section	1991		1992	
	N	%	N	%
§64.2 - Definitions	0	--	4	2%
§64.12 - Due Date for Payment	1	--	4	2%
§64.14 - Billing Information	0	--	23	10%
§64.19 - Make-up Bills	4	2%	10	4%
§64.21 - Separate Billing	4	2%	3	1%
§64.34 - Written Credit Procedures	7	4%	9	4%
§64.63 - Unauthorized Suspension of Service	8	4%	14	6%
§64.71 - Notice Requirement Prior to Suspension	3	2%	8	3%
§64.72 - Suspension Notice Information	23	13%	25	11%
§64.73 - Notice of Suspension While Dispute Pending	3	2%	6	3%
§64.74 - Procedures Prior to Suspension	49	27%	34	14%
§64.123 - Termination Notice Information	3	2%	5	2%
§64.141 - Dispute Procedures - Telephone Company	42	23%	48	20%
§64.142 - Contents of Utility Reports	5	3%	9	4%
§64.153 - Commission Informal Complaint Procedures	18	10%	11	4%
§64.192 - Record Maintenance	1	--	4	2%
OTHER - Remainder of 1990 violations fall into 13 other sections. Remainder of 1991 violations fall into 5 other sections.	13	7%	20	8%
<b>TOTAL</b>	<b>184</b>		<b>237</b>	

***The highlights from Table 12 include the following:***

- \* All five of the major companies show violations of Subchapter B. Payment and Billing Standards (Sec. 64.11 through 64.22). Taken together, the 43 violations of these billing related provisions comprise 18% of the total 237 verified violations. On an individual basis, however, one company shows a much higher percentage of its violations recorded under this billing subchapter; that company is Contel with 72% of its verified violations occurring in this category. Commonwealth, GTE and Alltel average 10% of their violations occurring in this category. United, with 5%, has the lowest percentage of billing related violations.
- \* Dispute handling continues to be a problem for 4 of these 5 major companies. Compliance with dispute procedures is the number one problem in 1992 overall. Specifically, for GTE and United the highest percentage of their violations fall under section 64.141 -- 28% and 26% respectively. Although 1992 records show no verified violations of §64.141 or §64.142 for Alltel, the Bureau is inclined to be cautious in praising Alltel for achieving compliance with these provisions. In light of the Bureau's uncertainty surrounding the decline in the number of informal complaints and Alltel's low dispute rate, a question arises as to whether disputes are being properly identified and reported.
- \* The second most commonly violated area of Chapter 64 in 1992 was §64.74 "procedures prior to suspension". Commonwealth in particular had a problem complying with this section; 26% of its verified violations fall under the §64.74.
- \* The actual number of verified violations of the Chapter 64 provisions relating to suspension and termination of service (§64.63 through §64.123 in Table 12) is the same for 1992 as for 1991. This comes as a disappointment to the Bureau because in last year's report it was emphasized that greater improvement in this area of compliance was needed considering the importance of these suspension/termination provisions and their direct relationship to loss of service. Instead of an improvement in compliance, what the Bureau is seeing is a possible increase in the number of verified violations since 7 of the pending violations involve these provisions.
- \* The number of verified violations involving suspension notice information (§64.72) increased slightly from 1991 to 1992. It remains the third most commonly violated section of Chapter 64.
- \* There was a decrease of 39% in the number of verified violations of §64.153, removing it from the top 4 most commonly violated areas. Individual company statistics, however, show that 30% of Alltel's violations are of this provision, which involves Commission informal complaint procedures.

- \* Although not reflected in Table 12, one area of improvement that should be mentioned is the companies' response time to 1992 informal complaints involving compliance action. Last year, the Bureau warned the companies that their seeming indifference to the informal compliance notification process demonstrated by their consistently late responses in 1991 would, if continued, lead to harsher methods to ensure compliance. This year's data show that all 5 companies improved; even Commonwealth and Alltel, the two companies with the most timely responses in 1991. Each of these two companies was late only one time with a response and each late response was submitted within 10 days of the due date. Contel also responded in a timely fashion, with only 2 of its responses submitted after the due date. GTE showed the most improvement, completely turning around last year's figures when 78% of its responses were late. Of the GTE responses involving 1992 cases, 75% were on time. In 1991, United responded on time to only 11% of that year's violation summaries. In 1992, United was still the worst offender; however, the company managed to respond on time to 52% of the violation summaries. Although this is a significant improvement, United has a way to go to meet Bureau standards.

### **Summary**

The compliance performance demonstrated this year casts a pall over the Bureau of Consumer Services' enthusiasm regarding the informal compliance notification process as a key method for eliciting compliance with Chapter 64. The Bureau has consistently sent the message to companies that they should take advantage of the Bureau's informal notification process. The Bureau has encouraged companies to develop their own methods of identifying compliance problems before they come to the Commission's attention. The Bureau has strongly suggested that companies track violations and complaints, treating them as potential error signals so they can pinpoint problematic procedures and employee errors that give rise to violations and complaints. The Bureau has admonished companies to use these cooperative methods of enforcement to improve their customer service operations. Five of the six major companies have responded in 1992 with an increase in the number of verified violations. The telephone industry as a whole has yet to achieve routine compliance with the Chapter 64 regulations that went into effect in January 1985. Analysis of this year's compliance statistics gives the Bureau of Consumer Services further evidence that employment of the more coercive methods of compliance such as informal investigations and formal complaints will be necessary to deal effectively with problematic performance.

## **XI. CONCLUSION**

This fifth annual telephone report presents the Bureau's assessment of the telephone industry's customer service performance for the year 1992. The primary focus of this report is the Bureau's complaint handling activity relative to the six major companies: Alltel, Bell, Commonwealth, Contel, GTE, and United. This report provides a comprehensive analysis of telephone complaints, an analysis of telephone company collections activities, and an analysis of telephone violation statistics.

### **Telephone Company Performance**

Quantitative and qualitative problem indicators are used here to measure company performance. The first problem indicator is the consumer complaint rate which is a measure of relative complaint frequency. Justified percent is a qualitative indicator which measures the quality of companies' complaint handling. Justified rate is the indicator that measures companies' effectiveness by combining two indicators, consumer complaint rate and justified percent. The fourth problem indicator is response time. Telephone response time reflects the quality of dispute handling and the record keeping which is required under PUC regulations. In addition to the analysis related to consumer complaints, the analysis of measures related to telephone collections provides a basis for comparing company performance at managing unpaid accounts. Finally, a review of violation statistics assesses companies' performance at operating in compliance with the Commission's regulations.

### **Telephone Complaints**

In 1992, the total number of complaints against the telephone industry was significantly higher than the record level that was set in 1988. Half of the major telephone companies had more complaints in 1992 than in 1991.

The quality of company complaint handling is measured by the percent of justified complaints and company effectiveness is measured by justified rate. As a group, major telephone companies had more complaints that were deemed to be justified in 1992. The percent of justified complaints increased by 8% from 1991 to 1992; more than 60% of the complaints filed against companies in 1992 were justified complaints. As a result of an increase in the volume of complaints for most companies and a higher percentage of justified complaints for three of the six, major companies' effectiveness, as measured by the justified complaint rate, deteriorated from 1991 to 1992.

Response time can be an indicator of both a company's efficiency and compliance with record keeping requirements. The telephone industry's response time was slightly better in 1992 than in 1991. On average, the industry's response time to informal complaints registered with the Bureau was one day faster.

## **Collection Statistics**

After more than eight years, all companies are still not reporting complete and accurate billing and collection statistics as required under Chapter 64 reporting requirements. Furthermore, the reporting requirements are inadequate because they do not reflect current billing and collections issues. Thus, the Bureau is unable to provide a comprehensive analysis of all the important aspects of telephone company collection practices (i.e. suspension, write-offs) in its annual assessment of the industry. Nevertheless, findings based on the remaining collection statistics suggest that telephone industry collection practices were not entirely effective. The number of service terminations decreased 7% from 1991 to 1992. The average amount owed in overdue telephone bills, as measured by weighted arrearage scores, decreased 2% from 1991 to 1992. Telephone industry uncollectibles from residential accounts grew dramatically in 1992. Uncollectibles, as measured by net write-offs, climbed from \$70 million in 1991 to over \$83 million in 1992. All in all, it appears from the data reported that the telephone industry's collection performance declined. Yet the Bureau cannot conduct a thorough assessment of the telephone industry collection practices until deficiencies in the reporting requirements and inaccurate reporting by companies are corrected. The Commission has introduced a proposed rulemaking that would revise these reporting requirements to correct these glaring deficiencies, particularly those related to the telephone industry's uncollectibles.

## **Compliance**

Eight years ago, the regulations for residential telephone service, billing procedures and standards at 52 Pa. Code Chapter 64 became effective. Since that time, the Bureau of Consumer Services has worked to help companies achieve compliance with the Commission's regulations. Bureau staff has analyzed and thoroughly documented each violation of Chapter 64 discovered in the course of investigating informal complaints filed with the Bureau. Summaries of these violations along with accompanying explanations have been sent to the companies. Information has been made available to companies through this informal compliance notification process to enable them to improve their compliance performance. Still, not one company has achieved routine compliance with these regulations. On the contrary, the statistics presented here show that compliance performance for the telephone industry deteriorated in 1992; only one of the six major companies showed a decrease in verified violations.

The Bureau's persistent message urging companies to make full use of the informal compliance notification process to improve compliance performance seems to have been lost in transmission. Consequently, the Bureau will communicate this message; those companies that are unresponsive and fail to use the informal compliance notification process in a constructive manner, are, by their recalcitrance, inviting the Bureau to use informal investigations or formal complaints to enforce compliance.

## Summary

This report highlights individual company performance as well as the telephone industry's performance. Individual company performance is evaluated and scored in three areas: complaints, collections and compliance. Individual performance, as measured by the problem indicators discussed earlier, shows that company performance ranged from better than average to very poor in 1992. Most companies' overall customer service performance deteriorated from 1991 to 1992. Bell's and Contel's overall customer service performance deteriorated substantially in 1992. Bell's overall performance is ranked the worst in the industry in 1992. Bell's scores in the area of complaints were consistently the worst in the industry. Contel's overall performance was next to the worst in 1992. On the positive side, Alltel's, GTE's, and United's overall performance was better than average. For the fourth year, Commonwealth's performance remained the best in the industry. Thus, it appears that out of all the major companies, Commonwealth may be the most effective. Collectively, the major companies' performance deteriorated in 1992. The problem indicators used to evaluate companies show that none of the majors showed substantial improvement in all three areas evaluated here. Therefore, it is evident that the telephone industry must seriously review its customer service performance and put forth a greater effort to improve in all areas of customer service.

There is substantial evidence that companies which make a sincere effort to improve their customer services operations have been successful. Thus, it is the Bureau's policy 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 then determine causes for problems and respond appropriately long before the BCS becomes aware of problems. However, the Bureau will continue to take action against those companies that do not act to arrest declines in customer services performance.

## APPENDIX A

**Table 1**  
**Residential Complaints - Major Telephone Companies**  
**(1988-1992)**

Company	Number of Complaints				
	1988	1989	1990	1991	1992
Alltel	63	60	70	46	42
Bell	2,285	2,316	2,250	2,802	3,746
Commonwealth	60	45	68	43	37
Contel	31	39	63	22	36
GTE	137	115	148	208	175
United	85	90	90	84	135
<b>TOTAL</b>	<b>2,661</b>	<b>2,665</b>	<b>2,689</b>	<b>3,205</b>	<b>4,171</b>

**Table 2**  
**Percent Change in Number of Residential Complaints**  
**(1988-1992)**

Company	Percent Change in N				Percent Change in N 1988-1992
	1988 - 1989	1989 - 1990	1990 - 1991	1991 - 1992	
Alltel	-5%	38%	-34%	-9	-33%
Bell	1%	-3%	25%	34	64%
Commonwealth	-25%	51%	-37%	-14	-38%
Contel	-26%	62%	-65%	64	16%
GTE	-16%	29%	41%	-16	28%
United	-6%	No Change	-7%	61	59%
<b>TOTAL</b>	<b>No Change</b>	<b>1</b>	<b>19%</b>	<b>30</b>	<b>57%</b>

**Table 3**  
**Complaint Rate - Major Telephone Companies**  
**(1988 - 1992)**

Company	Complaint Rate				
	1988	1989	1990	1991	1992
Alltel	.60	.56	.65	.42	.38
Bell	.67	.67	.64	.79	1.04
Commonwealth	.41	.29	.43	.27	.23
Contel	.48	.59	.92	.33	.51
GTE	.41	.34	.43	.59	.49
United	.37	.38	.37	.34	.53
<b>AVERAGE</b>	<b>.49</b>	<b>.47</b>	<b>.57</b>	<b>.46</b>	<b>.53</b>
<b>1988-1992 (Average Rate)</b>		<b>.50</b>			

**Table 4**  
**Complaint Rate**

Company	Average Rate (1988-1990)	1991	1992
Alltel	.60	.42	.38
Bell	.66	.79	1.04
Commonwealth	.38	.27	.23
Contel	.66	.33	.51
GTE	.39	.59	.49
United	.37	.34	.53
<b>AVERAGE</b>	<b>.51</b>	<b>.46</b>	<b>.53</b>

**Table 5**  
**Justified Complaint Rate**  
**(1988-1992)**

Company	Justified Complaint Rate				
	1988	1989	1990	1991	1992
Alltel	.35	.38	.31	.21	.20
Bell	.42	.44	.35	.47	.55
Commonwealth	.16	.23	.24	.15	.18
Contel	.25	.28	.52	.16	.42
GTE	.18	.23	.27	.38	.29
United	.19	.26	.24	.16	.24
<b>AVERAGE</b>	<b>.26</b>	<b>.30</b>	<b>.32</b>	<b>.26</b>	<b>.31</b>
<b>1988-1992 (Average Rate)</b>		<b>.29</b>			

**Table 6**  
**Average Justified Complaint Rate**

Company	Average Rate (1988-1990)	1991	1992
Alltel	.35	.21	.20
Bell	.40	.47	.55
Commonwealth	.21	.15	.18
Contel	.35	.16	.42
GTE	.23	.38	.29
United	.23	.16	.24
<b>AVERAGE</b>	<b>.29</b>	<b>.26</b>	<b>.31</b>

## APPENDIX B

**Table 1**  
**Residential-Commercial Complaints**  
**Industry Proportion**  
**(1992)**

TOTAL	Residential	% Residential	Commercial	% Commercial
5,166	4,472	87	694	13

**Table 2**  
**Monthly Average Number of Residential Customers**  
**Major Telephone Companies**  
**(1992)**

Alltel	111,242
Bell	3,585,356
Commonwealth	163,302
Contel	70,743
GTE	355,900
United	252,655
<b>TOTAL</b>	<b>4,539,198</b>

## **APPENDIX C**

### **§64.201 Reporting Requirements**

- (1) Average number of residential customers**
- (2) Average customer bill per month**
- (3) Average number of overdue customers per month**
- (4) Amount overdue bill per month**
- (5) Average number of customers suspended per month**
- (6) Average number of suspension notices per month**
- (7) Average number of accounts terminated per month**
- (8) Gross revenues from all residential accounts**
- (9) Gross and net write-offs of uncollectible accounts**
- (10) Total number of customer disputes handled**

**APPENDIX D - TABLE 1  
CONSUMER COMPLAINTS SPECIFIC PROBLEMS**

<b>CHAPTER 64</b>					
<b>Company</b>	<b>1991 N</b>	<b>Complaint Rate</b>	<b>1992 N</b>	<b>Complaint Rate</b>	<b>1991-1992 % Change in N</b>
Alltel	13	.12	12	.11	-8%
Bell	419	.12	350	.10	-16%
Commonwealth	10	.06	13	.08	30%
Contel	2	.03	20	.28	900%
GTE	52	.15	50	.14	-4%
United	20	.08	19	.08	-5%
<b>TOTAL</b>	<b>516</b>		<b>464</b>		<b>-10%</b>
<b>AVERAGE</b>		<b>.09</b>		<b>.13</b>	
<b>NON-CHAPTER 64</b>					
Alltel	12	.11	12	.11	No Change
Bell	399	.11	301	.08	-25%
Commonwealth	21	.13	9	.06	-57%
Contel	8	.12	13	.18	63%
GTE	79	.22	63	.18	-20%
United	35	.14	37	.15	6%
<b>TOTAL</b>	<b>554</b>		<b>435</b>		<b>-21%</b>
<b>AVERAGE</b>		<b>.14</b>		<b>.13</b>	
<b>SUSPENSIONS</b>					
Alltel	11	.10	10	.09	-9%
Bell	1,818	.51	2,592	.72	43%
Commonwealth	11	.07	21	.13	91%
Contel	8	.12	8	.11	No Change
GTE	58	.16	48	.13	-17%
United	19	.08	62	.25	226%
<b>TOTAL</b>	<b>1,925</b>		<b>2,741</b>		<b>42%</b>
<b>AVERAGE</b>		<b>.17</b>		<b>.24</b>	

**APPENDIX D - TABLE 2  
JUSTIFIED PERCENT SPECIFIC PROBLEMS**

<b>CHAPTER 64</b>			
<b>Company</b>	<b>1991</b>	<b>1992</b>	<b>Net Change 1991-1992</b>
Alltel	42%	64%	22%
Bell	62%	54%	-8%
Commonwealth	50%	85%	35%
Contel	0%	75%	75%
GTE	72%	67%	-5%
United	39%	32%	-7%
<b>AVERAGE</b>	<b>44%</b>	<b>63%</b>	<b>19%</b>
<b>NON-CHAPTER 64</b>			
<b>Company</b>	<b>1991</b>	<b>1992</b>	<b>Net Change 1991-1992</b>
Alltel	56%	45%	-11%
Bell	46%	41%	-5%
Commonwealth	44%	67%	23%
Contel	20%	78%	58%
GTE	61%	58%	-3%
United	44%	35%	-9%
<b>AVERAGE</b>	<b>45%</b>	<b>54%</b>	<b>9</b>
<b>SUSPENSIONS</b>			
<b>Company</b>	<b>1991</b>	<b>1992</b>	<b>Net Change 1991-1992</b>
Alltel	60%	56%	-4%
Bell	61%	54%	-7%
Commonwealth	73%	79%	6%
Contel	75%	60%	-15%
GTE	61%	57%	-4%
United	65%	56%	-9%
<b>AVERAGE</b>	<b>66%</b>	<b>60%</b>	<b>-6%</b>

**APPENDIX D - TABLE 3  
RESPONSE TIME SPECIFIC COMPLAINTS**

<b>CHAPTER 64</b>			
<b>Company</b>	<b>Average Time in Days 1991</b>	<b>Average Time in Days 1992</b>	<b>Net Change 1991-1992</b>
Alltel	6	3	3
Bell	17	18	-1
Commonwealth	11	10	1
Contel	18	20	-2
GTE	10	12	-2
United	9	9	No Change
<b>AVERAGE</b>	<b>12</b>	<b>12</b>	<b>No Change</b>
<b>NON-CHAPTER 64</b>			
Alltel	2	2	No Change
Bell	19	18	-1
Commonwealth	12	6	-6
Contel	12	8	-4
GTE	9	9	No Change
United	10	8	-2
<b>AVERAGE</b>	<b>11</b>	<b>9</b>	<b>-2</b>
<b>SUSPENSIONS</b>			
Alltel	5	3	-2
Bell	10	11	1
Commonwealth	14	10	-4
Contel	13	8	-5
GTE	11	10	-1
United	10	11	1
<b>AVERAGE</b>	<b>11</b>	<b>9</b>	<b>-2</b>

**APPENDIX D - TABLE 4  
JUSTIFIED COMPLAINT RATE SPECIFIC PROBLEMS**

<b>CHAPTER 64</b>			
<b>Company</b>	<b>1991</b>	<b>1992</b>	<b>Net Change 1991-1992</b>
Alltel	.05	.07	.02
Bell	.07	.05	-.02
Commonwealth	.03	.07	.04
Contel	.00	.21	.21
GTE	.11	.09	-.02
United	.03	.03	No Change
<b>AVERAGE</b>	<b>.05</b>	<b>.09</b>	<b>.04</b>
<b>NON-CHAPTER 64</b>			
<b>Company</b>	<b>1991</b>	<b>1992</b>	<b>Net Change 1991-1992</b>
Alltel	.06	.05	-.01
Bell	.05	.03	-.02
Commonwealth	.05	.04	-.01
Contel	.04	.14	.10
GTE	.12	.10	-.02
United	.09	.05	-.04
<b>AVERAGE</b>	<b>.07</b>	<b>.07</b>	<b>No Change</b>
<b>SUSPENSIONS</b>			
<b>Company</b>	<b>1991</b>	<b>1992</b>	<b>Net Change 1991-1992</b>
Alltel	.06	.05	-.01
Bell	.31	.39	.08
Commonwealth	.05	.10	.05
Contel	.09	.07	-.02
GTE	.10	.07	-.03
United	.05	.14	.09
<b>AVERAGE</b>	<b>.11</b>	<b>.14</b>	<b>.03</b>